

MINUTES

MONTANA SENATE
51st LEGISLATURE - REGULAR SESSION
COMMITTEE ON BUSINESS AND INDUSTRY

Call to Order: By Chairman Gene Thayer, on March 21, 1989,
at 10:00 a.m.

ROLL CALL

Members Present: Chairman Gene Thayer, Vice Chairman Darryl Meyer, Senator Boylan, Senator Noble, Senator Williams, Senator Hager, Senator Weeding and Senator Lynch

Members Excused: Senator McLane

Members Absent: None

Staff Present: Mary McCue, Legislative Council;

Announcements/Discussion: None

DISPOSITION OF HOUSE BILL 669

Discussion: Chairman Thayer said we'll begin with the report of the sub-committee on HB 669. He told committee members they each had a copy of the amendments that were worked out. (See Exhibit #1) Senator Thayer asked Senator Hager if he would report on their progress.

Senator Hager called special attention to amendment #12, on page 3, line 19 describing self-funded insurance plan exceptions. He called attention to amendment #17 on page 8, line 2 where it provided for the termination of the trust. Then he called attention to amendment #25, page 12, line 19 that made the reserve requirement sufficient to provide funding at 125% of the expected claims. There was a total of 40 different amendments.

Amendment #20 was questioned by Senator Lynch. He asked what the difference was between 'act upon' and 'grant, deny, or modify'? Sonny Lockrem said, "On page 9, in the in its original form simply gave the commissioner the authority to approve or disapprove....In reviewing the document, it was decided she should have the discretion to request changes."

Senator Weeding said, "Lines 7 through 9 on page nine should have been changed too" Susan Witte, of the State Auditor's Office, said she had some language prepared for page 9 if the committee wanted it.

Chairman Thayer asked Senator Hager if this was a set of amendments that was agreed on by all parties interested in the bill? He said he thought the rest of the committee was at the disposal of the subcommittee and their recommendations. Since the subcommittee has gone through these details, we need not repeat that work."

Senator Noble said he wanted to bring the rest of the committee up date on what had been done. He explained, ERISA is the federally regulated group health plan. We are talking about eliminating the ERISA, and making it a MIWA, which is the state regulated health plan."

"Some of the advantages are better, and cheaper coverage. It would possibly tend to make more people do more business with the smaller hospitals and smaller facilities."

"After several hours of listening, I would like to give the committee my opinion. I feel that I am going to have to vote against this bill unless I can get a convincing argument this morning. How many more errors are in here....I need to have some assurance that this is indeed a good bill to pass....I need to know why we need to have this now? Nobody seems to know if this is a good form or not....Why can't we take some time and write a good piece of legislation?"

Senator Lynch said, "I appreciate all of the work the subcommittee has done....However this is a House bill that still needs more amendments than the 40 before us. I think this needs to come back next session in better form."

Senator Hager said the bill still needed more work and he was not certain there was an immediate need. He said he could see a need for the bill, but it was, still in pretty rough shape, even after all of the work.

Senator Weeding said most of the parties got what they wanted in the bill, except the dentists. We've simplified this bill quite a bit already.

Amendments and Votes:

Recommendation and Vote: Senator Lynch moved HB 669 BE LAID ON THE TABLED. Senator Boylan seconded the motion.

Senator Eck stated she wanted to speak on behalf of Representative Marian Hanson, sponsor of the bill. She said, this was one of those bills that didn't get into the process in time to be well drafted, and had come late in the session. She said she thought the committee had taken the problems out of the bill and that it would provided a good opportunity for local communities to come up with more affordable health insurance plans. She stated that since the work had been done, it was a shame to loose it. She said she would like to see the bill amended. She suggested a delayed effective date, perhaps 2 years. She thought a delay would allow people who were interested to organize and look at possibilities in their communities.

Senator Noble asked why the committee should do this now? Mike Young said, "I am a government guy now working in the private sector.....I am certainly uncomfortable with the uncertainties that we face in the market place, when it comes to group self insured plans...Like Senator Eck said, there may be some plans that are out there operating illegally now....I am uncomfortable that the insurance commissioner might decide tomorrow to start regulating my plans, or these other plans..That might do damage to the plans and our businesses. I just need some certainty, from the state, and the insurance commissioner about how we are going to operate in the market....Even if this wasn't a perfect bill, at least it sets the record straight and gives a framework."

Senator Lynch stated, "A delayed effective date is no different than tabling the bill. All the parties concerned can come back and look at a bill that is recognizable. Putting a bill on the books that has so many uncertainties, is poor law making."

Amendments and Vote:

Senator Weeding moved a Substitute Motion to Amend HB 669, with the amendments contained in Exhibit #1, plus the discussed this morning. The vote was seven in favor, with Senator Lynch and Senator Meyer voting no. The Motion Carried. Action reverted back to the original motion.

Senator Noble asked Sonny Lockrem, I want to know if you feel this bill is ready, and what we should do with

it?" Mr Lockrem stated, "I can't answer whether it is necessary or not, but if the bill were to pass, I feel comfortable with what was done last night.the amendments that were worked out last night.

Senator Noble asked, "If we wait for two years to pass this legislation, would that be alright? Sonny Lockrem said,...."The worst thing that could happen was when somebody started one of these, would be the interpretation by the commissioner, that it was regulated as an insurance company. That would require \$600,000 worth of reserves before it started.

"Senator Weeding asked Ms. Witte what the insurance commissioner might do in this instance? Mr. Witte said, Jim Borchardt was the chief examiner and perhaps he could answer that, but she was not certain what would happen.

Senator Noble asked Steve Brown what he thought about the bill now that it was amended. Mr. Brown said the committee had addressed most of their concerns. He said he wondered if there was a need. There was a larger risk for small numbers of people. He stated that somebody would have to cover losses that occurred. He said they thought the committee had significantly improved the bill.

The Question that HB 669 BE LAID ON THE TABLE was called for. The Vote was seven in Favor of the motion, with Senator Hager and Senator Weeding, Opposed. The MOTion Carried.

DISCUSSION ON HOUSE BILL 220

Chairman Thayer stated that Senator Williams had asked him to hold up HB 220. He stated, "Senator Williams is trying to keep the bill alive and is working with the Governor's people on it."

Senator Williams said "I visited with Wayne Phillips after the hearing, and then again on Saturday to see if we couldn't keep it alive. I think there is a misunderstanding between what Wayne conveyed to us, concerning what Dennis Winters feels, as far as what our economic development program is doing in the state of Montana. I have been in touch with Dennis. In fact, I got him a copy of the testimony. I've been talking to him again this morning and he's not in agreement with what the testimony would indicate. "We are out of phase in some way, with what this bill is

trying to do, and what the administration is trying to do. I think we are all looking for some way to try and get something going in our economic development."

Senator Williams emphasized, "For a little over two years we have been trying to get a marriage, so to speak, between private industry and state government. That, basically is what this bill is trying to do."

Senator Williams said, "I got a hold of Evan Barrett, and he felt this bill needed some amendments. He faxed the amendments over. I don't know if Wayne has had a chance to even evaluate them."

Senator Williams said, "I asked Wayne if he would come this morning. Maybe you can tell us what the administration said." He stated, "Representative Vincent said to do what we need to do to the bill, to hold it, to keep the concept here." Senator Williams asked Wayne Phillips, "Did you think the amendments helped the bill to where you could support it?"

Wayne Phillips said, "I don't believe the amendments do anything really substantive to the bill. In some ways, I guess they improve it. They eliminate some groups, that in Mr. Barrett's opinion do not relate to value added, like some of the agriculture groups, tourism and things like that. But "that's debateable".

Wayne Phillips said, "I think the issue that he made in his final comment states as well as we could, our opposition to the bill." Mr. Phillips read the statement, " 'In order for the value added commission to do its job, to bear a general value added plan with enabling legislation for the 1991 legislature,' for them to do the necessary things, 'they would have to have \$100,000'." We think we can do this with the staff at the Montana Department of Commerce, that we don't need to spend any extra money. Of course, this man is in the business to sell consulting on this very topic. But what he is saying is, this is a plan to study for two years and come back with legislation, and spend \$100.000 in the meantime. We don't think we need to do that."

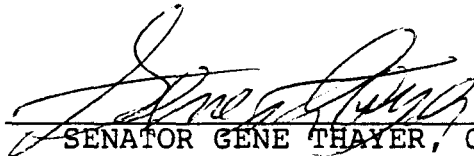
Senator Williams said, "I disagree with your interpretation of what they are telling us there. Wayne, maybe you can put my mind at ease by telling me what the administration has in mind for economic development."

Wayne Phillips said, "Being two and one half months into office, all we can give you is a plan. We don't have a

track record to show you, we don't have a lot of detailed strategic plans. This Governor is committed, we have a Director of the Department of Commerce who is committed to getting economic development going in this state. We have bills in this legislature that will help in that direction. We believe we are going to get this thing going. We are committed to do that."

ADJOURNMENT

Adjournment At: 11:56 a.m.



SENATOR GENE THAYER, Chairman

GT/ct
hb220.321

ROLL CALL

BUSINESS & INDUSTRY COMMITTEE

DATE 3/21/89

51st LEGISLATIVE SESSION 1989

NAME	PRESENT	ABSENT	EXCUSED
SENATOR DARRYL MEYER	✓		
SENATOR PAUL BOYLAN	✓		
SENATOR JERRY NOBLE	✓		
SENATOR BOB WILLIAMS	✓		
SENATOR TOM HAGER	✓		
SENATOR HARRY MC LANE			✓
SENATOR CECIL WEEDING	✓		
SENATOR JOHN "J.D." LYNCH	✓		
SENATOR GENE THAYER	✓		

Each day attach to minutes.

Amendments to House Bill No. 669
Third Reading Copy
For the Committee on Business and Industry

Prepared by Mary McCue
March 20, 1989

1. Title, line 5.
Strike: "SECTIONS"
Insert: "SECTION"
2. Title, line 6.
Strike: "33-1-102 AND"
3. Title, line 6.
Following: "AND" on line 6
Strike remainder of line 6
4. Title, line 7.
Strike: "EFFECTIVE DATE"
Following: "AND"
Strike: ":"
Following: "DATE"
Strike: "; AND"
5. Title, line 8.
Strike: "PROVIDING A TERMINATION DATE"
6. Page 1, line 12.
Strike: "21"
Insert: "20"
7. Page 1, lines 14 and 15.
Page 2, lines 7, 10, and 20.
Page 4, line 5.
Page 5, lines 18 and 24.
Page 9, line 22.
Page 13, line 14.
Page 14, lines 17 and 19.
Page 20, line 4.
Page 22, lines 19 and 23.
Page 33, line 11.
Strike: "26"
Insert: "22"
8. Page 3, line 4.
Following: "corporation,"
Insert: "health service corporation licensed under Title 33,
chapter 30,"
9. Page 3, line 6.
Following: "(5)"
Insert: "(a)"

10. Page 3, line 7.

Strike: "(a)"

Insert: "(i)"

11. Page 3, line 16.

Strike: "(b)"

Insert: "(ii)"

12. Page 3.

Following: line 19

Insert: "(b)" "Self-funded plan" does not mean a plan:

(i) governed by the Employee Retirement Income Security Act (ERISA) of 1974, section 514(a), as amended;

(ii) established between political subdivisions of this state whereby the political subdivisions undertake to separately or jointly indemnify one another by way of a pooling, joint retention, deductible, or self-insurance plan;

(iii) established, maintained, and administered by the board of regents for the benefit of employees of the university system and their dependents;

(iv) established for the sole purpose of funding the amount of a deductible clause contained in an insurance contract issued by an insurer authorized to transact disability insurance in this state if:

(A) the deductible does not exceed an amount applicable to each beneficiary of \$500 a year; and

(B) the total of all obligations to all beneficiaries insured under the self-funded plan arising out of the application of the deductible does not exceed the aggregate amount of \$50,000 a year;

(v) established and maintained in compliance with Title 39, chapter, 71;

(vi) administered by or for the federal government or any agency thereof; or

(vii) primarily intended to provide first-aid care and treatment at a dispensary of an employer for injury or sickness of employees while engaged in their employment."

13. Page 4, line 1.

Strike: "exemptions --"

14. Page 4, lines 2 and 3.

Following: "(1)"

Strike: remainder of line 2 through "a" on line 3

Insert: "A"

15. Page 4, line 9 through page 5, line 18.

Strike: subsection (2) in its entirety

Renumber: subsequent subsections

16. Page 5, line 21.

Following: "chapter 17"

Insert: "or under 33-30-311 and 33-30-312"

17. Page 8, line 2.
Following: "operate"
Strike: ";"
Insert: ". The trust agreement must contain a provision providing for termination of the trust."
18. Page 8, lines 9 through 11.
Following: "accountant"
Strike: remainder of line 9 through "commissioner" on line 11
Insert: "licensed pursuant Title 37, chapter 50"
19. Page 8, line 19.
Strike: "by a consultant"
20. Page 8, line 24.
Strike: "act upon"
Insert: "grant, deny, or modify"
21. Page 10, line 23.
Following: ";"
Insert: "or"
22. Page 10, line 24 through page 11, line 4.
Strike: "(c)" on line 24 through "directly;" on line 4
Re-number: subsequent subsection
23. Page 11, lines 20 through 22.
Following: "loan" on line 20
Strike: remainder of line 20 through "(2)(b)" on line 22
24. Page 12, line 15.
Following: "(a)"
Insert: "(i)"
25. Page 12, line 19.
Following: "reported;"
Insert: "or
(ii) a reserve established by using the attachment point factors provided by the applicable stop loss insurance contract if contributions are sufficient to provide funding of 125% of expected paid claims as determined by an insurance company licensed by the state that is providing such coverage to the self-funded plan;"
26. Page 13, line 9.
Strike: "60"
Insert: "180"
27. Page 17, line 7.
Strike: "not"
28. Page 21, line 6 through page 22, line 16.
Strike: section 20 in its entirety
Re-number: subsequent sections

29. Page 23, line 3 through page 24, line 1.

Strike: section 23 in its entirety

Renumber: subsequent sections

30. Page 24, lines 2 and 3.

Following: "Coverage"

Strike: remainder of line 2 through "pregnancy" on line 3

31. Page 24, line 3.

Following: "."

Strike: "(1)"

32. Page 24, line 5 through page 25, line 21.

Following: "must" on line 5

Strike: remainder of section 24

Insert: "comply with the mandated insurance benefit laws of the state."

33. Page 25, line 22 through page 28, line 13.

Strike: sections 25 through 27 in their entirety

Renumber: subsequent sections

34. Page 31, line 25.

Strike: "25.00"

Insert: "500.00"

35. Page 32, line 1.

Strike: "25.00"

Insert: "300.00"

36. Page 32, lines 2 through 7.

Strike: subsection (2) in its entirety

Renumber: subsequent subsections

37. Page 33, line 4.

Strike: "(1)"

38. Page 33, lines 4 and 6.

Strike: "25"

Insert: "22"

39. Page 33, lines 7 through 9.

Strike: subsection (2) in its entirety

40. Page 33, lines 13 through 16.

Strike: sections 32 and 33 in their entirety