

**MINUTES**

**MONTANA SENATE  
52nd LEGISLATURE - REGULAR SESSION**

**COMMITTEE ON BUSINESS & INDUSTRY**

**Call to Order:** By Chairman J.D. Lynch, on February 22, 1991, at  
10:00 a.m.

**ROLL CALL**

**Members Present:**

J.D. Lynch, Chairman (D)  
John Jr. Kennedy, Vice Chairman (D)  
Betty Bruski (D)  
Eve Franklin (D)  
Delwyn Gage (R)  
Thomas Hager (R)  
Jerry Noble (R)  
Gene Thayer (R)  
Bob Williams (D)

**Members Excused:** None

**Staff Present:** Bart Campbell (Legislative Council).

**Please Note:** These are summary minutes. Testimony and  
discussion are paraphrased and condensed.

**Announcements/Discussion:** None

**HEARING ON SENATE BILL 430**

**Presentation and Opening Statement by Sponsor:**

Senator Dennis Nathe, sponsor of the bill, asked that the committee table SB 430, it is an identical bill that is in the house due to a mixup. The house has already heard the same content over there. It is fine with the department of health to table this bill.

**Proponents' Testimony:**

None

**Opponents' Testimony:**

None

**Questions From Committee Members:**

None

Closing by Sponsor:

None

EXECUTIVE ACTION ON SENATE BILL 430

Motion:

Senator Hager moved to table SB 430.

Discussion:

None

Amendments, Discussion, and Votes:

None

Recommendation and Vote:

The motion to table SB 430 passed unanimously.

HEARING ON SENATE BILL 316

Presentation and Opening Statement by Sponsor:

Senator Chet Blaylock, sponsor of the bill, stated that this bill extends partial hospitalization for extended healthcare.

Proponents' Testimony:

Kathy McGowan, representing the Montana council of mental health consumers, stated that SB 316 represents our effort to make our Montana statute more reflective to the need of mental health consumers. It provides a more cost effective approach to meeting those needs. She submitted a number of simple amendments which they believe will enhance the intention of this particular bill (See Exhibit 1). The passage of SB 316 will accomplish many things. First, SB 316 will offer the seriously mentally ill person and his/her physician a choice of treatment. By adding a partial hospitalization component, a person can be successfully treated in a less restrictive and a less costly environment than an inpatient setting. The February 1990 issue of the American journal of psychiatry pointed out that partial hospitalization can not only prevent full hospitalization, but also can assist in decreasing the average length of stay with full hospitalization unavoidable.

Tanya Ask, representing blue cross blue shield, stated that they support the bill with the amendments presented. This bill

allows for an expansion of alternate treatment in the area of mental health service. It provides a greater continuum of care and greater benefit availability for a broader number of people by increasing out patient benefits and allowing the use of partial hospitalization treatment. Partial hospitalization has been made available in other areas of the countries. They feel that this is a good move in providing a broader continuum of care.

Tom Hopgood, representing the health insurance association of America, stated that less his appearance for this bill as a proponent be construed in any way as in support of mandated coverage. He stated if anybody would like to entertain a motion to repeal section 33-22-703, he would help to draft it. He is a very luke warm proponent for this bill and he still stands against any type of mandated coverage. He endorsed any remarks made by Tanya Ask on behalf of blue cross blue shield.

Dan Anderson, administrator of mental health division at the department of institutions, stated that he supports the bill with one reservation. The coverage of hospitalization is a very valuable service in the community mental health system. There would be literally hundreds of people who would be in the state hospital today if we didn't have a network of partial hospitalization day treatment programs in Montana. They are currently in support of the trend of coverage of outpatient services. He concern is particularly the adults who use partial hospitalization services are people with long term chronic serious mental illnesses. These are people who need occasional episodes or occasional inpatient services. He would hate to see these people trade in their inpatient benefits and then have an acute situation and not have that benefit. They would then perhaps end up in a more restrictive environment such as the state hospital. He thinks that there are some possible changes, he thinks that there can be some language to a form of consent when a person is trading in some of their hospitalization days. There might be a limit so there has to be a residual number of inpatient days that can't be traded off for partial hospitalization.

John Shontz, representing the mental health association of Montana, asked the committee to accept two amendments. As part of the whole process leading to out patient care, returning the cap of the minimum/maximum to five thousand dollars for out patient care versus the lower amount previously stated. The association does have some concerns in terms of reducing the number of inpatient days.

### Opponents' Testimony:

Jim Ahrens, president of the Montana hospital association, stated that blue cross and the others are more than willing to support this bill if you reduce those inpatient hospital days, so they're willing to spend our money, but if you ask them if they're willing to support those outpatient days they would probably say no. This bill opposes to increase outpatient coverage at the expense of inpatient benefits. They do not

support the reduction of hospital services just to only improve other mandated healthcare benefits. The average length of stay for inpatient treatment is probably lower than thirty days, never the less there are patients that will have to stay longer than that. In reducing the inpatient benefit may increase the referral of patients to warm springs state hospital. Patients that run out of insurance coverage have to look to the state to provide care. Reducing the thirty day benefit will also offend medicade costs to inpatient treatment for children. A fiscal note may even be needed to show the impact on medicade. He would oppose any amendment that has been offered to exclude inpatient mental health facilities. He suggests that the bill be tabled by the committee. This bill needs some more work.

Dr. Joseph Rich, director of the psychiatric center at deaconess hospital in Billings, stated that this bill is a good faith attempt at providing partial hospitalization, but he will oppose the bill. He asked the committee to table the bill. If it were tabled they could work with blue cross blue shield and other individuals and agencies to come up with a good bill that could really serve individuals. It is important to look at a few reasons for opposing this. If a person uses two days of partial hospitalization, that takes away one day of the inpatient benefit. If that benefit is cut from thirty down to twenty one days, and if a treating psychiatrist is trying to make a decision whether to admit an individual to the hospital he may take a chance on partial hospitalization, which would save money in the long run, but if the patient only has twenty one days of inpatient benefits available he wouldn't take that chance to admit them to the partial hospitalization program and began to use up those days real quickly. If the patient has thirty days available, then he may take that chance for partial hospitalization and if it works he could have avoided the hospitalization. He stated that if they can come back with some kind of recommendation whereas they do not reduce the inpatient benefits, and look into some of the other factors, they may be able to come to some agreement.

David Quinn, representing rivendell of Montana, stated that partial hospitalization should not be added at the expense of inpatient. The average length of stay in inpatient hospitalization for Montana children and adolescent is in excess of forty days. The nine day reduction from thirty to twenty one will cost the state of Montana five hundred thousand dollars annually for just two of the four major providers. This bill is pure and simple a request of the insurance companies to save them money. This bill does not address the needs of the citizens of the state of Montana.

Mona Jamieson, representing the rocky mountain treatment center in Great Falls, stated that basically what is happening here is an economic battle. Inpatient needs more money, where do you get it when there is so many dollars for healthcare. There are a couple of substantial legal problems with this bill. On amendment number four, they are proposing to delete "affiliated with a hospital under a contractual agreement with an established system of patient referral". This impairs contractual

relationships that particularly her client has with a number of hospitals in the state of Montana where the hired actually make referrals to rocky mountain for inpatient treatment of certain addictions. This actually gets rid of the opportunity to make those particular referrals. The title in no way addresses that issue. The title here talks about partial hospitalization, is does not address some of the changes that were made in these amendments. Many of these changes could, particularly that one, far exceeds the scope of the title to make the bill constitutionally acceptable in terms of the title, and what it would do to some of their existing contracts with some of the hospitals that they have referral agreements with. The people that will suffer, if this bill passes, are the people who truly need inpatient treatment.

Pat Melby, representing rivendell of Butte and Billings, stated that he wouldn't repeat what David Quinn said. He very adequately addressed the issues in this bill that would effect rivendell facilities. He also is representing rimrock foundation in Billings, and because of the reasons that Mona Jamieson mentioned they are also opposed the bill and especially the amendment in number four. They need to work with rimrock and blue cross to improve the relationship of those two entities.

Dan Minkoff, chief financial officer at shodair children's hospital in Helena, stated that the result in effect of this bill is to shift costs. By reducing inpatient benefits from thirty to twenty one days the cost of hospitalization are then going to be shifted to the medicade program. This bill needs to have a fiscal note attached that would reflect the impact it would have on this particular program. Shodair hospital recently started a partial hospitalization program, at first it would appear that this increase of twelve days for partial hospitalization care would benefit the patient and the provider. This is not the case, it depends on where medical necessity places the patient. Shodair hospital is one of four major providers of inpatient psychiatric hospitalization for children in the state of Montana. To his knowledge, none of these inpatient providers of mental health services were consulted when this bill was drafted. He stated that he would like to see this bill tabled to allow the outpatient providers, health service organizations and insurance companies come to some agreement on benefits.

#### Questions From Committee Members:

Senator Gage asked if Jim Ahrens needed time to work this out, and if he agreed to the thirty to twenty one days.

Jim Ahrens stated that they do disagree with the twenty one days change. They have programs that are affiliated by hospitals that would be effected by the contractual language in the bill.

Senator Gage asked if this was something that could be worked out between now and the time the bill goes to the house.

Jim Ahrens stated no. He stated that they sent this out to their hospitals late last week, so people that are effected by it could come together. He needs the data from them to find out where the trade off point might be.

Senator Thayer stated the amendment reduced the days from thirty to twenty one, but the bill as it was drafted is at thirty days. He asked Jim Ahrens if he would support the bill if it was left at thirty days.

Jim Ahrens replied that they would like to have the thirty days in there, but there are some other problems that have to do with the contractual agreements also. His answer would be no at this point in time.

Closing by Sponsor:

Senator Blaylock closed by saying that he was asked to carry the bill by the mental health association of Montana. They put mandatory coverage in for alcohol and drug addiction and mental health. This is one of the toughest bills he has ever carried. The blues were not in favor of that, and they fought it skillfully and well, but he finally prevailed. Most of the people who oppose the bill are willing to work and compromise to make it work. He urged the committee to send the bill over to the house, and if they are sincere, this bill can be put into shape so it can be supported and can pass this legislature. This bill can be fixed.

HEARING ON SENATE BILL 397

Presentation and Opening Statement by Sponsor:

Senator Dorothy Eck, sponsor of the bill, stated that looking at this whole section, it is a bill that will enhance the present section of law for those who supply computers and computer services. In talking with the people who worked with this program and the department of administration they expressed their feelings in saying that this bill is so confusing as to who gets a preference and how much of a preference you get for what. The amendment proposed really becomes the "meat" of the bill (See attached copy). The justification for giving this kind of preference to the state computer system is that there is a real advantage in having a Montana company service as well as sell the computers. It would be a big advantage to a lot of the smaller companies that hire around one hundred employees. It would allow them to compete favorably in state government, and it would mean that state government would be getting better service. Since she has introduced this, she has received a letter from a large firm in Bozeman that provides optical services to medicade. They agree that the services they supply in Montana is equally important to the products that they sell.

Proponents' Testimony:

None

Opponents' Testimony:

None

Questions From Committee Members:

Senator Noble stated that this is calling for the computers and the services that are provided. Where are some of the places that we buy the equipment. Do we buy direct from the manufacturer or from an out of state dealer.

Senator Eck replied that we buy from the company manufacturer. Probably all of the state contracts are for sales and services.

Senator Noble asked if Senator Eck had contacted anybody in the contract services, do they think that the five percent spread will put them in the ball park to do that.

Senator Eck stated that this particular company felt that the five percent spread would be helpful.

Senator Williams stated that he doesn't see how you justify this. There are companies, maybe their address is not in Montana, and they hire a lot of people that sell and service various things in the state of Montana.

Senator Eck replied that we do a lot of things to support Montana businesses. Even though an out of state company does hire people in Montana, it is not a Montana business. We think about the tax incentives and the loans and the things we do for Montana businesses.

Senator Gage stated that the amendment says "computer equipment or services" the language in the bill says "computer equipment and services".

Bart Campbell stated that he used equipment rather than systems because he wanted to make sure that it included software and other products. He was afraid that systems might just of meant the hardware.

Senator Eck stated that she thinks that it should be "and" and not "or".

Closing by Sponsor:

Senator Eck closed.

HEARING ON SENATE BILL 433

Presentation and Opening Statement by Sponsor:

Senator Tom Beck, sponsor of the bill, stated that this is a very simple bill. On the codes at the present time there are coercion prohibitions by manufacturers of forcing automobiles onto the dealers. What they are asking to add on to that section of the law is if they are forcing them to participate in local and regional advertising campaigns that they do not have to actually get in there and contribute to the advertising campaigns and contests.

Proponents' Testimony:

Steve Turkiewicz, executive vice president of the Montana auto dealers association, spoke in favor of the bill (See Exhibit 2).

Dave Pierce, a Dodge dealer in Great Falls, Montana, stated that an auto dealer goes through a lot with a manufacturer. They have to belong to the ad association, if they don't sign it when they renew their dealer agreements they will not renew their agreements. This bill is a consumer bill as much as it is a business bill, because he has to pass on charges for advertising onto the consumer. On the ad association, the money that is held there, it will average on each vehicle about three hundred dollars per unit. He would rather have the money off of the invoice, let the dealer do his own advertising, and not have to pay the factory the 12% interest that they are currently paying on those charges, and be able to pass on that additional discount on to the consumer where it belongs.

Opponents' Testimony:

None

Questions From Committee Members:

Senator Williams asked where the advertising money comes from.

Dave Pierce replied that they have national advertising that they do. They spend their own money on advertising. Personally he spends about four thousand dollars on his own.

Senator Williams asked if they don't pay for their ad association, will they loose their dealership.

Dave Pierce replied yes.

Closing by Sponsor:

Senator Beck closed by saying that it is a good bill, it is for the protection of our Montana dealers and the consumer.

HEARING ON SENATE BILL 424

Presentation and Opening Statement by Sponsor:

Senator Tom Hager, sponsor of the bill, stated that SB 424 is an act revising the terms of conversion of certain insurance policies; and amending sections 33-22-508 and 33-30-1007. The health insurance laws in Montana extend coverage to individuals, who through no form of their own have lost coverage under a group plan. The conversion plans are normally selected only by persons

who are unhealthy, or who have significant health risks. The 1987 legislature made persons eligible if the employer discontinued their group disability insurance policy without providing with any other group disability plan. Even though conversion policies are expensive, some people find it economically profitable to maintain a conversion policy along with another policy in part because health insurers cannot coordinate benefits through individual policies, conversion, and other policies. This means that those persons are paid twice for the same treatment.

#### Proponents' Testimony:

William Jensen, general counsel for blue cross blue shield, spoke in favor of the bill and offered some amendments (See Exhibit 3 and Exhibit 3A).

Tom Hopgood, representing the health insurance association of Montana, stated that on behalf of the association, he supports this bill.

Larry Akey, representing the Montana association of life underwriters, went on record in support of the bill.

#### Opponents' Testimony:

Dave Barnhill, deputy insurance commissioner, stated that he was opposed to the bill when it was introduced, but supports the bill as offered by the amendment.

#### Questions From Committee Members:

Senator Noble stated that he keeps reading "disability coverage". He asked Mr. Jensen this is their whole health policy not just the disability.

William Jensen replied that the way that the Montana law reads is that the title thirty three chapter twenty two refers to disability insurance, that really means health insurance. Income disability is covered in another chapter.

Senator Kennedy asked if they have the option of taking conversion and dropping the other policy.

William Jensen replied if they don't have other coverage under this policy. If they don't have coverage then under the title they would have conversion.

#### Closing by Sponsor:

Senator Hager closed.

#### EXECUTIVE ACTION ON SENATE BILL 424

#### Motion:

Senator Noble moved to amend SB 424.

Senator Noble moved to do pass SB 424 as amended.

Discussion:

None

Amendments, Discussion, and Votes:

The motion to amend SB 424 passed unanimously.

Recommendation and Vote:

The motion to do pass SB 424 as amended passed unanimously.

EXECUTIVE ACTION ON SENATE BILL 433

Motion:

Senator Noble moved to do pass SB 433.

Discussion:

None

Amendments, Discussion, and Votes:

None

Recommendation and Vote:

The motion to do pass SB 433 passed unanimously.

EXECUTIVE ACTION ON SENATE BILL 397

Motion:

Senator Gage moved to do not pass SB 397.

Discussion:

None

Amendments, Discussion, and Votes:

None

Recommendation and Vote:

The motion to do not pass SB 397 passed by a 5 to 4 vote.

EXECUTIVE ACTION ON SENATE BILL 316

Motion:

Senator Noble made the motion to table SB 316.

Discussion:

Senator Thayer stated that he is compelled to support the bill after hearing the testimony. The problem that he is having is a bill of this nature, this late in the game, with amendments that are pretty far reaching. His own local hospital is concerned about something like this considered this quickly he asked that the bill be tabled to give the people the chance to get together.

Amendments, Discussion, and Votes:

None

Recommendation and Vote:

The motion to table SB 316 passed 5 to 4 votes.

EXECUTIVE ACTION ON SENATE BILL 394

Motion:

Senator Franklin moved to reconsider the tabling of SB 394.  
Senator Franklin moved to do pass SB 394 as amended.

Discussion:

Senator Thayer stated that they have had more people come in and oppose this that represented all of the big groups in Montana. They all had very convincing arguments, and he doesn't know that the amendments will fix it. Typically that late in the session when you have that much confusion, he thinks that the bill should have stayed in the committee where it laid comfortably.

Senator Noble stated that he feels because there was so much heat on both sides of this that there is a problem. This should be worked out by all people over a period of time so that we're are doing the right thing.

Amendments, Discussion, and Votes:

None

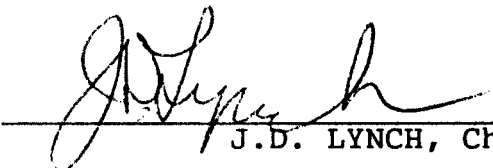
Recommendation and Vote:

The motion to reconsider the tabling of SB 394 passed 6 to 3 votes.

The motion to do pass SB 394 as amended passed by 6 to 3 votes.

ADJOURNMENT

Adjournment At: 11:45 a.m.

  
\_\_\_\_\_  
J.D. LYNCH, Chairman

  
\_\_\_\_\_  
DARA ANDERSON, Secretary

JDL/dia

ROLL CALL

BET COMMITTEE

DATE 2/22/91

LEGISLATIVE SESSION

NAME	PRESENT	ABSENT	EXCUSED
<u>BRUSKI</u>	X		
<u>FRANKLIN</u>	X		
<u>GAGE</u>	X		
<u>HAGER</u>	X		
<u>NOBLE</u>	X		
<u>THAYER</u>	X		
<u>WILLIAMS</u>	X		
<u>KENNEDY</u>	X		
<u>LYNCH</u>	X		

Each day attach to minutes.

DATE: 2/22/91  
BUSINESS & INDUSTRY

# VISITORS' REGISTER

[illegible]

(Please leave prepared statement with Secretary)

### WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 22 day of Feb, 1991.

Name: DAVID M. QUINN

Address: 55 BASIN CREEK ROAD  
BUTTE MT 59701

Telephone Number: (406) 494-4183

Representing whom?

RIVENDELL OF MONTANA

Appearing on which proposal?

SB 316

Do you: Support?        Amend?        Oppose? X

Comments:

Patient Hospitalization should not be added at the expense of  
inpatient.

The average length of stay in inpatient hospitalization for  
Montana children and adolescent is in excess of 40 day.

The nine day reduction from 30 to 21 will cost the  
State of MONTANA \$500,000 ANNUALLY FOR JUST TWO  
of THE FOUR MAJOR PROVIDERS.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

### WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 22<sup>nd</sup> day of February, 1991.

Name: Tanya Able - Blue Cross & Blue Shield

Address: 904 Fuller Avenue  
Helena, MT 59601

Telephone Number: ~~449-6~~ 444-8297

Representing whom?

Blue Cross & Blue Shield of Montana

Appearing on which proposal?

SB 3/6

Do you: Support? ☒ Amend? ☐ Oppose? ☐

Comments:

Support this bill as allowing more alternate treatment within the framework of the existing mandated benefit & mandated benefit cost. Greater outpatient benefits would be available and partial benefits, available in other areas of the country, would be added.

The inpatient decrease from 30 to 21 days would allow for the outpatient expansion, benefiting more people. Our experience shows 3.8 people per 1000 use inpatient treatment while 249 people per 1000 use outpatient services. The average inpatient length of stay we see is 14.7 days.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

Amendments to Senate Bill No. 397  
First Reading Copy

For the Committee on Business and Industry

Prepared by Bart Campbell  
February 21, 1991

1. Title, line 6.

Following: " ; "

Insert: "PROVIDING FOR BID PREFERENCE FOR STATE RESIDENTS ON  
CONTRACTS FOR COMPUTER EQUIPMENT OR SERVICES ;"

2. Page 2, line 18.

Following: line 17

Insert: "(iii) a public contract for computer equipment or  
services to the lowest responsible resident bidder whose bid  
is not more than 5% higher than that of the lowest  
responsible nonresident bidder."

## SENATE BILL 316

## Amendments

02/18/91

- 1) Page: 1  
Line: 17  
Insert: (3) "Partial Hospitalization" means an ambulatory treatment program that includes the major diagnostic, medical, psychiatric, psychosocial, and prevocational treatment modalities designed for patients with serious mental disorders who require coordinated intensive, comprehensive, and multidisciplinary treatment not provided in an outpatient clinic setting. It allows for a more flexible and less restrictive treatment program by offering an alternative to inpatient treatment.

Partial hospitalization embraces day, night, evening, and weekend treatment programs which employ an integrated, comprehensive, and complementary schedule of recognized psychiatric treatments of a minimum of four hours in a 24-hour day. It must be coordinated with its hospital affiliations or community support network. A partial hospitalization program may be a free-standing unit, a component of a community mental health center, or a part of a hospital complex.

Renumber: subsequent sections

- 2) Page: 2  
Line: 10  
Following: state;  
Insert: or
- 3) Page: 2  
Line: 12  
Following: law  
Delete: "; or"  
Insert: "."
- 4) Page: 2  
Lines: 13 & 14  
Delete: *(c) affiliated with a hospital under a contractual agreement with an established system of patient referral*
- 5) Page: 3  
Line: 13  
Following: than  
Delete: 30  
Insert: 21

- 6) Page: 3  
Line: 14  
Following: contract  
Insert: . Two days of partial hospitalization will be available for each one day of inpatient hospitalization, which can be used in lieu of the inpatient days;
- 7) Page: 4  
Line: 3  
Delete: 20  
Insert: 21
- 8) Page: 4  
Line: 8  
Following: illness generally.  
Insert: Two days of partial hospitalization will be available for each one day of inpatient hospitalization, which can be used in lieu of the inpatient days.
- 9) Page: 6  
Lines: 11-17  
Following: "Partial hospitalization benefits"  
Delete: *are related to outpatient programs that include a variety of therapeutic components designed to reduce the need for inpatient care. The programs usually include medication management, case management, crisis intervention, psychotherapy, and vocational and social rehabilitation. Partial hospitalization benefits*
- 10) Page: 6  
Lines: 19 & 20  
Following: mental illness  
Delete: */ alcoholism/ of drug addiction*
- 11) Page: 6  
Line: 21  
Following: ;  
Insert: or
- 12) Pages: 6 & 7  
Lines: 22-1  
Delete: subsection (b)  
Renumber: subsequent section

- 13) Page: 7  
Lines: 2 & 3  
Following: mental health  
Delete: ~~or chemical dependency~~
- 14) Page: 7  
Lines: 6-10  
Delete: subsection (d)
- 15) Page: 7  
Line: 5  
Add: (c) Reasonable charges shall not exceed 50 percent of the average daily inpatient charge allowed by the insurer or health service corporation.

TESTIMONY ON SB 433  
STEVE TURKIEWICZ  
MONTANA AUTO DEALERS ASSOCIATION  
FEBRUARY 22, 1991

Historically, certain auto dealers within specific geographic market areas have elected to establish, usually with cooperation with the manufacturer, what is known in the trade as advertising associations or "funds". The associations were under control of its member dealers and participation or contribution was at the discretion of each dealer.

Typically members of the voluntary ad associations would by vote of the membership, assess each member a designated amount per vehicle and the proceeds would be used by the associations for product advertising and other promotional activities within the geographic area of the association's membership. Also, the manufacturer would collect the assessments in the individual dealer's invoices and forward the funds collected to the associations for use by the member dealers.

About three or four years ago the domestic manufacturers informed the dealers, the manufacturers would be unilaterally adding to the invoice price of virtually every vehicle delivered to them a percentage of the suggested retail price of the vehicle and the amount collected by the manufacturer will be paid to the manufacturer's approved advertising association or if a dealer is not a member of an advertising association and elects not to join an association, the amount collected would be contributed to an advertising association selected by the manufacturer. The charge per vehicle collected is in addition to amounts the association members may have voluntarily assessed themselves and the manufacturer was already collecting from association members.

In order to coerce dealers to join an advertising association, manufacturers unilaterally decreed members of the approved association would, under certain circumstances, specified by the manufacturer, receive a refund of up to 25% of the percentage collected by the manufacturer. Dealers who fail or refuse to join the association are ineligible under any circumstances to receive a refund of any portion of the collection from the dealer.

Sb 433 proposes to add to existing law that limits coercive actions by the manufacturers, the mandatory financial participation in ad councils. SB 433 is simple bill that returns to the individual dealer the right and discretion to determine the amount and the methods the dealer will use for advertising the product and service offered to the public.

The Montana Auto Dealer Associations asks your help in this area by recommending a "DO PASS" on SB 433.

February 22, 1991

SB-424

William N. Jensen, General Counsel, Blue Cross and Blue Shield of Montana

Testimony of Blue Cross and Blue Shield in support of SB-424.

The Montana Conversion Laws which apply to health insurance have as their purpose continuation of insurance coverage for those persons who through no fault of their own cease to be covered under an individual or group policy and are unable to obtain coverage. Effectively conversion insurance is insurance of last resort.

Persons who sign up for conversion usually have significant health problems and incur significant medical bills. Rates are high. They range for family coverage from \$560+ to nearly \$1200 per month. Even with these rates carriers do not collect as much as the bills are paid from conversion insureds. In 1990 claims for 760 conversion contracts of Blue Cross and Blue Shield of Montana exceeded premiums by \$613,000. In 1989 claims for 1082 contracts exceeded premiums by \$1,637,493. Benefits are identical to those contained in a company's individual policies.

Because of the rates, it was never thought that a person would stay on a conversion policy if other coverage was available. We have discovered however that some people with significant medical expenses have continued their conversion policy while on other coverage and because benefits cannot be coordinated and have collected twice for their claims. This results in even higher claims costs for those who cannot afford further premiums.

An example is a member who had a child with a growth disorder. Even though this member's group insurance with another company paid over \$60,000 in drug claims, the member submitted the same claims to us under his conversion policy and insisted that payment be made a second time. This member made \$60,000 on his daughter's illness.

SB-424 provides an exception to the conversion laws when a person who would normally be eligible for coverage but either has other insurance or obtains other coverage.

Sections 1 and 2 provide that conversion is eligible unless an applicant is presently insured under another group major medical insurance policy or plan.

Sections 3 & 4 set out terminating events under conversion. The changes are identical because section 3 applies to commercial insurers and section 4 to Health Service Corporations such as Blue Cross.

Sub part (1) makes eligibility for medicare for persons 65 a terminating event. Medicare supplemental policies are available to persons enrolling for medicare without the necessity of completion of a health statement.

Subpart (2) makes failure to pay premium a ground for termination.

Subpart (3) needs some explanation. It provides that if a person obtains other coverage that is a terminating event, however, it recognizes that some plans have waiting periods. It therefore allows people to remain on conversion during any waiting period, ~~but makes the conversion policy secondary. This means that for any new condition the new carrier would pay first and the conversion carrier would pay second up to a total of 100% of the claims. This makes payment consistent with the theory that this is a policy of last resort.~~

I believe that this legislation is good, both for the consumer who has to pay high conversion rates and for the other policy holders who have to pick up the amount not collected by the insurer. Its intention is not to omit anyone who would normally be eligible for conversion.

February 22, 1991

SB-424-Amendments

Section 1, page 1 line 19

Following: policy

Strike: for a period of at least 30 days

Section 1, page 1, line 20

Following: ~~group~~

Insert: group

Section 1, page 1, line 22

Following: under

Strike: any other

Insert: another major medical

Section 2, page 2, line 25

Following: corporation

Strike: for a period of at least 30 days

Section 2, page 3, line 1

Following: ~~group~~

Insert: group

Section 2, page 3, lines 3 and four

Following: insured

Strike: any other

Insert: another major medical

Section 3, page 4, lines 18 and 19

Strike: Subsection "(4) changes his residence to a state other than Montana."

Section 4, page 5, lines 16 and 17

Strike: Subsection "(4) changes his residence to a state other than Montana."

End

Section 3, page 4, line 6,  
Insert after "another" the following "major medical"  
Section 3, page 4, line 10 following "purchases" strike the  
Remainder of Subsection (3)  
Section 4, page 5, line 4 after "Another" insert "major medical"  
Section 4, page 5, line 8 following "purchases", strike the  
Remainder of Subsection (3)

ROLL CALL VOTE

SENATE COMMITTEE BQ I

Date 2/22/91 Bill No. 424 Time 10:00

NAME	YES	NO
WILLIAMS	X	
THAYER	X	
NOBLE	X	
HAGER	X	
GAGE	X	
FRANKLIN	X	
BRUSKI	X	
KENNEDY	X	
LYNCH	X	

D ANDERSON  
Secretary

JD LYNCH  
Chairman

Motion: DO PASS AS AMENDED

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\_\_\_\_\_

\_\_\_\_\_

ROLL CALL VOTE

SENATE COMMITTEE

B&I

Date

2/22/91

Bill No.

SB424

Time

10:00

NAME

YES

NO

WILLIAMS

X

THAYER

X

NOBLE

X

HAGER

X

GAGE

X

FRANKLIN

X

BRUSKI

X

KENNEDY

X

LYNCH

X

D ANDERSON

Secretary

J D LYNCH

Chairman

Motion:

TO AMEND

ROLL CALL VOTE

SENATE COMMITTEE B&I

Date 2/22/91 Bill No. SB397 Time 10:00

NAME	YES	NO
WILLIAMS	X	
THAYER	X	
NOBLE	X	
HAGER	X	
GAGE	X	
FRANKLIN		X
BRUSICI		X
KENNEDY		X
LYNCH		X

D ANDERSON  
Secretary

J D LYNCH  
Chairman

Motion: Do NOT Pass

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

ROLL CALL VOTE

SENATE COMMITTEE

B&I

Date

2/22/91

Bill No.

SB 316

Time

10:00

NAME

YES

NO

WILLIAMS

X

THAYER

X

NOBLE

X

HAGER

X

GAGE

X

FRANKLIN

X

BRUSKI

X

KENNEDY

X

LYNCH

X

D ANDERSON

Secretary

JD LYNCH

Chairman

Motion:

TO TABLE

ROLL CALL VOTE

SENATE COMMITTEE B&I

Date 7/22/91 Bill No. SB394 Time 10:00

NAME	YES	NO
WILLIAMS	X	
THAYER		X
NOBLE		X
HAGER	X	
GAGE		X
FRANKLIN	X	
BRUSKI	X	
KENNEDY	X	
LYNCH	X	

D ANDERSON  
Secretary

JL LYNCH  
Chairman

Motion: DO PASS AS AMENDED

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

ROLL CALL VOTE

SENATE COMMITTEE B&I

Date 2/22/91 Bill No. SB 130 Time 10:00 AM

NAME	YES	NO
WILLIAMS	X	
THAYER	X	
NOBLE	X	
HAGER	X	
GAGE	X	
FRANKLIN	X	
BRUSKI	X	
KENNEDY	X	
LYNCH	X	

DARA ANDERSON  
Secretary

JD LYNCH  
Chairman

NAME  
Motion: TO TABLE

SENATE STANDING COMMITTEE REPORT

Page 1 of 2  
February 22, 1991

MR. PRESIDENT:

We, your committee on Business and Industry having had under consideration Senate Bill No. 424 (first reading copy -- white), respectfully report that Senate Bill No. 424 be amended and as so amended do pass:

1. Page 1, line 19.  
Strike: "for a period of at least 30 days"

2. Page 1, line 20.  
Following: "group"  
Insert: "group"

3. Page 1, line 22.  
Strike: "any other"  
Insert: "another major medical"

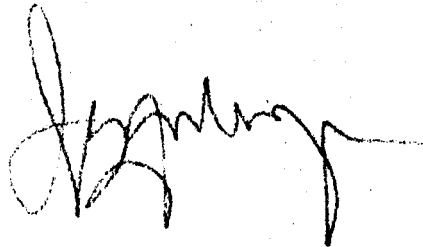
4. Page 1, line 23.  
Following: "insurance"  
Insert: "policy"

5. Page 2, line 25.  
Strike: "for a period of at least 30 days"

6. Page 3, line 1.  
Following: "group"  
Insert: "group"

7. Page 3, lines 3 and 4.  
Strike: "any" on line 3  
Strike: "other" on line 4  
Insert: "another major medical"  
Following: "insurance"  
Insert: "policy"

8. Page 4, line 6.  
Following: "another"  
Insert: "major medical"



9. Page 4, lines 10 through 19.

Strike: "However" on line 10 through "Montana." on line 19.

10. Page 5, line 4.

Following: "another"

Insert: "major medical"

11. Page 5, lines 8 through 17.

Strike: "However" on line 8 through "Montana" on line 17

Signed: 

John "J.D." Lynch, Chairman

191 2-22-91  
Amd. Coord.

SB 2-23 8:25  
Sec. of Senate

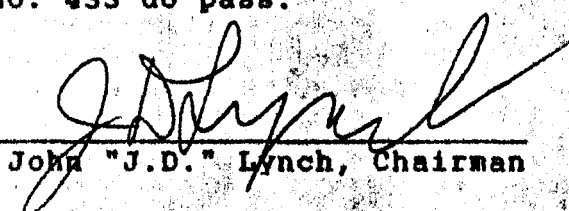
SENATE STANDING COMMITTEE REPORT

, Page 1 of 1  
February 22, 1991

MR. PRESIDENT:

We, your committee on Business and Industry having had under consideration Senate Bill No. 433 (first reading copy -- white), respectfully report that Senate Bill No. 433 do pass.

Signed.

  
John "J.D." Lynch, Chairman

LA 2-22-91  
And. Coord.

SB 2-23 9:25  
Sec. of Senate

23

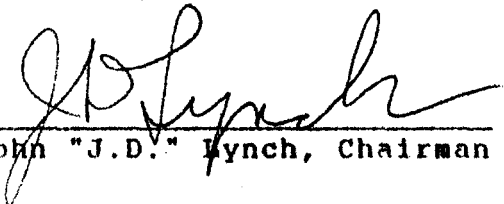
SENATE STANDING COMMITTEE REPORT

Page 1 of 1  
February 22, 1991

MR. PRESIDENT:

We, your committee on Business and Industry having had under consideration Senate Bill No. 397 (first reading copy -- white), respectfully report that Senate Bill No. 397 do not pass.

Signed:

  
John "J.D." Lynch, Chairman

 7-22-91  
Ad. Coord.

5 B 2-23 1125  
Sec. of Senate

## SENATE STANDING COMMITTEE REPORT

Page 1 of 4  
February 22, 1991

MR. PRESIDENT:

We, your committee on Business and Industry having had under consideration Senate Bill No. 394 (first reading copy -- white), respectfully report that Senate Bill No. 394 be amended and as so amended do pass:

1. Title, lines 13 through 15.

Following: "," on line 13

Strike: remainder of line 13 through ";" on line 15

2. Title, line 17.

Following: ","

Insert: "AND"

3. Title, line 18.

Following: "RULES"

Strike: remainder of line 18 through "DATE"

4. Page 1, line 22.

Strike: "8"

Insert: "7"

Strike: "requires"

Insert: "authorizes"

5. Page 1, line 24.

Strike: "10"

Insert: "9"

6. Page 2, lines 5 through 7.

Strike: subsections (1) and (2) in their entirety

Renumber: subsequent subsections

7. Page 2, line 17.

Strike: "10"

Insert: "9"

8. Page 2, line 22.

Strike: "10"

Insert: "9"

9. Page 3, line 10.

Strike: "10"

Insert: "9"

10. Page 3, line 22.

Following: ","

Insert: "and"

11. Page 3, line 25 through page 4, line 2.

Following: "employment" on line 25

Strike: remainder of line 25 through "services" on page 4, line 2

12. Page 4, line 14.

Following: line 13

Insert: "(5) 'Utilization review agent' means a person or entity performing utilization review except an agency of the federal government or an agent acting on behalf of the federal government to the extent the agent is providing services to the federal government."

13. Page 5, line 1.

Following: "care"

Insert: ", except that a utilization review plan for health care services under the general relief medical assistance or medicaid programs provided for in Title 53 need not reflect community standards of care"

14. Page 5, line 19.

Following: ","

Insert: "and"

15. Page 5, lines 20 through 21.

Strike: lines 20 and 21 in their entirety

Renumber: subsequent subsection

16. Page 5, line 24.

Strike: "10"

Insert: "9"

17. Page 6, lines 4 through 8.

Following: "determination" on line 4

Strike: remainder of line 4 through "relating" on line 6

Insert: "by a utilization review agent as"

Following: "appropriateness"

Strike: remainder of line 6 through "determination" on line 8

Insert: "of an admission, service, or procedure must be reviewed or determined in accordance with standards or guidelines approved"

18. Page 6, line 14.

Following: "relevant"

Strike: "specialty or subspecialty"  
Insert: "area of health care"

19. Page 6, line 20.

Following: "has"

Strike: "consulted"

Insert: "made a reasonable attempt to consult"

20. Page 7, line 14.

Following: the second "of"

Strike: "the"

Insert: "all relevant"

21. Page 7, lines 15 through 23

Following: "review" on line 15.

Strike: remainder of line 15 through "person" on line 23

22. Page 7, line 24 through page 8, line 3.

Strike: section 7 in its entirety

Renumber: subsequent sections

23. Page 8, line 5.

Following: "commissioner"

Strike: "shall"

Insert: "may"

24. Page 8, line 6.

Strike: "10"

Insert: "9"

25. Page 8, lines 8 through 10.

Strike: subsections (1) and (2) in their entirety

Renumber: subsequent subsections

26. Page 8, line 18.

Strike: "10"

Insert: "9"

Following: "preempted"

Insert: "or duplicated"

27. Page 8, line 20.

Strike: "10"

Insert: "9"

28. Page 8, line 21.

Following: "preempted"

Insert: "or duplicated"

29. Page 8, line 23.  
Following: "preemption"  
Insert: "or duplication"

30. Page 8, line 25.  
Strike: "10"  
Insert: "9"

31. Page 9, line 16.  
Following: "provider"  
Insert: ", including an in-house utilization review that is  
conducted by or for a long-term care facility and that is  
required by medicare or medicaid regulations,"

32. Page 9, line 17.  
Strike: "10"  
Insert: "9"  
Following: "not"  
Insert: "directly"

33. Page 9, line 21.  
Strike: "10"  
Insert: "9"

34. Page 9, line 23.  
Strike: "10"  
Insert: "9"

35. Page 9, lines 24 and 25.  
Strike: section 12 in its entirety

Signed: 

John "J.D." Lynch, Chairman

  
And. Coord.

SB 2/23 8:25  
Sec. of Senate