

MINUTES OF THE MEETING  
BUSINESS AND INDUSTRY COMMITTEE  
MONTANA STATE SENATE

The meeting of the Business and Industry Committee was called to order by Chairman Frank W. Hazelbaker on Friday, January 23, 1981, at 10:00 a.m. in Room 404 of the Capitol.

All members were present.

Senator Eck, sponsor of Senate Bill 49, was introduced by the Chairman. Senator Eck explained Senate Bill 49, stating that the types of service covered are shown in the Bill. The applicant and the insurer are free to agree on one or more of the options, or on none of them. The durational limits could possibly be extended. Almost all of the provisions in this Bill, according to its sponsor, are optional. She advised that some of the local County Commissioners from Gallatin County are in favor of home health care, because they realize that this type of care keeps many persons out of nursing homes. However, because many of these people also receive Medicaid, many of them are not deemed sufficiently needy to receive these services.

Senator Eck further explained that more home health care agencies have been formed in recent years; the delivery of these services is being extended, and the passage of this Bill would further extend these services. Most patients, after an illness, are happier, and their functional ability definitely accelerates when they receive health care at home. This program, which requires the health insurances in Montana to offer home health care, will enable the home health care agencies that we now have to be a bit more secure financially, and may increase these programs in counties where they are not now available. She stated that Althea Ginnebaugh from the Department of Health was present to answer questions.

PROPOSERS: David Lackman - Montana Health Association. Mr. Lackman stated that this has been a successful program. There are some good health insurance policies which do cover home health care. Many of the services which are necessary can be handled by home health care, and he urged passage of this Bill.

Donna Small - Montana Nursing Association, advised that passage of this Bill would help people get a needed service at considerably less cost, as well as allowing the person to be much happier. On behalf of the Montana Nursing Association, she urged the Committee to vote "Do Pass" on Senate Bill 49.

Jim Mensen - Low Income Senior Citizens Association, said that an additional reason for this kind of service is that it allows senior citizens, in need of health care, to be in contact with friends - it helps to maintain important personal relationships which are conducive to recovery.

Jan Brown - Montana Association of Churches. She also

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urged passage of Senate Bill 49.

OPPONENTS: Allen Cain - General Counsel of Blue Shield. He stated that he feels that this Bill would be a very expensive benefit. Blue Shield is working with the Montana Poser Company on this type of a program; the telephone company already has this type of coverage. He advised that we must keep in mind the extent to which the services offered by this Bill will be used. It is the feeling of Blue Shield that the cost of this type of coverage in a health insurance policy would be significant. (See attached handout). Also, it is felt by Blue Shield that there is the customer demand to make this a feasible addition to the coverage which they already offer. To obtain this type of coverage, a doctor's certificate is required, and he must also monitor the care; many physicians are not in favor of this. They feel that this type of treatment is not being accepted by physicians; this is opposed to the system of free enterprise, and companies are attempting to steer away from it. Also, Blue Shield feels that the Bill is premature. Senator Blaylock asked if there is evidence that the marketplace will handle this, and Mr. Cain replied that they have had groups who have this benefit, as well as other groups who are considering it. He further stated that if people are convinced that this is a good benefit, they will come back and ask for it, and at that time the insurance company will offer it. Senator Boylan then inquired if it is possible that people don't know that this is available, and for that reason, do not request it, and Mr. Cain replied that that may be true. He advised that people who desire this Bill inform the public that such a service is possible to obtain; if it is demanded, the insurance company will offer it. There was some conversation between Senator Goodover and Senator Eck as to whether or not people who have group insurance are not now getting this option, and Senator Eck replied that she believed that this is so, with the employee paying part of the coverage and the employer paying the other part. She emphasized, however, that the employee has to pay whatever is offered, and there is no one else who will pick up the remainder due. Senator Goodover then inquired if those aren't usually the people who need it the most, and Senator Eck agreed. She stated that she understands that Blue Cross had no problem with this, but Blue Cross covers hospitals and some health services are associated with hospitals where the hospital and the physician at the hospital approve the program when the patient leaves the facility.

In conclusion, Senator Eck advised that most insurance companies do not offer these options, but the fact that they are offered by some companies indicates that it is possible to do so. She explained that Blue Shield is possibly the largest insurance company. The level of service is very flexible, and a group could opt for a very minor level of services. It is the intent

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of this Bill that the extent of services and the time element be comparable to the dollar amount in the hospital.

Senator Eck stated that she would be open to amendments, and Senator Hazelbaker then requested that Allen Cain obtain amendments before the next meeting. In closing the Chairman stated that he would like to have this Bill discussed, and he would also like Allen Cain to enter into the discussion; therefore the hearing on Senate Bill 49 is closed.

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Chairman Hazelbaker introduced Joe Mazurek, who explains that he has introduced Senate Bill 151 at the request of the Montana Land Title Association. The Bill would eliminate Title Insurance from those organizations which cannot establish rating bureaus. These bureaus are common in the trucking industries; they are voluntary organizations which are set up by regulated industry. They are controlled by the Insurance Commissioner's office. The information is available to the public, the Insurance Commission and the industry which is regulated. He explained that Title Insurance is presently regulated. He explained that he has discussed this with Jo Driscoll, who is in charge of the Insurance Department, and she does not object to this Bill. This Bill also allows Title Insurance to establish a rating organization.

PROPONENTS: Bill Romine, Montana Land Title Association. (See attached handout). He explained that the problem with the present Law is that insurance companies cannot talk among themselves, and they cannot talk with the agents. They are independent. He explained that Title Insurance is a misnomer; it is not made to insure risk as in the case of Life Insurance. The cost of the policy is based upon the risk assumed - the purpose of Title Insurance is to eliminate risk. He said that the primary cost is plant - this requires a large manpower and a great deal of time and effort. The Insurance Commissioner can get involved, but it is difficult. This was a new type of Law when included in the exemptions. He added that if the Insurance Commissioner is reluctant to get involved with Title Insurance, it does not work as well. Rates can be set up for all types of policies. When rating bureaus are adopted, rates do not go up; in some areas they have gone down, and in other areas, they have remained the same.

Dan LeVine, First Montana Title Insurance Company - Great Falls, Montana - Title Insurance in Montana is a very small insurance.

Glenn Kenny, Manager - Surety Title Company, Helena, Montana - Chairman - Executive Committee of the Montana Land Title Association - he urged "Do Pass".

Bill Gowan - Helena Abstract and Title Company, Helena, Montana - President and Manager. He stated that he is in favor of the Bill.

Senator Mazurek stated that he has talked to the realtors and he has asked them to examine the Bill. He stated that Cliff Christian, the representative of the Montana Realtors

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has said that they have no problem with this Bill.

Senator Goodover inquired if this Bill has been cleared through the Attorney General's Antitrust Bureau. He further commented that the trend is to eliminate regulations; he wondered if we are regulating something that later we will have to de-regulate.

Senator Mazurek stated that one advantage to this is that it is a means to challenge the rate which has become regulated; sometimes the rate is unreasonably high.

Senator Hazelbaker commented that many lines of insurance are regulated, and he feels that this is a good thing.

Senator Goodover said that he would like to check with other individuals who are in the title business to see if they have any reservations to such a Bill.

Following a discussion on this, on which the Committee agreed to wait, following Senator Goodover's findings, Chairman Hazelbaker adjourned the meeting.

A handwritten signature in dark ink, appearing to read "Frank W. Hazelbaker", written over a horizontal line.

FRANK W. HAZELBAKER, Chairman

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ROLL CALL

BUSINESS and INDUSTRY

COMMITTEE

47th LEGISLATIVE SESSION -- 1981

Date 1-23-81

NAME	PRESENT	ABSENT	EXCUSED
Goodover, Pat - Vice Chairman	x		
Hazelbaker, Frank - Chairman	x		
Blaylock, Chet	x		
Boylan, Paul	x		
Dover, Harold	x		
Kolstad, Allen	x		
Lee, Gary	x		
Regan, Pat	x		

Each day attach to minutes.

# MONTANA PHYSICIANS' SERVICE

## COMMENTS ON SB 49

This bill will require health carriers to design, price and market a home health benefit with very high benefit levels. We believe this legislation is unwise and unnecessary at this time for the following reasons:

1. Benefits for home health care are available from MPS at this time. One of our groups has such a benefit and we are working with others presently to design benefits tailored to the needs and desires of particular groups.
2. The marketplace should be allowed to function before government steps in to regulate. This is a relatively new area and only a few agencies in Montana provide this service. The service provided varies from agency to agency making it difficult to actuarially estimate what it will cost to provide coverage. Our marketing people advise that customers are not asking for benefits in this area -- we would suggest that marketplace demand is a good indicator of need and should be allowed to operate in most areas without prodding from government.
3. This benefit, if selected, would raise the already high cost of health coverage. The cost of health care in the U.S. in 1979 was in the area of 212 billion dollars. It has become an area of national concern. We see groups trying to cut coverage in some areas rather than adding benefits.
4. Offering optional coverage to individuals (as contrasted to groups) which the bill requires, defeats the purpose of insurance. The principle of insurance is spread of risk. In health insurance both healthy and sick persons pay the same amount in order that lower costs be spread among all. If people are allowed the option of not selecting a particular coverage, experience shows that sick people will take the coverage and healthy ones will not (the principle of "adverse selection"). This means that persons selecting the option of home health care will have to pay a high price for this coverage.

## Conclusion

For the reasons above stated, we feel that SB 49 is not necessary at this time. Recent experience shows that unneeded regulation causes expense to industry which inevitably ends up being passed on to consumers. We urge that SB 49 receive a Do Not Pass recommendation.

NAME: Donna Small DATE: 1-23-81

ADDRESS: 1208 Oakland Ave.

PHONE: 656-192-5

REPRESENTING WHOM? Mt. Nurses Assoc.

APPEARING ON WHICH PROPOSAL: SB 49

DO YOU: SUPPORT? ✓ AMEND? \_\_\_\_\_ OPPOSE? \_\_\_\_\_

COMMENTS: \_\_\_\_\_

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

NAME: David Lackman DATE: Jan. 23, 1981

ADDRESS: 1400 Winne Ave., Helena, MT 59601

PHONE: 443-3494

REPRESENTING WHOM? MONTANA Public Health Association

APPEARING ON WHICH PROPOSAL: SB 49 Home Health Option

DO YOU: SUPPORT? X AMEND? \_\_\_\_\_ OPPOSE? \_\_\_\_\_

COMMENTS: Home Health care has been a very  
successful program. However, it has not been included  
in insurance policies. This has resulted in persons  
being hospitalized so their condition can be covered  
by insurance. HHC is also a means of  
controlling costs of medical care. e.g.  
Some patients are hospitalized because they need  
2 dressing changes each day. Perhaps this runs up  
to \$200./day. However, this could be done  
at home for \$40.00 - \$20.00 per visit.

We urge your support & favourable  
consideration of SB 49.

David B. Lackman, Lobbyist  
Mont. Public Health Assn.



NAME: Alan F. Cain DATE: 1/23/81

ADDRESS: 404 Fuller Ave. Helena, MT. 59601

PHONE: 442-5450

REPRESENTING WHOM? MONTANA PHYSICIANS' SERVICE - BLUE SHIELD

APPEARING ON WHICH PROPOSAL: SB49

DO YOU: SUPPORT?                      AMEND?                      OPPOSE? ✓

COMMENTS: Furnished by SEPARATE SHEET

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

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Jim Jensen

DATE: 1-23

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443-3161

443-1630

LOW INCOME SENIOR CITIZENS ASSN. [LISCA]

5B 49

X

AMEND?

OPPOSE?

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PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

NAME: GLENN F. KENNEY DATE: 1-23-81

ADDRESS: 1705 WINNE HELENA

PHONE: 443-2225

REPRESENTING WHOM? RES. CHM. MONTANA LAND TILE ASSN

APPEARING ON WHICH PROPOSAL: SB 151

DO YOU: SUPPORT? Y AMEND?        OPPOSE?       

COMMENTS: Montana Land Tile Assn

Support the passage of this

bill and to Mont. Land Code.

NAME: WILLIAM F. GOWEN DATE: 23 JAN '81

ADDRESS: 805 MILL ROAD - HELENA

PHONE: 442-5080

REPRESENTING WHOM? MONTANA LAND TITLE ASSN - SEC - TREAS

APPEARING ON WHICH PROPOSAL: SB 151

DO YOU: SUPPORT? ☒ AMEND? ☐ OPPOSE? ☐

COMMENTS: MLTA Supports this bill as representative  
of both agents and underwriter in Montana.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

NAME: Daniel B. Levine DATE: 1-23-81

ADDRESS: 17-5th St. North, Great Falls, Mt.

PHONE: 761-7224

REPRESENTING WHOM? 1st Montana Title Ins. Co.

APPEARING ON WHICH PROPOSAL: S.B. 151

DO YOU: SUPPORT? Yes AMEND? \_\_\_\_\_ OPPOSE? \_\_\_\_\_

COMMENTS: \_\_\_\_\_

NAME: William L. Romine DATE: 1-23-81

ADDRESS: P.O. Box 1691 Helena

PHONE: 442-2220

REPRESENTING WHOM? Mont. Land Title Assn

APPEARING ON WHICH PROPOSAL: S.B. 151

DO YOU: SUPPORT? X AMEND? \_\_\_\_\_ OPPOSE? \_\_\_\_\_

COMMENTS: The Assn, which is made up of both underwriters and agents,  
supports the move to allow rating bureaus. The bureau will be able to gather  
the necessary data to determine just rates. The business commission  
will have more information upon which to act. Under the present  
system, the anti-trust laws keep the companies and agents from  
talking with each other. Rating bureaus have allowed deviations to be  
filed in the event a member does not wish to adopt the rates  
the other Rocky Mountain states (except for the Dakotas) allow rating  
bureaus. The fear that rates will automatically increase is not borne  
out by the experience of the other states. In fact rates have gone  
down in some states and have stayed the same for years in others.  
The few states where they have gone, the increases have been extremely  
small.

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