

MINUTES

**MONTANA HOUSE OF REPRESENTATIVES
53rd LEGISLATURE - REGULAR SESSION**

COMMITTEE ON HUMAN SERVICES & AGING

Call to Order: By **CHAIRMAN BILL BOHARSKI**, on February 1, 1993,
at 3:00 p.m.

ROLL CALL

Members Present:

Rep. Bill Boharski, Chair (R)
Rep. Bruce Simon, Vice Chair (R)
Rep. Stella Jean Hansen, Vice Chair (D)
Rep. Beverly Barnhart (D)
Rep. Ellen Bergman (R)
Rep. John Bohlinger (R)
Rep. Tim Dowell (D)
Rep. Duane Grimes (R)
Rep. Tom Nelson (R)
Rep. Sheila Rice (D)
Rep. Angela Russell (D)
Rep. Tim Sayles (R)
Rep. Liz Smith (R)
Rep. Carolyn Squires (D)
Rep. Bill Strizich (D)

Members Excused:

Members Absent: Rep. Molnar

Staff Present: David Niss, Legislative Council
Alyce Rice, Committee Secretary

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

Committee Business Summary:

Hearing: HB 145, HJR 8, SB 152, HJR 7
Executive Action: None

HEARING ON HB 145

Opening Statement by Sponsor:

REP. JOHN COBB, House District 42, Augusta, said HB 145 is a health care bill that helps people now. Governor Racicot will not approve the hospital tax that is in the bill, therefore, another funding method will have to be found. There are ways to fund this bill now. There is the cigarette tax worth \$3,000,000

a year; income tax; money that could be taken from other departments and the sales tax. 142,000 people in Montana are uninsured; 50,000 of those are children. HB 145 expands health care for those people most in need, adults and children below 100% of the poverty level. REP. COBB offered three health care plans that could be done without the hospital tax. He said health care for the 50,000 children could be taken care of right now through the existing budget. Amendments to HB 145 are being drawn up because without the hospital tax not everything in the bill can be accomplished. Without health care more people will be on AFDC. He asked the committee to approve at least part of the health care plan now. EXHIBIT 1.

Proponents' Testimony:

Dan Shea, Montana Low Income Coalition, said he was unaware that the hospital tax was no longer part of HB 145. He said taking the hospital tax off at this time was very premature. Other people besides the hospital people should have an opportunity to talk to the governor before it's taken off the table.

Larry Akey, Montana Association of Life Underwriters, said health care reform isn't free. Funds are going to have to come from someplace. The broadest source of funding for health care reform is the state's general fund. He said even though the committee's inclination may be to dispense with the bill due to funding problems, he hoped the committee would take a serious look at REP. COBB'S proposals for spending the funds first.

Opponents' Testimony:

Jim Ahrens, President, Montana Hospital Association, Written testimony. EXHIBIT 2.

John Guy, President, St. Peters Hospital. Written testimony. EXHIBIT 3.

Carl Hanson, Administrator, Pondera Medical Center, Conrad, Montana, said in Pondera County the Medicaid-Medicare rate has been over 88% the last three months. The 1990 census estimated that 44% of Pondera County is living below 200% of the poverty level. That is more than a 100% increase over the last ten years. A tax on hospitals would be passed right on to the taxpayers. He encouraged the committee not to consider the hospital tax.

Wayne Dunn, Chief Financial Officer, Montana Deaconess Medical Center, Great Falls, Montana. Written testimony. EXHIBIT 4.

Kip Smith, Montana Primary Health Care Association, said the association applauds the efforts of REP. COBB to improve health care in Montana. The association's opposition to the bill was

based on the hospital tax. A hospital tax is a selective tax on only a portion of the health care industry. Health care reform is a challenge for all Montanans and the burden must be shared. He asked that HB 145 not be passed in its current form. He said the association may become a proponent if the bill is amended.

Questions From Committee Members and Responses:

REP. SHEILA RICE asked Jim Ahrens if he would support HB 145 without the hospital tax. Mr. Ahrens stated it would depend on the amendments.

CHAIRMAN BOHARSKI asked REP. COBB which of his plans were based on the appropriations that are currently in the bill. REP. COBB said plan A was based on the appropriations in the bill.

REP. BRUCE SIMON asked REP. COBB if he knew how many people were on the welfare system because if they went off the system they would lose their health care. REP. COBB said people who are working for low wages go back on AFDC when their children get sick to make sure they get health care because they can't afford to pay for health care. He said he couldn't come up with a number.

Closing by Sponsor:

REP. COBB closed.

HEARING ON HJR 8

Opening Statement by Sponsor:

REP. SHEILA RICE, House District 36, Great Falls, said HJR 8 deals with the certification of coaches of youth sports by the National Youth Sports Coaches Association. The national standards for youth sports were developed to provide all youth groups with a focus on what is best for children in their growing and learning years. She said everyone has heard horror stories about things that have happened at little league games with the child as the scapegoat. The sports standards were developed to prevent those kinds of things. REP. SHEILA RICE read some standards from the National Standards for Youth Sports booklet. EXHIBIT 5.

Proponents' Testimony:

Jerry Supich, Director, Department of Recreation, City of Great Falls, said children are sometimes subjected to emotional, psychological, and physical abuse while participating in youth sports. The National Youth Sports Coaches Association has taken a leading role in trying to promote youth sports as a positive, fun, learning experience for children. In 1987 the organization,

in cooperation with the drug enforcement administration, met with forty eight of the leading experts in the country in youth sports. They developed the eleven national standards that parents should use in developing and administering youth sports for children. One important standard addresses the training and certification of coaches. Volunteer coaches have a profound impact on children as well as serving as role models. Volunteer coaches need to be educated regarding the psychological and emotional needs of children, safety and first aid, proper conditioning in sports techniques, and drug awareness. He urged support of HJR 8.

Opponents' Testimony:

None

Questions From Committee Members and Responses:

REP. SIMON said he coached little league for a number of years and one of the problems was finding adults that would make themselves available as volunteers. He asked **Jerry Supich** if the standards in HJR 8 would make it more difficult to recruit volunteers. **Mr. Supich** said the National Youth Sports Coaches Association's survey showed the majority of people surveyed were willing to attend the training and certification program.

REP. ELLEN BERGMAN asked **Mr. Supich** if the purpose of HJR 8 was to upgrade the quality of coaches. **Mr. Supich** said the purpose is to encourage leagues to conduct their leagues in accordance with the national standards.

CHAIRMAN BOHARSKI asked **Mr. Supich** if packets on the program had been sent to all the cities and towns. **Mr. Supich** said the larger cities in Montana are aware of the national youth sports program. Through the networking of district coordinators a sports inventory has been done to find out what programs exist in some of the smaller towns in Montana. CHAIRMAN BOHARSKI said the resolution required that a copy of the resolution be sent to the chief executive of each town and city in Montana. He said the resolution wouldn't give them the information they need and asked if the organization was going to provide that information. **Mr. Supich** said they would provide that information.

Closing by Sponsor:

REP. SHEILA RICE closed.

HEARING ON SB 152

Opening Statement by Sponsor:

SEN. EVE FRANKLIN, Senate District 17, Great Falls, said SB 152 clarifies that the scope of the practice of speech pathology includes oral motor training, cognitive retraining and dysphagia therapy.

Proponents' Testimony:

Beth Jackson Johnson, Montana Speech and Hearing Association, explained oral motor training, cognitive retraining, and dysphagia therapy to the committee.

Rosemary Harrison, Montana Speech and Hearing Association, said all speech and language pathologists are required to have a masters degree in order to be licensed in the state. In order to be licensed, speech and language pathologists have to pass a national examination that includes the areas of motor training, cognitive retraining and dysphagia therapy. She said the association wants a clarification of the licensure bill because there are other professionals who are also dealing in these three areas, therefore, it needs to be made clear that speech and language pathologists are trained and licensed to work in these areas as well.

Mona Jamison, Montana Association of Speech Pathologists and Audiologists, said SB 152 is a bill that has been proposed on behalf of the association. This bill is a clarification of a scope of practice. **Ms. Jamison** said since the various professions have become more and more sophisticated with defining their scope in reference to their education and experience, it very important for the speech pathologists to have this clarification.

Opponents' Testimony:

None

Questions From Committee Members and Responses:

REP. LIZ SMITH asked **Rosemary Harrison** who else offered the motor training, cognitive retraining, and dysphagia therapy services. **Ms. Harrison** said occupational therapists and speech pathologists both offer these services as a team, especially in a hospital setting.

CHAIRMAN BOHARSKI asked **Rosemary Harrison** if the clarification would preclude physicians and nurse practitioners from providing these services, to which she replied it would not.

Closing by Sponsor:

SEN. FRANKLIN closed.

HEARING ON HJR 7

Opening Statement by Sponsor:

REP. ERVIN DAVIS, House District 53, Charlo, said HJR 7 urges the public and private sectors of the state to comply with the spirit and letter of the Americans With Disabilities Act.

Proponents' Testimony:

None

Opponents' Testimony:

None

Questions From Committee Members and Responses:

CHAIRMAN BOHARSKI asked REP. DAVIS why it was necessary to urge people to abide by a federal law. REP. DAVIS said the original intent was to come up with a Montana disabilities act that would parallel the Americans With Disabilities Act but it was too immense, so it was easier to just urge Montanans to comply with the federal Act.

REP. SIMON asked REP. DAVIS what was left out of the federal Act that would require a Montana disabilities act. REP. DAVIS said he couldn't answer that question.

Closing by Sponsor:

REP. DAVIS closed.

ADJOURNMENT

Adjournment: 4:50 p.m.

Wm E Boharski

WM. E. BOHARSKI, Chair

Alyce Rice

ALYCE RICE, Secretary

WB/ar

HOUSE OF REPRESENTATIVES

HUMAN SERVICES AND AGING

COMMITTEE

ROLL CALL

DATE

2-1-93

NAME	PRESENT	ABSENT	EXCUSED
REP. BILL BOHARSKI, CHAIRMAN	✓		
REP. BRUCE SIMON, VICE CHAIRMAN	✓		
REP. STELLA JEAN HANSEN, V. CHAIR	✓		
REP. BEVERLY BARNHART	✓		
REP. ELLEN BERGMAN	✓		
REP. JOHN BOHLINGER	✓		
REP. TIM DOWELL	✓		
REP. DUANE GRIMES	✓		
REP. BRAD MOLNAR		✓	
REP. TOM NELSON	✓		
REP. SHEILA RICE	✓		
REP. ANGELA RUSSELL	✓		
REP. TIM SAYLES	✓		
REP. LIZ SMITH	✓		
REP. CAROLYN SQUIRES	✓		
REP. BILL STRIZICH	✓		

EXHIBIT 1
DATE 2-1-93
HB 145

KIDS FIRST

A MONTANA PROGRAM

FOR HEALTHY CHILDREN

HOUSE BILL 145 (CURRENT)

1. EXPANSION OF HEALTH CARE TO THOSE MOST IN NEED

400 PREGNANT MOTHERS	150% < POVERTY
	17,355 FAMILY OF 3

8000 CHILDREN INCOME LEVEL	100% < POVERTY
	11,570 FAMILY OF 3

COVER ALL MEDICAID SERVICES

2. HEALTH CARE AUTHORITY FUNDING

3. SMALL BLOCK GRANTS TO REGIONS

4. FAMILY PRACTICE RESIDENCY PROGRAM

5. CONVERSION TO SINGLE FORM BILLING SYSTEM

6. HOSPITAL RATE INCREASE

7. FUNDING

EXHIBIT 1
DATE 2/1/93
HB 145

KIDS FIRST

A MONTANA PROGRAM FOR HEALTHY CHILDREN

* All Plans include funding for Health Care Authority		
PLAN A	PLAN B	PLAN C
Medicaid/Small Block Grants	Medicaid/Large Block Grants	Entire Block Grant
1. 400 Pregnant Women 8,000 Children 2. All Medicaid Services 3. Small Regional Block Grants - Wellness, Preventive, Coordination (through Authority) 4. Limited to Medicaid eligible women and children	1. 400 Pregnant Women 8,000 Children 2. All Medicaid Services 3. Large Regional Block Grants - Wellness, Preventive, Coordination (through Authority) 4. Potentially 50,000 kids	1. No specific eligibility categories 2. No expansion of Medicaid 3. Regional Block Grants A. Wellness B. Preventive C. Preventive Health Ins. D. Regional Coordination 4. Potentially 50,000 kids
<u>Cost</u> Kids 3.50 GF/year Health A. .25 GF/year Block 1.00 GF/year 4.75 million	<u>Cost</u> Kids 3.50 GF/year Block Grants 3.00 GF/year Authority .25 GF/year 6.75 million	<u>Cost</u> 3+ million GF/year .25 Authority

WELFARE REFORM

GOAL: TO INCREASE SYSTEM INCENTIVES TO WORK TOWARDS SELF-SUFFICIENCY

1. HEALTH CARE
2. DAY CARE
3. WAIVERS AFDC
 - A. A SAFETY NET, INCENTIVES AND DISINCENTIVES
 - B. ELIMINATE 100 HOUR RULE
 - C. SIMPLIFY AND LENGTHEN EARNED INCOME DISREGARDS
 - D. DISREGARD ALL EARNINGS OF CHILDREN
 - E. REDUCE BENEFITS AFTER PERIOD OF
12 CONSECUTIVE MONTHS AND AGAIN AT
18 MONTHS UNLESS GOOD CAUSE IS ESTABLISHED
4. BETTER COORDINATION, USE, AND FOLLOWUP OF TRAINING AND WORK PROGRAMS
5. END STATE ASSUMED COUNTIES
 - A. LOCAL CONTROL NOT ENTITLEMENTS
 - B. JTPA/JOBS TO THOSE MOST IN NEED
 - C. DAY CARE/HEALTH CARE
6. TAKING CONGRESS AND FEDERAL GOVERNMENT TO TASK
7. RAISING DISPOSABLE INCOME
 - A. LOWER INCOME TAXES
 - B. STATE EARNED INCOME CREDIT
 - C. DAY CARE/HEALTH CARE
 - D. WORKCOMP

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FUNDING OPTIONS

1. LONG RANGE BUILDING SWITCH OF CIGARETTE TAX
2. INCREASE CIGARETTE TAX
3. INCOME
4. SALES
5. SET PRIORITIES
6. HOSPITAL/USER TAX



MONTANA HOSPITAL ASSOCIATION

EXHIBIT 2
DATE 2-1-93
HB 145

1720 NINTH AVENUE • P.O. BOX 5119
HELENA, MT, 59604 • (406) 442-1911

**Testimony before
House Human Services & Aging Committee
James F. Ahrens
HB 145**

Thank you. The Montana Hospital Association represents 53 acute care, community based hospitals. Of these, 29 have fewer than 30 beds and 13 have between 30 and 90 beds.

These community hospitals are the foundation of the health care delivery system in their communities. MHA opposes the hospital tax embodied in HB 145 because it would seriously weaken this foundation.

We oppose the tax for several reasons.

First, it is bad public policy. Hospitals appreciate the financial difficulties that afflict the state. Across the hall, in the Appropriations Committee, we are taking our lumps -- and we are willing to do so because we recognize that all of us have to give a little for the good of the state.

For example, we have already agreed to a two-year freeze in Medicaid hospital payments.

Selective taxes -- such as the hospital tax -- are not appropriate. Hospitals believe that the only solution is to enact comprehensive tax reform, a tax reform package that provides the revenue we need to operate the basic social and human services programs the citizens of our state want.

All of us are consumers of health care -- and all of us should help pay for the health care services provided by the state. The hospital tax just taxes the sick.

Two years ago, the Montana Hospital Association Board of Trustees endorsed comprehensive tax reform. We continue to hold that position and tomorrow will testify in support of Sen. Crippen's bill, SB 235 in the Senate Taxation Committee.

The hospital tax is also bad financial policy. A hospital tax looks like a free lunch. It looks like easy money. It looks like a simple solution to what we all know is a very complex problem.

But, as the old saying goes, for every complex problem there is a simple solution -- and it is wrong!!

The statement of purpose in this bill proclaims that many hospitals are quite profitable and have substantial cash reserves.

To be generous, I think that overstates the situation most hospitals face today. The fact is that hospitals cannot absorb a tax -- they have to pass it on.

And the only people they can pass it on to are the patients who are covered by private insurance policies -- in other words, the workers, the small businesses, the farmers and ranchers of our state who are privately insured.

Privately insured patients already pay 25 percent more just to make up for the losses hospitals suffer from treating Medicare and Medicaid patients. Shifting the hospital tax to private paying patients will make this bad situation even worse.

Many hospitals in our state are in very fragile condition. And, as you will hear today, those hurting are not just the small, rural facilities.

HOUSE BILL 145 - REVENUE TAX ON HOSPITALS

My name is John Guy, I am speaking in the capacity of President of St. Peter's Community Hospital in Helena. I would like to speak in opposition to House Bill 145, which would establish a .75 percent tax on hospitals.

I am aware that there is a high degree of frustration with health care costs and not a small degree of confusion over health care economics. I would like to take a few minutes of the committee's time to briefly talk about two concepts that are important in any discussion on health care finances.

COST SHIFTING

For most hospitals, government programs such as Medicare and Medicaid, account for at least half of the payment sources for all patients. Payment for these programs is prospectively determined, which means that hospitals are paid a fixed price for the specific diagnosis being treated. This price is determined ahead of time and providers cannot bill either the insurance carrier or the patient should the cost of care exceed the prospectively determined reimbursement level. Reimbursement for Medicare has not kept pace with the rate of medical inflation. Reimbursement for state programs such as Medicaid and Workers' Compensation is not expected to increase at all.

EXHIBIT 3

DATE 2/1/93

HB 145

Increases in operating costs (salaries for health care workers, cost of new drugs, or a hospital tax) can only be passed along to non-governmental payors of our services, since government programs reimburse on a fixed payment basis. For example, since roughly half of St. Peter's patients are under a prospective payment system, each dollar needed to cover any additional expense would require a rate increase of \$2.00. This is necessary since only half of the patients (private insurance) can absorb the increase. (See Attachment I).

OPERATING MARGIN

Even though most hospitals in Montana are non-profit, they--like any other business--need to earn more revenue than they spend. This excess of revenue over expense is called net income or margin.

A hospital's margin is used for several things: to replace existing capital equipment, to replace existing facilities, to acquire new technology, to repay debt service and to provide a cushion for lean times. (See Attachment II).

St. Peter's Community Hospital is currently experiencing one of those "lean times". Since the beginning of our fiscal year this past June, we have experienced a decline of 800 patient days resulting in a sharp drop in our revenue. This trend of reduced inpatient utilization is also being experienced by other hospitals in Montana and throughout the country.

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We believe that the current trend marks the beginning of a shift in the overall utilization of health care services. Therefore, we are taking steps to reduce our operating expenses to more closely match our expected level of income. The alternative would be to raise rates and we do not believe that price increases would be in the best interest of the community in light of the fiscal constraints currently being faced by all of us.

AFFECT OF REVENUE TAX ON ST. PETER'S COMMUNITY HOSPITAL

Under the current system of Medicaid reimbursement, St. Peter's spent approximately \$500,000 more in 1991 taking care of Medicaid patients than we received in payment. As you know, the Department of SRS recently completed a study which proposes a new way to reimburse hospitals for services provided to Medicaid patients. Under the new systems, St. Peter's would lose approximately \$742,000 on Medicaid.

In addition to the 3/4 of a million dollars loss, a .75% tax would add an additional burden of \$257,643 to the hospital. Our total cost of participation in the Medicaid program using 1991 data as a base would be approximately 1 million dollars.

SUMMARY

- o I am opposed to HB 145. In an attempt to generate federal matching dollars, it places a greater burden on some hospitals and will add to the cost for privately insured patients if hospitals find it necessary to pass the tax along at the rate of 2 for 1.

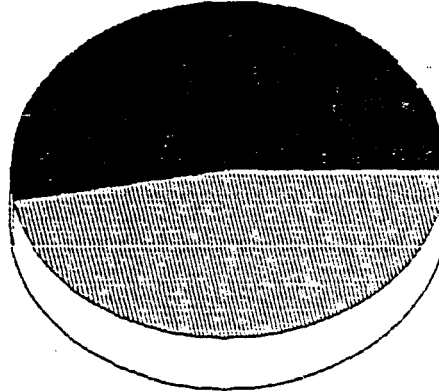
EXHIBIT 3
DATE 2/1/93
HB 145

- o I support the need for overall comprehensive tax reform to provide adequate revenues to meet the state's social obligations.
- o I support the adoption of comprehensive health reform. The Montana Hospital Association, the Montana Medical Association, Blue Cross/Blue Shield, and many others have worked very hard this past year to develop a workable reform plan. This plan combined with proposals from several other groups (the Governor's Task Force, Senator Baucus' Committee, et al.) will be presented in a bill sponsored by Senator Eve Franklin.
- o Many hospitals are attempting to address health care costs in the short run. We are also supportive of fundamental health reform for the long run. House Bill 145 merely adds to our burden now and does nothing to provide long-term solutions for fundamental health care reform.

Thank you for your attention.

ATTACHMENT I

Govt Programs 53%



GOVERNMENT PROGRAMS

- o Medicare
- o Medicaid
- o Workers' Comp
- o State Medical

PRIVATE INSURANCE

- o Blue Cross
- o HMO
- o Other Insurance

Pvt Insurance 47%



- o To generate a tax of \$257,643 would require a rate increase of \$486,119.
- o 47% of our patients would pay this higher rate in order to generate the required \$257,643 since 53% of our patients under fixed payment would not pay an increase.

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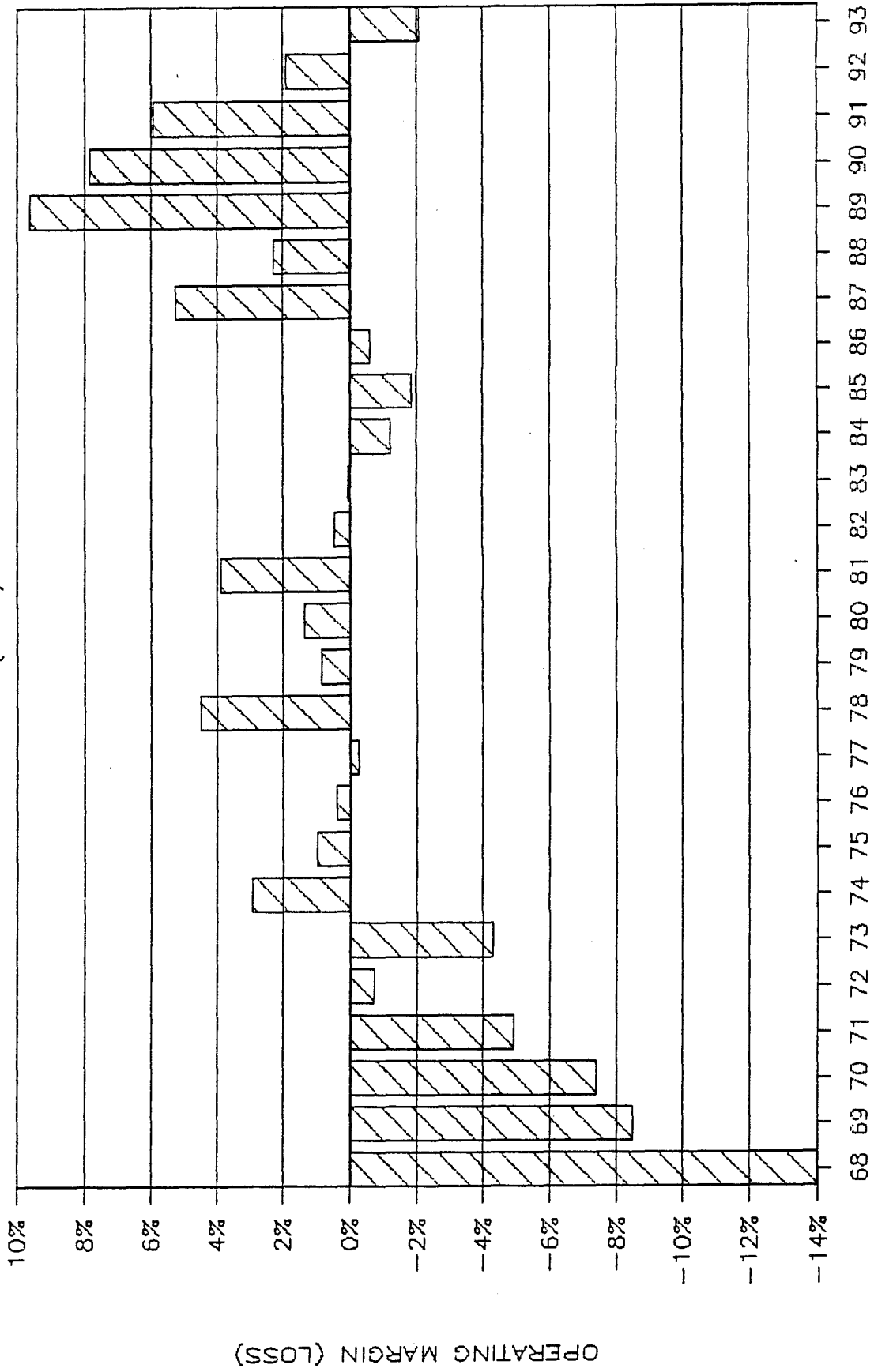
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2/1/93

HB 145

ST. PETER'S HOSPITAL

OPERATING MARGIN (LOSS) AS A % OF REV



FISCAL YEAR ENDING



**Montana
Deaconess**

Medical Center

1101 Twenty Sixth Street South
Great Falls, Montana 59405-5193
406 761-1200

EXHIBIT 4
DATE 2-1-93
HB 145

HOUSE BILL 145, THE HOSPITAL TAX LEGISLATION

TO: The House Human Services and Aging Committee

FROM: Montana Deaconess Medical Center (Wayne Dunn, Chief Financial Officer)

I thank you for taking your valuable time to read and consider our comments regarding House Bill 145, The Hospital Tax Legislation, sponsored by Representative John Cobb. We at Montana Deaconess are opposed to this Bill and for the reasons outlined below, ask that you not support it.

I. A KEY QUESTION REGARDING THE TAX IS - WHERE WILL THE HOSPITALS GET THE MONEY TO PAY THE TAX?

A. There are three possibilities:

1. Hospitals can simply absorb it (i.e. pay it out of profits).
2. Hospitals can pay it from the increased Medicaid reimbursement payments that are contemplated in the Bill.
3. Hospitals can raise prices to generate the money (known as "cost shifting").

B. Based on the proposed legislation, the tax cost for Montana Deaconess Medical Center at 3/4% is roughly \$1/2 million. A review of the three possibilities for covering this tax cost reveals:

1. Absorb it; Pay it out of profits - In calendar 1992, our hospital had a loss of over \$1½ million. We anticipate a workers comp tax of 1-1½% which will cost us between \$350,000 and \$500,000 per year. We are not a financial "fat cat" capable of absorbing the tax. Thus, this possibility is not feasible.
2. Increased Medicaid reimbursement rates will cover it - First, payment increases are appropriate and necessary simply to keep up with rising costs/inflation. Over the last several years, Montana Medicaid has not kept up with inflation.



Secondly, the differences between the tax basis and reimbursement basis, make it difficult, if not impossible, for increased reimbursement to offset the tax cost. The tax is applied against our "gross receipts" which equates to approximately 70% of our revenue. (Gross receipts represent the collectable portions of our revenue, i.e. net of government discounts, bad debts, and charity. These non-collectable items comprise the remaining 30% of the revenue.) The increased reimbursement only applies to our Medicaid payments which are approximately 7% of our revenue. Therefore, just to break even, the Medicaid payment increase will need to be 10%, and no one is contemplating that size of an increase.

3. Raise prices - Medicare, Medicaid, Workers Comp and Champus set their payment rates, thus, our pricing has no affect on them. They represent 2/3rds of our business. The price increase to our remaining patients (covered by commercial insurance or self payments) would have to be three times their fair share to cover the other government payers who, because of their payment basis, would not increase payments. Therefore, a 3/4% tax would require a $2\frac{1}{4}\%$ price increase just to cover the tax (in reality, it would probably require a 3 percent price increase because of increased bad debts). This then becomes a cruel and unfair tax on the sick, and thus, we feel it is not an acceptable alternative.

II. A KEY CONCEPT IN THE HOSPITAL TAX PROPOSAL IS TO INCREASE STATE MONIES EARMARKED FOR MEDICAID IN ORDER TO GET A MULTIPLICATION EFFECT FROM THE FEDERAL GOVERNMENT (THEY MATCH THE STATE'S MEDICAID MONEY \$2.50 FOR EVERY \$1.00 OF STATE MONEY).

This concept works; however, it does not require the state monies to come from a hospital tax, any source will work (e.g. general sales tax, increased "sin" taxes, etc.).



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III. A SIGNIFICANT PORTION OF THE MONEY GENERATED BY THE TAX WILL BE USED TO ADD ANOTHER LAYER OF ADMINISTRATIVE OVERHEAD TO OVERSEE AND CONTROL HOSPITALS WITH THE EMPHASIS ON CONTROLLING COSTS.

Montana Deaconess and all hospitals in Montana are very much concerned about health care costs and we are actively working to keep them as low as possible. Unfortunately, this is not a simple issue nor an easily achieved goal. We do not believe adding more administrative cost is going to help.

As to a mechanism to help keep costs and prices down, a successful (non-governmental) vehicle is already in place and working well. I am referring to the Montana Hospital Rate Review System. The majority of hospitals in Montana belong to this organization and it does a very good job of scrutinizing costs and prices of hospitals. Compared to the rest of the nation, health care in Montana is much less expensive. Each year Montana ranks very low on national cost surveys of health care.

IV. CONCLUSION

The hospital tax is a bad idea. It will financially hurt every hospital in the state, it will make hospital care more expensive and, therefore, less assessable to many people, and it will spend precious dollars to add still more administrative costs to both the state and individual hospitals. Shouldn't we spend our dollars on providing care instead of administrative paper shuffling?

Finally, it has been stated that Montana Deaconess is one of the "big winners" under this proposal. I can tell you we will be a financial loser. But, if we are a "big winner" relative to other hospitals, I hate to think of the financial impact to some of them. Can they survive it? Again, I urge you not to support the passage of House Bill 145. Thank you for your time and consideration.

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HB 145

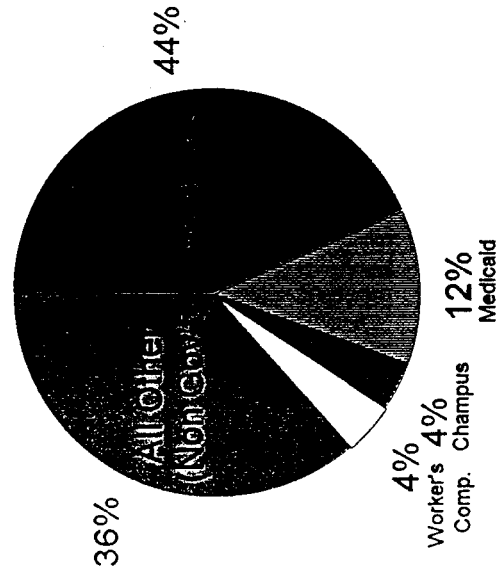
MDMC GOVERNMENT PAYOR ANALYSIS (prepared 11/21/92)

PAYOR	% OF GROSS REVENUE	REIMBURSEMT. AS % OF GROSS REV.	REIMBURSEMT. PAYMT. INCR. (5 yr. total)
Medicare	43.6%	54.8%	11.3%
Medicaid	12.0%	62.0%	6.1%
Champus	4.0%	82.1%	10.4%
Workers Comp.	4.2%	66.8%	0.0%
All other (non-govmnt.)	36.2%	100.0%	46.0%

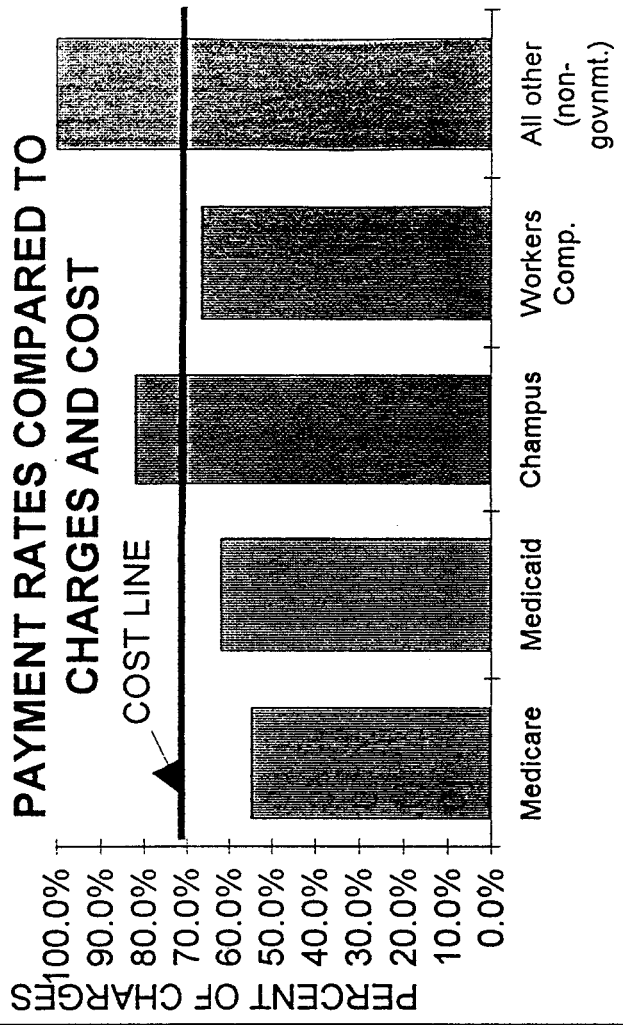
Operating costs as a % of gross revenue =

71.7%

PAYOR ANALYSIS



PAYMENT RATES COMPARED TO CHARGES AND COST





NATIONAL YOUTH SPORTS COACHES ASSOCIATION

EXHIBIT 5
DATE 2/1/93
HJR 8

National Standards



for
Youth Sports

Through the Support of



The original is stored at the Historical Society, 225 North Roberts Street, Helena, MT 59620-1201. The phone number is 444-2694.

HOUSE OF REPRESENTATIVES
VISITOR'S REGISTER

Human Services COMMITTEE BILL NO. HB 145
DATE 2/1/93 SPONSOR(S) Rep. Cable

PLEASE PRINT

PLEASE PRINT

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NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Alfred [unclear]	MT. NURSES ASSOC.	[unclear]	[unclear]
Bomb Rooper	MT. NURSES ASSOC.		X
Julie Robinson		X	
Carl Hamon	Pondera Medical Center		X
Chad Mahang	DOR		
LARRY AKET	MIT ASSOC OF LIFE UNDERWRITERS	✓	
Tanya Atk (Hospital tax approver)	Blue Cross & Blue Shield		✓
John Gury	St. Peter's Hospital		X
Lee Ahmad	MIT		X

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Human Services

BILL NO. SB 152

SPONSOR (S)

(S) San Francisco

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HOUSE OF REPRESENTATIVES
VISITOR REGISTER

Human Services COMMITTEE BILL NO. ASK 1
DATE 2/1/93 SPONSOR(S) Rep. Davis

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[illegible]

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HOUSE OF REPRESENTATIVES
VISITOR'S REGISTER

Human Services COMMITTEE BILL NO. HJR 8
DATE 2/1/93 SPONSOR(S) Rep. S. Rice
PLEASE PRINT PLEASE PRINT PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
<u>Jerry Saper L</u>	<u>City of St Falls</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

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