

MINUTES

MONTANA SENATE 53rd LEGISLATURE - REGULAR SESSION

COMMITTEE ON PUBLIC HEALTH, WELFARE & SAFETY

Call to Order: By Senator Dorothy Eck, Chair, on February 3, 1993, at 1:00 p.m.

ROLL CALL

Members Present:

Sen. Dorothy Eck, Chair (D)
Sen. Eve Franklin, Vice Chair (D)
Sen. Chris Christiaens (D)
Sen. Tom Hager (R)
Sen. Terry Klampe (D)
Sen. Kenneth Mesaros (R)
Sen. David Rye (R)
Sen. Tom Towe (D)

Members Excused: None.

Members Absent: None.

Staff Present: Susan Fox, Legislative Council
Tom Gomez, Legislative Council
Laura Turman, Committee Secretary

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

Committee Business Summary:

Hearing: SB 177, SB 237
Executive Action: SB 165, SB 145, SB 120, SB 118, SB 166,
SJ 11, SB 121

EXECUTIVE ACTION ON SB 165

Discussion:

Sen. Towe went over the statement of intent and the amendment.
(Exhibit #1)

Motion/Vote:

Sen. Towe moved the amendments to SB 165. The motion carried unanimously.

Motion/Vote:

Sen. Christiaens moved SB 165 DO PASS AS AMENDED. The motion carried unanimously.

EXECUTIVE ACTION ON SB 145

Motion/Vote:

Sen. Towe moved that SB 145 DO PASS. The motion carried unanimously.

EXECUTIVE ACTION ON SB 120

Discussion:

Sen. Franklin asked that Executive Action on SB 120 be postponed until Dan Anderson can be present to check the amendments.

Susan Fox, Legislative Council, provided amendments to SB 120. (Exhibit #2)

Chairman Eck said Executive Action would be deferred.

EXECUTIVE ACTION ON SB 118

Discussion:

Sen. Towe said that he had a proposal to prepare for the Committee.

Sen. Christiaens asked Sen. Towe if he planned to coordinate between foster care and personal care. Sen. Towe said SB 118 foster care and personal care are left where they presently are because of unexpected high costs. Sen. Towe said he suggested there be two separate licenses.

Chairman Eck said Executive Action on SB 118 would be postponed.

EXECUTIVE ACTION ON SB 166

Discussion:

Sen. Towe said Rose Hughes had suggested another amendment, in addition to the amendments agreed upon.

Susan Fox distributed the amendments to SB 166. (Exhibit #3)

Motion:

Sen. Towe moved the amendments.

Discussion:

Susan Fox said these were the amendments Mona Jamison prepared which were agreed upon by the occupational therapists and the physical therapists.

Sen. Towe asked Susan Fox if there were anything new included that wasn't presented before the Committee. Ms. Fox said there was one grammatical change.

Sen. Towe asked Ms. Fox if both groups had reviewed these amendments. Ms. Fox said there were no substantial editorial changes, so both groups should be satisfied.

Sen. Christiaens said he would like Mona Jamison to be present when the Committee takes Executive Action on SB 166.

Chairman Eck said that Executive Action on SB 166 would be postponed.

EXECUTIVE ACTION ON SJ 11

Motion:

Sen. Towe moved the amendments to SJ 11.

Discussion:

Sen. Towe went over the amendments. (Exhibit #4)

Motion/Vote:

Sen. Towe moved that SJ 11 DO PASS AS AMENDED. The motion carried 7-1, with Sen. Rye voting NO.

EXECUTIVE ACTION ON SB 121

Discussion:

Sen. Franklin went over the amendments to SB 121. (Exhibit #5)

Motion:

Sen. Franklin moved the amendments to SB 121.

Discussion:

Sen. Towe asked Sen. Franklin about the language, "licensing fees must be increased as necessary." Susan Fox said "must" is mandatory, and "may" permissive.

Sen. Towe asked Sen. Franklin what is meant by the term "necessary." Sen. Franklin asked if Sen. Towe would prefer to have that language removed.

Sen. Franklin proposed that Executive Action on SB 121 be postponed until she can obtain additional figures.

Sen. Towe said he was concerned that this language could be expand far beyond what the Committee was contemplating.

Susan Fox said the original language contains the phrase "... by increasing licensing fees as necessary," and asked if Sen. Towe would prefer that language. Sen. Towe agreed.

Sen. Mesaros asked about liability responsibilities of the nurse who delegated tasks to a non-licensed individual.

Sen. Klampe said he had recently received a letter from the Licensed Practical Nurse Association expressing concerns regarding the delegation of tasks.

Sen. Franklin suggested that Diane Wickham be present when the Committee takes Executive Action on SB 121. Sen. Franklin said the Board of Nursing has adopted rules they feel protect individuals so that tasks may be delegated.

Chairman Eck said this authority in question also affects Sen. Towe's bill concerning personal care facilities.

Sen. Towe asked Sen. Mesaros if his concern were the liability of the state or the nurse. Sen. Mesaros said his concern was the nurse who was delegating tasks to unlicensed individuals.

Sen. Towe said the individual who delegates retains liability.

Sen. Klampe asked Sen. Franklin about the liability insurance nurses carry. Sen. Franklin said nurses carry liability insurance, and there are different variations of insurance.

Sen. Towe asked Sen. Franklin what kind of delegation was contemplated by this provision. Sen. Franklin said there was protocol developed by a task force which analyzes tasks most often required in a community based setting. The only task currently on the list is "oral medications." Sen. Franklin said

it is a highly scrutinized list and it must be in accordance with the regulations of the Board of Nursing.

Sen. Towe said he is "almost convinced" that the nurse who does the delegating has full liability. Sen. Franklin said the nurse must be responsible for the clinical judgement of the person delegated to teach and the setting.

Sen. Klampe asked Sen. Franklin how this would affect Licensed Practical Nurses. Sen. Franklin said she said this is not an issue, because LPN's may not be able to delegate.

Sen. Klampe said that SB 121 only makes reference to Registered Nurses.

Chairman Eck said Executive Action on SB 121 would be postponed.

Sen. Towe said this would leave time to get information regarding the number of staff required.

Chairman Eck turned the Chair over to Sen. Eve Franklin.

HEARING ON SB 177

Opening Statement by Sponsor:

Sen. Dorothy Eck, Senate District 40, Bozeman, said there is very good documentation that savings can be expected by extending prenatal care and obstetrical care to pregnant women and their infants. Sen. Eck went over the handout on infants on Medicaid. (Exhibit #6) The death rate for infants is declining, and this is attributed to prenatal care, which more women are receiving. Most of the mothers accountable for high-cost births did not receive prenatal care. Children on Medicaid who receive periodic screening incur less Medicare expenses than those who do not have the screenings. The expansion of Medicaid is rapidly rising, but prevention can help. Sen. Eck provided a list of health care proposals in need of funding. (Exhibit #7) Sen. Eck said there would be a package of proposals to prevent later costs, but these need funds. The funding source is a cigarette tax because it is the most appropriate source of funding because it is the largest reason for the high cost of health care today. Also, there is evidence that cigarette taxes reduce smoking.

Proponents' Testimony:

Paulette Kohman, Executive Director of the Montana Council for Maternal and Child Health, provided written testimony. (Exhibit #8)

Harley Warner, Montana Association of Churches, said they do not have a position regarding the cigarette tax, but they do believe that SB 177 will help a lot of the long-range medical problems facing Montanans.

Gene Quenemoen, American Association of Retired Persons, provided written testimony. (Exhibit #9)

Kip Smith, Director of the Montana Primary Care Association, said the Association strongly supports SB 177, because expansion of Medicaid eligibility to the maximum number of people allowed by federal law is a goal the Association supports. Poor pregnant women and children are among the most medically underserved residents in Montana and they present some of the most costly medical challenges. SB 177 will decrease the occurrence and the cost of high-risk neonates and medically at-risk children. The Association also supports funding from a cigarette tax.

Kate Cholewa, Montana Women's Lobby, supports SB 177.

Jo Ann Dotson, Manager of the MIAMI Project in the Department of Health and Environmental Sciences, provided written testimony. (Exhibit #10)

Jerry Loendorf, Montana Medical Association, said no one can dispute the need for health care services for women and children covered by SB 177. However, there may be concern about taxing a portion of society rather than funding SB 177 through a general tax. Mr. Loendorf said it is very appropriate to tax cigarettes because cigarette use creates a need for health care dollars.

Barbara Booher, Executive Director of the Montana Nurses Association, said the Association supports SB 177 in concurrence with the previous testimony.

Clyde Dailey, Executive Director of the Montana Senior Citizens Association, said that 1 in 6 senior citizens has a family member moving back into their homes, and often times this move is the result of extraordinary medical expenses. Mr. Dailey said that 50% of all bankruptcies in the U.S. have some medical component.

Sen. Terry Klampe, said that even though he is carrying his own bill to tax cigarettes, he rises in strong support of SB 177. Sen. Klampe said that cigarettes are currently taxed \$12 million per year. An additional tax would add \$6-12 million per year. Sen. Klampe said that regression analysis shows that tax increases result in decreased consumption among individuals who would have started smoking, but didn't. This is generally the young potential smoker, because it affects individuals who can barely afford a pack of cigarettes. Sen. Klampe said in Montana every year \$185 million are spent on cigarettes, \$50 million of this are direct health care costs. Every year in Montana, 1300-1500 persons die because of cigarette smoking. Sen. Klampe said, as a result of the MIAMI Program, there were 50 fewer low birth weight babies, with education and perinatal care. In 1991 premature babies cost an average of \$147,000 each.

Opponents' Testimony:

Jerome Anderson, Lobbyist for the Tobacco Institute, provided written testimony. (Exhibit #11)

Mark Staples, Montana Wholesale Marketers Association, said it is important to remember that cigarettes are a legal product, and this product may be taxed out of existence with state and federal taxes. Mr. Staples said cigarettes may be taxed to the point that there are few revenues left.

Mike Parker, owner Pennington's Inc., said they are wholesale distributors of candy and tobacco. Mr. Parker said that a 1989 Montana State University study showed that 23% of Montanans smoke. He said that a small number of these individuals are potential beneficiaries of SB 177, and it is unfair to impose a selective tax upon them. He said the distributors are facing a hostile environment.

Rex Manuel, Phillip Morris, provided written testimony. (Exhibit #12)

Gene Phillips, Smokeless Tobacco Council, said it is inappropriate to tax a small segment of the society in this manner. He feels there should be a broad-based tax instead. He said smokeless tobacco is a "blue-collar product" which means this is a regressive tax imposed upon those least able to pay it. Also, the vast majority of smokeless tobacco users are male, so this tax is imposed upon the male population to benefit the female population. Mr. Phillips pointed out that increases in tobacco taxes result in bootlegging, which mean a decrease in tax revenues.

Scott LeProwse, President of D & R Vending in Bozeman, said if there is a price increase in cigarettes, he is forced to upgrade the mechanics of his vending machines. He is unable to keep up with the upgrades, and he must absorb the cost of the increase until he can justify a 25 cent increase. For these reasons, he is opposed to SB 177.

Questions From Committee Members and Responses:

Sen. Christiaens asked Jerry Anderson what the cigarette taxes were in the surrounding states. Mr. Anderson said the Wyoming tax is 12 cents per package, Idaho is 18 cents, South Dakota is 23 cents, and North Dakota is 29 cents per package. Mr. Anderson said it was his understanding that 17.4% of cigarettes used in Montana are untaxed.

Sen. Christiaens asked Mr. Anderson if he agreed that with every 1 cent price increase there is a 4% decrease in the sale of cigarettes. Mr. Anderson said that in 1989-1991, when the price of cigarettes increased 2 cents per package, there was a 9% drop

in taxed sales of cigarettes.

Sen. Towe asked Mr. Anderson for cigarette taxes in several states. Mr. Anderson said the tax in Massachusetts 51 cents per package, 50 cents per package in Hawaii, and 36 cents per package in Maryland.

Sen. Towe asked Mr. Anderson if there were seven states with cigarette taxes over 47 cents per package. Mr. Anderson said that was correct.

Sen. Towe said he had 1992 statistics from the Center for Disease Control stating that health care costs in Montana directly attributed to smoking are approximately \$50 million per year. Sen. Towe said he assumed that 35-40% of that is Medicaid cost, so the cost to the state of Montana for the people that use cigarettes is in excess of twice what the tobacco industry actually brings into the state. Sen. Towe asked Mr. Anderson if the smokers should pay "somewhat close to what they incur" for the taxpayers.

Mr. Anderson said that those statistics are not necessarily reliable because the medical community in Montana is "loading on" responsibility for health care costs on tobacco.

Sen. Towe asked Mr. Anderson if he admitted or denied that tobacco taxes presently collected do not pay all the costs incurred by the taxpayers for the use of tobacco products. Mr. Anderson said he had not seen a verifiable statistic that would uphold Sen. Towe's comment.

Sen. Rye asked Sen. Klampe about his expertise regarding tobacco use since his experience is limited to dentistry, and why he supported "such a regressive tax." Sen. Klampe said most of his patients who smoke want to quit, and he tries to help them. He said he can justify the tax on those grounds, because the higher price for cigarettes helps them quit.

Closing by Sponsor:

Sen. Eck reminded the Committee that a larger share of this tax goes towards the medical costs of children between the ages of 9 and 18. Sen. Eck said the use of smokeless tobacco as well as cigarettes is a problem among that age group, and there is indication that individuals at that age are more likely to become addicted.

HEARING ON SB 237Opening Statement by Sponsor:

Sen. Dorothy Eck, Senate District 40, Bozeman, said SB 237 requires the commissioner of insurance to develop and implement an electronic health care claims processing system. One of the most promising ways of cutting health care costs is to come up with an electronic health care claims processing system, or a single billing entity. Sen. Eck said Montana would be a good location for a pilot project, and funding would be available from organizations promoting health care systems. Standardizing forms and billing procedures with a central billing system are very important for patients and providers. This could also provide information about the frequency of certain health care problems.

Proponents' Testimony:

Tanya Ask, Blue Cross and Blue Shield of Montana, provided written testimony. (Exhibit #13)

Larry Akey, Montana Association of Life Underwriters, said the administrative savings are not so big unless there is an ERISA waiver and a Medicaid waiver drawing Medicaid and self-funded insurance plans under this same kind of electronic billing system. Even if savings are not that big and if all plans are not included, the Association still believes that it makes sense to move forward with a uniform claim form. This would help health care consumers understand what it is they are paying for. Mr. Akey may want to consider giving the Insurance Commissioner authority to adopt a uniform claim form as soon as NAIC has a model.

Kip Smith, Director of the Montana Primary Care Association, said the Association supports SB 237 and any efforts to ease the burden of medical claims processing. Mr. Smith said the Association had a question concerning the exclusion of hospitals from Section 3, Sub 6. He also asked that state efforts be coordinated on a national level regarding standardized claims forms. He recommended that the Committee amend SB 237 to include an advisory task force for the rule-making process.

Bob Olson, Montana Hospital Association, said the Association supports efforts to streamline the administrative process associated with delivering health care benefits. Mr. Olson said there is a standard claim form in the hospital industry, and they are on track for electronic claims processing. There is a wide variety of computer systems and the American National Standards Institute is working on a standard to translate claims. He said this would save money because billing is a lengthy complicated process.

Clyde Dailey, Executive Director of the Montana Senior Citizen Association said he supports SB 237 in the context of overall reform, but he cautioned the Committee not to isolate any particular piece. Everyone involved in health care reform agrees that the paperwork involved in billing needs to be simplified.

Gene Quenemoen, American Association of Retired Persons, provided written testimony. (Exhibit #14)

Opponents' Testimony:

Greg Van Horssen, State Farm Insurance, said they have questions regarding the costs to those it insured. If State Farm would be required to implement standardized forms, costs would be increased for their insured. If there is an advisory committee is formed, State Farm would be very interested in taking part.

Questions From Committee Members and Responses:

Sen. Rye asked Sen. Eck if Ed Grogan's letter (Exhibit #15) opposing SB 237 which states that this bill "could be the force that convinced a rural doctor... that it was time to move to some other state that is not trying to control everything..." is a legitimate concern. Sen. Eck said most providers she has talked to welcome these changes. Blue Cross/Blue Shield has done some electronic billing and they have provided software and training to providers who might, on their own, have difficulty getting started.

Sen. Rye asked Sen. Eck if Mark O'Keefe had any opposition to SB 237. Sen. Eck said no, and she expected him to testify as a proponent.

Sen. Towe asked about the system being operational in January 1999, and if it was necessary to wait so long. Bob Olson said the time frames in SB 237 are consistent with the national time frames for implementing electronic systems.

Sen. Eck said she agreed with the idea of amending in time frames allowing the system implementation to keep pace with national standards.

Rick Hardin said hospitals in New York have already implemented some electronic processing systems, and they are realizing a 25% FDC savings.

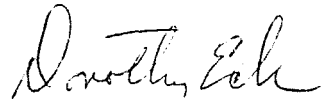
Sen. Towe said that regarding the inclusion of hospitals, Line 7 Page 4 applies to hospitals. Sen. Eck said that SB 237 was simplified, and originally hospitals were required to comply immediately, but that is no longer included in the bill. Sen. Eck suggested that SB 237 be amended to include that.

Closing by Sponsor:

Sen. Eck said the electronic system has a lot of promise, and she would appreciate knowing other of legislators who may have expertise in this area and a knowledge of computers.

ADJOURNMENT

Adjournment: Vice-Chairman Franklin adjourned the hearing.



SEN. DOROTHY ECK, Chair



LAURA TURMAN, Secretary

DE/LT

ROLL CALL

SENATE COMMITTEE Public Health DATE 2-3-93

NAME	PRESENT	ABSENT	EXCUSED
CHRISTIAENIS	✓		
HAGER	✓		
KLAMPE	✓		
MESAROS	✓		
RYE	✓		
TOWE	✓		
FRANKLIN	✓		
ECK	✓		

FC8

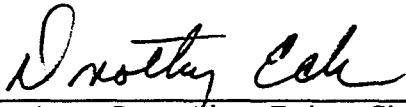
Attach to each day's minutes

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
February 4, 1993

MR. PRESIDENT:

We, your committee on Public Health, Welfare, and Safety having had under consideration Senate Bill No. 165 (first reading copy - white), respectfully report that Senate Bill No. 165 be amended as follows and as so amended do pass.

Signed: 
Senator Dorothy Eck, Chair

That such amendments read:

1. Page 1, line 9.

Insert: " STATEMENT OF INTENT

A statement of intent is provided for this bill because it expands rulemaking responsibility for the board of radiologic technologists regarding inspection of facilities with x-ray equipment to assure that the operator is licensed or has received the proper permits. This bill is intended to allow the board to contract for services to inspect a facility that has x-ray equipment to assure that the person operating the equipment is licensed as a radiologic technician or has received a permit or permits for specific types of diagnostic imaging. The board shall set forth by rule the qualifications necessary for inspectors."

2. Page 3.

Following: line 17

Insert: "(4) The cost of inspections must be funded by the board through license and permit fees."

-END-

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
February 4, 1993

MR. PRESIDENT:

We, your committee on Public Health, Welfare, and Safety having had under consideration Senate Bill No. 145 (first reading copy - white), respectfully report that Senate Bill No. 145 do pass.

Signed: _____


Senator Dorothy Eck, Chair

SENATE STANDING COMMITTEE REPORT

Page 1 of 2
February 4, 1993

MR. PRESIDENT:

We, your committee on Public Health, Welfare, and Safety having had under consideration Senate Joint Resolution No. 11 (first reading copy -- white), respectfully report that Senate Joint Resolution No. 11 be amended as follows and as so amended do pass.

Signed: *Dorothy Eck*
Senator Dorothy Eck, Chair

That such amendments read:

1. Page 1, lines 12 through 16.

Strike: lines 12 through 16 in their entirety

Insert: "WHEREAS, many pharmaceutical manufacturers sell the same drug at widely varying prices to different distributors, charging the highest prices and making the greatest profits on drugs sold to community pharmacies; and

WHEREAS, classes of drug distributors other than community pharmacies do not often pass on their lower prices from pharmaceutical manufacturers but retain much of the differential as profit; and

WHEREAS, the simple principle of the Robinson-Patman Anti-Discrimination Act, that sellers' prices to different customers should not vary for other than good commercial reasons, would cure much of what is wrong with pharmaceutical pricing were that Act not weakened by unduly broad exemptions; and

WHEREAS, Congress has forced pharmaceutical manufacturers to rebate a portion of the excess profits they realize from differential pricing to the states' Medicaid programs, and these rebates to the Montana Medicaid program have approached \$2.8 million a year; and

WHEREAS, extension of the principles of the Act to all pharmaceutical pricing would extend similar benefits to all consumers; and"

2. Page 2, line 1.

Following: "legislation"

Strike: "regulating"

Insert: "extending the Robinson-Patman Anti-Discrimination Act to"

3. Page 2, line 2.

Following: "drugs"

Insert: "by pharmaceutical manufacturers and to otherwise regulate excessive pricing of prescription drugs"

4. Page 2, line 8.
Following: "Delegation"
Insert: ", "
Strike: "and to"

5. Page 2, line 9.
Following: "Services"
Insert: ", and Senator David Pryor of Arkansas"

-END-

Amendments to Senate Bill No. 165
First Reading Copy

SENATE HEALTH & WELFARE

EXHIBIT NO. 1

DATE 2-3-93

BILL NO. SB 165

Requested by Sen. Towe
For the Committee on Public Health, Welfare, and Safety

Prepared by Susan Fox
January 22, 1993

1. Page 1, line 9.

Insert: "

STATEMENT OF INTENT

A statement of intent is provided for this bill because it expands rulemaking responsibility for the board of radiologic technologists regarding inspection of facilities with x-ray equipment to assure that the operator is licensed or has received the proper permits. This bill is intended to allow the board to contract for services to inspect a facility that has x-ray equipment to assure that the person operating the equipment is licensed as a radiologic technician or has received a permit or permits for specific types of diagnostic imaging. The board shall set forth by rule the qualifications necessary for inspectors."

2. Page 3, line 18.

Following: line 17

Insert: "(4) The cost of inspections must be funded by the board through license and permit fees."

Amendments to Senate Bill No. 120
First Reading Copy

SENATE HEALTH & WELFARE

EXHIBIT NO. #2

DATE 2-3-93

BILL NO. SB120

Requested by Sen. Towe
For the Committee on Public Health, Welfare, and Safety

Prepared by Susan B. Fox
February 1, 1993

1. Title, line 11.

Following: " ; "

Insert: "AND"

2. Title, lines 12 and 13.

Following: "MCA"

Strike: the remainder of line 12 through "MCA" on line 13

3. Page 4, line 5.

Following: " ; "

Strike: "and"

4. Page 4, line 6.

Following: "days"

Insert: " ; and

(f) by at least one additional professional person who is not directly responsible for that patient's treatment plan"

5. Page 7, line 23.

Following: line 22

Insert: "(10) a detailed summary of each significant contact by a professional person with the patient ;"

Renumber: subsequent subsections

6. Page 8, line 9.

Strike: "and"

7. Page 8, line 16.

Following: "~~and~~"

Insert: "."

8. Page 8, line 19.

Following: "~~53-21-163~~"

Insert: "(18) a summary by the professional person in charge of the facility or an appointed agent of the findings after the 30-day review provided for in 53-21-163"

9. Page 9, line 1.

Insert: "(2) criteria for release to less restrictive treatment conditions and criteria for discharge ;"

Renumber: subsequent subsections

10. Page 9, lines 8 and 9.

Strike: Section 4 in its entirety

Renumber: subsequent section

Amendments to Senate Bill No. 166
First Reading Copy

SENATE HEALTH & WELFARE
EXHIBIT NO. 3
DATE 2-3-93
BILL NO. SB 166

For the Committee on Public Health, Welfare, and Safety

Prepared by Susan B. Fox
February 1, 1993

1. Page 3, lines 10 through 13.

Strike: "rehabilitative" on line 10 through "devices" on line 13.

Insert: "splints or selective adaptive equipment and training in
the use of upper extremity prosthetics or upper extremity
orthotic devices"

2. Page 4, line 3.

Strike: "functional"

Insert: "work"

3. Page 4, lines 4 and 5.

Following: "through"

Strike: "exercise" on line 4 through "principles" on line 5

Insert: "occupational therapy intervention, including education
and instruction, activities to increase and improve general
work behavior and skill, job site evaluation, on-the-job
training and evaluation, development of work-related
activities, and supported employment placement"

4. Page 7, lines 18 through 21.

Strike: "rehabilitative" on line 18 through "devices" on line 21.

Insert: "splints or selective adaptive equipment and training in
the use of upper extremity prosthetics or upper extremity
orthotic devices"

5. Page 7, line 24.

Following: "cognitive,"

Insert: "psychosocial,"

6. Page 8, line 11.

Strike: "functional"

Insert: "work"

7. Page 8, lines 12 and 13.

Following: "through" on line 12

Strike: "exercise" on line 12 through "principles" on line 13

Insert: "occupational therapy intervention, including education
and instruction, activities to increase and improve general
work behavior and skill, job site evaluation, on-the-job
training and evaluation, development of work-related
activities, and supported employment placement"

8. Page 10, line 20.

Following: "and"

Strike: "in"

9. Page 11, line 5.

Strike: "or modality"

Insert: "of selected modalities"

10. Page 11, line 23.

Following: "of"

Strike: "an"

Insert: "a qualified"

11. Page 12, line 8.

Following: "hand"

Insert: "to restore and enhance hand function"

12. Page 12, line 13.

Following: "and"

Strike: "in"

13. Page 12, line 14.

Page 12, line 18.

Following: "section"

Strike: "2(2)"

Insert: "2(1)(c)"

Amendments to Senate Joint Resolution No.
First Reading Copy

For the Committee on Public Health, Welfare, and Safety

Prepared by Susan B. Fox
February 1, 1993

1. Page 1, lines 12 through 16.

Strike: lines 12 through 16 in their entirety

Insert: "WHEREAS, many pharmaceutical manufacturers sell the same drug at widely varying prices to different distributors, charging the highest prices and making the greatest profits on drugs sold to community pharmacies; and

WHEREAS, classes of drug distributors other than community pharmacies do not often pass on their lower prices from pharmaceutical manufacturers but retain much of the differential as profit; and

WHEREAS, the simple principle of the Robinson-Patman Anti-Discrimination Act, that sellers' prices to different customers should not vary for other than good commercial reasons, would cure much of what is wrong with pharmaceutical pricing were that Act not weakened by unduly broad exemptions; and

WHEREAS, Congress has forced pharmaceutical manufacturers to rebate a portion of the excess profits they realize from differential pricing to the states' Medicaid programs, and these rebates to the Montana Medicaid program have approached \$2.8 million a year; and

WHEREAS, extension of the principles of the Act to all pharmaceutical pricing would extend similar benefits to all consumers; and"

2. Page 2, line 1.

Following: "legislation"

Strike: "regulating"

Insert: "extending the Robinson-Patman Anti-Discrimination Act to"

3. Page 2, line 2.

Following: "drugs"

Insert: "by pharmaceutical manufacturers and to otherwise regulate excessive pricing of prescription drugs"

4. Page 2, line 8.

Following: "Delegation"

Insert: ", "

Strike: "and to"

5. Page 2, line 9.

Following: "Services"

Insert: ", and Senator David Pryor of Arkansas"

Amendments to Senate Bill No. 121
First Reading Copy

SENATE HEALTH & WELFARE
EXHIBIT NO. 5
DATE 2-3-93
BILL NO. SB 121

Requested by Sen. Franklin
For the Committee on Public Health, Welfare, and Safety

Prepared by Susan B. Fox
January 27, 1993

1. Page 3, line 10.

Following: "physician,"

Insert: "nurse specialist,"

2. Page 3, line 14.

Strike: "nurse specialist,"

3. Page 7, line 25.

Strike: "and"

Following: "nurse-anesthetists"

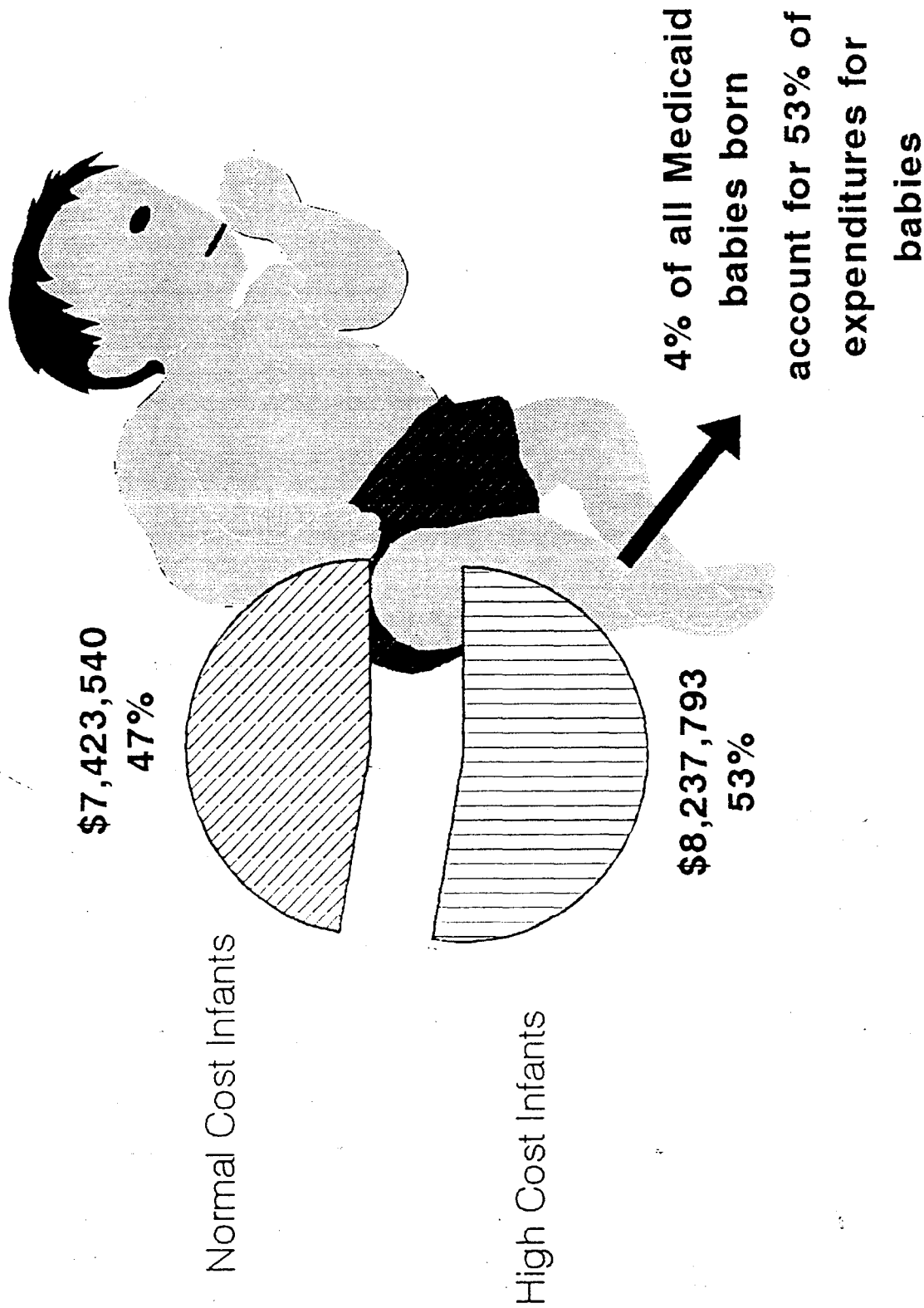
Insert: ", and clinical nurse specialists"

4. Page 8, line 18.

Following: line 17

Insert: "(8) The board may fund additional staff, hired by the
department, to administer the provisions of this chapter.
Licensing fees must be used to fund additional staff and
must be increased as necessary."

Total Infants On Medicaid Calendar 1991



MONTANA STATE SENATE

SENATE HEALTH & WELFARE



SENATOR DOROTHY ECK

SENATE DISTRICT 40

HOME ADDRESS:

10 WEST GARFIELD
BOZEMAN, MONTANA 59715

EXHIBIT NO. 7

DATE 2-3-93

BILL NO. SB 177

COMMITTEES:

PUBLIC HEALTH, WELFARE &
SAFETY—CHAIRMAN
TAXATION—VICE-CHAIRMAN
LOCAL GOVERNMENT
REVENUE OVERSIGHT
COMMITTEE ON COMMITTEES—
VICE-CHAIRMAN
LEGISLATIVE ADMINISTRATION

HEALTH CARE PROPOSALS IN NEED OF FUNDING SOURCE

<u>Program</u>	<u>FY '94</u>	<u>FY '95</u>
Expand medicaid eligibility to 185% of poverty for pregnant women and infants and to 100% of poverty for children to age 18 (Gov. Stephens's plan--\$2,712,482-- would require premium on sliding scale to \$360 per family)	\$3,383,000	\$3,383,000
MIAMI (Current \$186,666 plus expansion budget of \$264,590)	451,256	451,256
Healthy Start (Risk identification and home visits)	<u>150,000</u> \$3,984,256	<u>150,000</u> \$3,984,256
Health Commission/Authority	\$500,000	\$500,000
Health Data System (1 M grant)	0	0
Single billing system (note: HB145 estimates \$50,000 general fund and \$150,000 federal)	<u>67,000</u> \$567,000	<u>117,200</u> \$617,200
<u>Programs Gov. Stephens Recommended</u>		
Rural practitioners--income tax credits	\$100,000	\$100,000
Family residency program	200,000	200,000
Telecommunications (no general fund)	0	0
Insurance deduction for self-insured (low of \$500,000 to high of \$1.2 M)	<u>700,000</u> \$1,000,000	<u>700,000</u> \$1,000,000
Establish Health Care Trust in DHES	<u>0</u>	<u>0</u>
TOTALS	\$5,567,000	\$5,617,200

Other Programs

Renal disease treatment	\$250,000	\$250,000
Independent living services for severely disabled persons	200,000	200,000
In-home services for the Aging	250,000	250,000
DARE Program	100,000	100,000

EX #1
2-3-93
SB-177

FUNDING SOURCES

	<u>Increase</u>	<u>FY'94</u>	<u>FY'95</u>
Tobacco Tax	\$0.10	\$6,060,000	\$7,339,000
	0.18	10,908,000	13,210,200
	0.25	15,150,000	18,347,500

Montana Council for Maternal and Child Health

54 N. Last Chance Gulch • Helena, MT 59601 • 443-1674

Testimony before the Senate Public Health Committee

February 3, 1993

SB 177

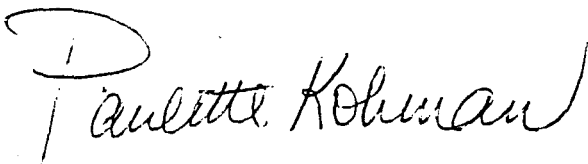
In this fiscal crisis, it has become increasingly challenging to reconcile the need to invest in prevention for long term savings with the need to cut spending to balance the current budget. While we all recognize that effective preventive programs in save money "later," we do not all agree on investing taxpayer money now. If the challenge is not met, however, we will end up simply feeding an out-of-control entitlements budget and costing taxpayers even more.

SB 177 combines two quite different approaches to prevention, (1) an increased tax on tobacco products, which alone will decrease consumption and, over a period of many years, reduce demand for health care and other social services, and (2) investment of the tax revenue in a service which can save costs in a high risk population, low-income pregnant women and their children.

Studies consistently show that for every dollar invested in prenatal care for pregnant women, more than \$3.00 is saved in health care for underweight and premature babies, in the first year of life alone. What is it about a woman walking into the prenatal care clinic on a regular basis that improves the health of her baby? Obviously, the difference is in early detection of potential abnormalities, thorough prenatal education and nutritional counseling.

Similarly, we know that consistent health care for children produces better health outcomes for this vulnerable group as well, outcomes that last a lifetime. In 1990 SRS examined the total health care costs of children who did, and those who did not, participate in EPSDT, the "Kids Count" Early Periodic Screening, Diagnosis and Treatment project which Medicaid offers. They found that the 29% of children participating in EPSDT care had only 19% of the total costs, while the 71% not participating incurred 81% of total Medicaid costs. Preventive health care, which is what most low income children need, does save money for society as a whole.

We urge your support of SB 171. It is an investment in Montana's Next Generation which will pay off for all of us.



Paulette Kohman, Executive Director

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AARP TESTIMONY

SB 177 Expand Medicaid

Senate Hearing Feb. 26, 1993

Bringing lifetimes of experience and
leadership to serve all generations.

SENATE HEALTH & WELFARE

EXHIBIT NO. 9
DATE 2-3-93
BY SB 177

MADAM CHAIRMAN, MEMBERS OF THE COMMITTEE

FOR THE RECORD: MY NAME IS GENE QUENEMOEN.

I AM CHAIRMAN OF THE AMERICAN ASSOCIATION OF RETIRED PERSONS
STATE LEGISLATIVE COMMITTEE.

AARP SUPPORTS ACCESS TO HEALTH CARE FOR ALL MONTANANS.

WE SUPPORT SB 177 BECAUSE IT PROPOSES TO EXTEND ADDITIONAL CARE
SERVICES FOR PREGNANT WOMEN AND CHILDREN.

WITHOUT SUCH CARE, SERIOUS COMPLICATIONS CAN RESULT IN HUGE,
OFTEN UNPAID, MEDICAL BILLS WHICH THEN BECOME STATE LIABILITIES.

THANK YOU.

DEPARTMENT OF
HEALTH AND ENVIRONMENTAL SCIENCES

FAMILY/MATERNAL AND CHILD HEALTH BUREAU BILL NO. SB 177

COGSWELL BUILDING
1400 BROADWAY

STATE OF MONTANA

(406) 444-4740 (OFFICE)
(406) 444-2606 (FAX)PO BOX 200901
HELENA, MONTANA 59620-0901Testimony to the Public Health Committee
On SB 177 - An Act Expanding Medicaid Eligibility...

by

Jo Ann Dotson, MPP Manager, DHES

February 3, 1993

- Federal guidelines allow for states to cover pregnant women and infants at 185% of poverty.
- As of May 92, 29 states have adopted that option.
- In 1990 and again in 1992, the Governor appointed MIAMI (Montana's Initiative for the Abatement of Mortality in Infants) Advisory Council recommended that the eligibility level be changed to 185% of poverty.
- In the 1990 "KIDS COUNT" report, the MCH subcommittee (consisting of representatives from SRS, DHES and OPI) recommended that the eligibility level be increased to 185% of poverty.

As indicated in the Fiscal Note to SB 177, this change would result in a additional 1000 women being covered by Medicaid during FY 1995, the first year of full implementation. Many of these women are presently included in the "uninsured" group for the state. That uninsured group is less likely to access health care.

The more prenatal care and other preventive health care, the less likely high cost will be incurred later.

COMMENTS IN OPPOSITION TO SENATE BILL DATE 2-3-93BILL NO. SB 177

Senate Bill 177, principally sponsored by Senator Eck, proposes to increase the state taxes on cigarettes by 10¢ per package of 20 cigarettes and the tax on other tobacco products from 12.5% to 22.5% of the wholesale price. The tax increases would become effective August 15, 1993, which is the date that the last tax increase (the "7% Solution" passed in the last Special Session of 1992) sunsets.

Thus, the state tax on cigarettes would be increased from 18¢ to 28¢ per package of 20 cigarettes -- a 55.6% increase. The tax on other tobacco products (pipe tobacco, chewing tobacco, cigars, et al.) would increase from 12.5% to 22.5% of their wholesale price -- a 56% increase.

The additional revenue raised by the tax increases would be used to pay the increased cost of the Medicaid program attributable to expanding Medicaid eligibility for pregnant women, infants and children. Any unexpended revenues would be used for preventive health care.

The proposal would most certainly accelerate the 10-year decline in revenues received by the state from the tax on cigarettes and other tobacco products all used to fund the state's Long-Range Building Program. In addition, the increase in taxes would cause economic hardship to consumers of tobacco products as well as those who distribute them.

We respectfully request that you consider the following comments with regard to the proposed tax increase.

The Cigarette Sales Tax and the Tax on Tobacco Products Are a Rapidly-Diminishing Revenue Source

Sales of cigarettes in Montana peaked in 1982 when tax-paid cigarette sales in that year totaled 97.1 million packs. Since then, tax-paid sales of cigarettes have dropped to 66 million packs in 1991 -- a 32% decrease. This drop has occurred over a nine-year period, during which the federal tax was doubled from 8¢ to 16¢ per package in 1983, and the state tax was increased in two increments (in 1983 and then again in 1989) from 12¢ to 18¢ per pack. The July 1992 Special Session of the Legislature increased the tax by another 1.32¢ per pack. The U.S. Congress in 1990 again increased the federal cigarette tax by 4¢ a package, effective January of 1991, and another 4¢ a package, effective January of 1993, which places the federal tax at 24¢ per package. The combined effect of these additional federal and state taxes has been an approximate 210% increase. When the "7% Solution" sunsets in August of 1993, the state tax rates will return to 18¢ per package of cigarettes and 12.5% of the wholesale price of other tobacco products. Meanwhile, the new Federal Administration is considering doubling the Federal tax on cigarettes from 24¢ per package to 48¢ per package.

The graph attached to these comments dramatizes this drop in cigarette sales. The drop has been continuous from 1982 through 1991. We believe it has been accelerated by the increases in the sales taxes on cigarettes -- the federal tax doubling in 1983 and the Montana tax being increased in 1983 and 1989, with the federal tax again being increased commencing January 1, 1991. The 1983 federal tax increase was a 100% increase. The additional federal tax increase passed in 1990, coupled with the 1983 tax increase, constitute a 200% increase on that tax since 1982. The Montana tax has been increased by more than 33-1/3% since 1982.

The proposal seeks to increase the state cigarette tax from 18¢ to 28¢ per pack, a 10¢ per package increase. This would amount to another 55.6% increase in Montana's tax.

Any increase in this selective sales tax will further accelerate decreases of taxed sales of the cigarettes. This, in turn, will result in substantial reductions in the tax revenues, which are allocated toward the payment of obligations incurred by the Long-Range Building Program.

This forecast of additional decreases of taxed sales of cigarettes is supported not only by Montana's tax statistics on collections of tobacco taxes over the past ten years, but also by experiences in neighboring states. In 1989, Wyoming increased its cigarette tax from 8¢ to 12¢ per package. Wyoming has experienced a 10% reduction in taxed sales since that time. Idaho increased its cigarette tax to 18¢ a package in 1987 and has experienced an 11.6% decline in tax-paid cigarette sales.

Present Revenues from Sales Taxes on Cigarettes and Other Products Are Dedicated to the Long-Range Building Program Fund

Presently, all monies collected from the cigarette and other tobacco products taxes are deposited in the Long-Range Building Program Fund. Approximately 70% of the money is then allocated for debt service, and approximately 30% of the funds are allocated to the Capital Projects Fund. Essentially, the collections go for debt reduction and maintenance costs, all associated with the Long-Range Building Program.

In 1989, the cigarette tax was increased by 2¢ per package to provide funds for the construction of a veterans' nursing home to be located in Glendive. Although attempts have been made to raid this fund, it generally has been preserved. As we understand it, the project shortly will commence and the veterans' home will be constructed. There has been a delay in the construction program, and we understand that the construction cost will be affected by inflation, et al., thus probably resulting in a requirement of more funds for this project. **Certainly nothing should be done to divert or lessen this funding and endanger that program.**

This proposal to increase the cigarette tax would have to preserve the amounts of revenue now going into the Long-Range Building Program Fund by allocating what would purport to be a sufficient percentage of the proposed collections to maintain a sufficient

level of payments to that account. The amount going to Long-Range Building Programs, however, would be reduced by the amount of reduction in taxed sales of tobacco products that would be experienced because of the tax increases.

During the 1991 regular session of the legislature, fiscal notes were prepared that estimated collections under the present levels of collection of cigarette taxes for fiscal year 1994 to be \$8,644,129.00 for the debt service account and \$3,212,871.00 for the Capital Project Fund. This amount totals \$11,857,000.00, which is within \$31,000.00 of being the amount collected in calendar year 1991, which was \$11,888,000.00. We know from past history that these collections will decrease substantially year by year, and it does not appear now that the estimate in that fiscal note for collections in calendar year 1994 will be borne out. Further increasing the tax as proposed will exacerbate the problem.

Item 2 in the Assumptions in the fiscal note on this bill states that: "A 1% increase in the price of cigarettes decreases consumption by 4/10 of 1%." This assumption not only is supported by historical fact in Montana but it also forecasts a substantial decline in future revenues from this source if the Bill passes in its present form.

As you can see by the chart attached to these comments, cigarette tax increases have been followed by reductions in taxed sales. This phenomena, as we have previously noted, has not only been experienced in Montana but also elsewhere. In California, for instance, during the first year after its sales tax on cigarettes was increased on January 1, 1989, from 10¢ to 35¢ per package, taxed sales of cigarettes plunged by a significant 13.8%. Montana's experience has been similar. Taxed sales in Montana in 1988 totaled 72.5 million packs. The 2¢ increase followed in 1989, and, in 1991, taxed sales had been reduced by 9% to 66.0 million packages. Continual reductions of this nature can severely reduce the amount of monies available for debt service and for the Capital Projects Fund in the Long-Range Building Program.

A principal reason for the decrease in taxed sales of cigarettes that is experienced in Montana, and the fact that these decreases seem to be even greater than those experienced in some to her states, is the ability of Montana purchasers to obtain untaxed cigarettes on Indian reservations and at federal facilities. Montana citizens can also obtain cigarettes in Wyoming and Idaho where the tax rate would be less (Wyoming's tax rate is 12¢ per package, and Idaho's is 18¢ per package). With regard to sales of cigarettes on Indian reservations, according to a 1985 study by the Advisory Council on Intergovernmental Relations, tax-exempt sales on Montana's Indian reservations represented 17.4% of all cigarette sales in the state -- tops in the nation for that year. We believe that such sales have increased over time. One reason for keeping our cigarette taxes at present levels is to compete as successfully as possible with these untaxed sales.

Clearly, revenues dedicated to the Long-Range Building Program would be substantially reduced because of the tax increase proposed as another source of potential income for the health care plan.

Montanans Do Not Favor Excise Taxes or Their Increase

We all know that Montanans do not favor tax increases. We know that Montanans do not favor selective sales taxes. We know that Montanans do not favor increases in selective sales taxes.

The most recent opportunity that Montanans have had to demonstrate their dislike of selective sales tax increases was in the last general election. **Initiative 115, which sought to impose a tax increase on cigarettes, as well as other tobacco products, was defeated by 59% of the Montana electorate. Voters in 54 of Montana's 56 counties voted it down.** A map showing the counties in which the tax was defeated is attached to this statement.

The purpose to be accomplished by the proposal may appear to be laudatory. Yet the proposal is destructive of the principal purpose for collection of cigarette tax revenues -- payment of the Long-Range Building Program Fund's long-term debt, as well as building maintenance costs. In fact, as the collections are reduced because of the tax increase, the amount available from year to year for diversion into the special fund that would have to be established under the proposal's provisions will dwindle away.

We submit that great care should be taken in tinkering with the cigarette and other tobacco product tax. As we have said before in these comments, cigarettes are a rapidly-declining source of tax revenues. If tax collections from this source become insufficient to meet the money requirements of the Long-Range Building Program Fund, then monies will have to be appropriated for this purpose from the General Fund, which, in turn, will require revenues from other sources.

The Cigarette Sales Tax Is Discriminatory

The draft proposal would have money collected from the cigarette tax increase set aside to be deposited in a fund for health care programs. In this regard, the bill sets aside a segment of Montana's population for special treatment -- the payment of a discriminatory sales tax for a special purpose which really is a statewide obligation.

There is no logical basis for selecting a third of Montana's adult population and requiring them to ante up money for an obligation that is really the obligation of all of the taxpayers of this state.

The Proposal to Use Cigarette Tax Money for Health Care Purposes Is Similar to Initiative 115 Which the Voters of Montana Soundly Rejected in the 1990 General Election

Initiative 115 provided that the increased revenues called for in that measure would be set aside and deposited in a tobacco education and preventative health care fund. This proposal would provide that the increased revenues called for in the proposal would be

set aside and used for health care purposes. Thus, there is some similarity in the purposes of the two measures.

While the proposal does not seek to impose as large a tax increase as that contained in I-115, the proposal constitutes a 55.6% increase in the selective sales tax in cigarettes. The purpose of the tax or the use to which the additional revenues are to be put in the proposal is somewhat similar to the same provisions as contained in I-115.

We believe that the legislature and the people in Montana recognize that proposals such as this are totally destructive of the principal purposes of the collection of the tax revenues on tobacco products -- payment of the building program's long-term debt and payment of maintenance cost engendered under that program.

It Is Not Good Fiscal Policy to Institute New Additional Entitlement Programs in the Face of Huge Deficits.

The State of Montana faces accumulated deficits in excess of \$250 million. Budgets are being slashed and a new tax is being proposed. If the new 4% sales tax is adopted, the tax on cigarettes will increase in the range of 4¢ to 8¢ per package of 20 cigarettes or even more depending on the brand and price. Other tobacco products would be similarly treated. Thus, raising taxes on these products must be considered in the context of the effect of the sales tax.

But more importantly -- how can the state afford to extend programs such as this proposed health program when the state cannot fund what it has? And even more importantly -- who can say to any certainty that the level of federal matching funds will be continued given the federal budget and deficit problems? This program depends on matching federal funds. If the availability of those funds are reduced or terminated, then the state will have a program in place that it cannot fund or continue.

Montana cannot afford any more spending even with the institution of tax increases.

Summary

1. Montanans have rejected an increase in the selective sales taxes on cigarettes and other tobacco products in the past election.
2. The proposed tax increase would reduce the revenues now available to the Long-Range Building Program Fund.
3. The tax is self-defeating -- the tax increase would cause reductions in taxed sales and thus in revenues.
4. The cigarette tax is a selective sales tax, and an increase in this tax would simply exacerbate its discriminatory and regressive nature.

5. Montana cannot fund additional programs under circumstances when it cannot pay for those it already has in place.

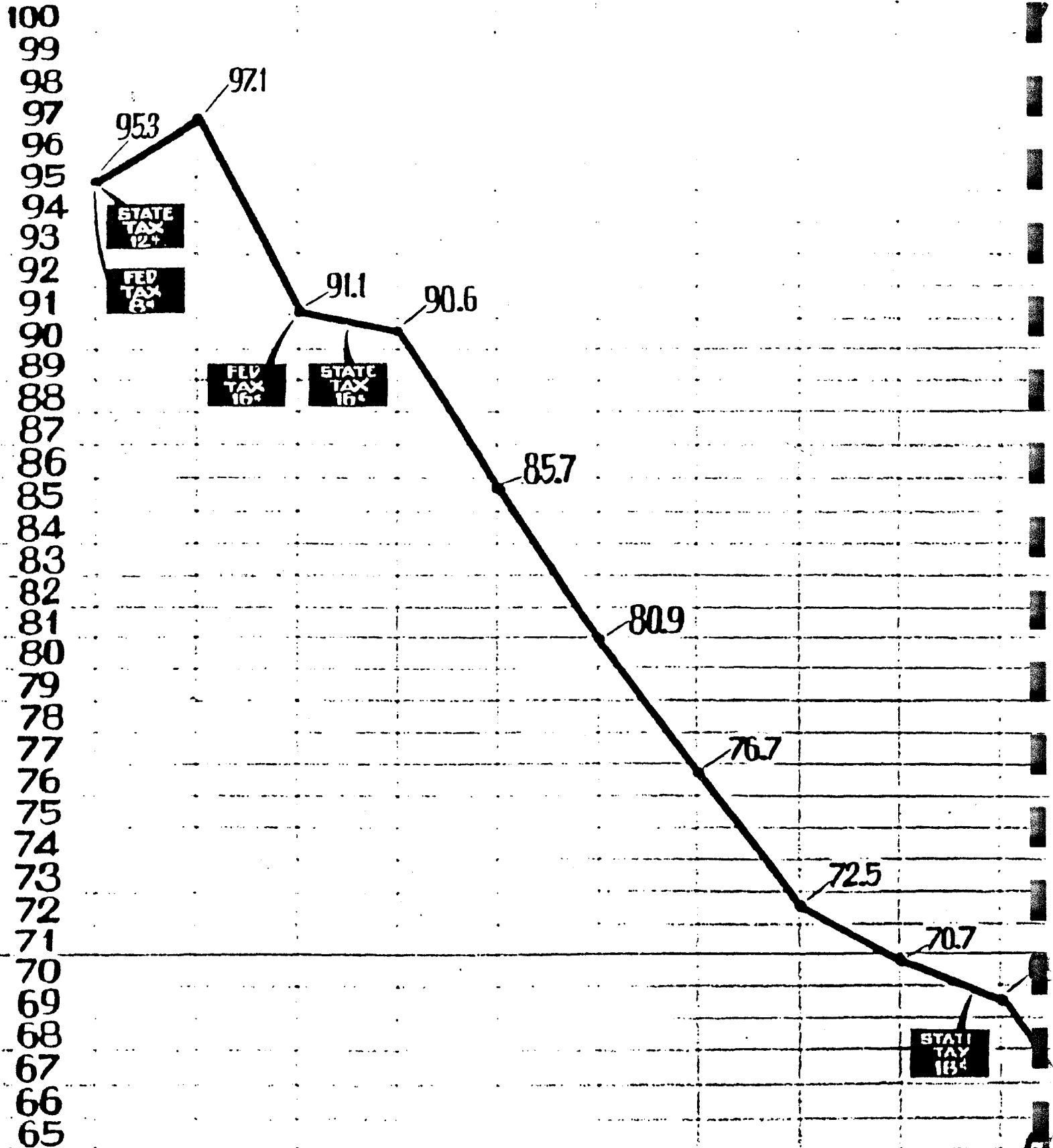
Jerome Anderson
Representing The Tobacco Institute
P.O. Box 866
Helena, MT 59624

Mark Staples
Representing Montana Association of
Tobacco and Candy Distributors
139 N. Last Chance Gulch
Helena, MT 59601

John Delano
Representing Phillip Morris Ltd.
139 N. Last Chance Gulch
Helena, MT 59601

CIGARETTE SALES IN MILLIONS OF PACKS 1981-1990

1981 1982 1983 1984 1985 1986 1987 1988 1989 1990



COUNTIES

VOTING AGAINST 187018 VOTES 50%

58-12

COUNTIES

☒ VOTING AGAINST 187,948 VOTES -- 59%

☐ VOTING FOR 130,221 VOTES 41%

VOTING AGAINST: 187,948 VOTES -- 59%

☐ VOTING FOR 130,221 VOTES 41%

Madam Chairperson Franklin and Members of the Senate Public Health, Welfare and Safety Committee:

My name is Rex Manuel and I represent Phillip Morris.

Members of the Committee, SB 177 has a fiscal impact on money collected by the State of Montana and therefore, I would like to explain why I oppose SB 177.

I do not pretend to be an expert on the Long-Range Building Fund, even though I served on the House Appropriations Committee for 16 years and served on the Long-Range Committee for two sessions and the 1983 session as the Chairman.

Just a little background on what some of the cigarette tax has paid for these last 40-some years:

A veteran's bonus for three different conflicts; \$288 million of new state buildings; and millions spent for maintaining state-owned buildings. There have been several attempts such as SB 177 to divert this fund for other uses. The cigarette tax has been the goose that lays golden eggs for the State of Montana. Think of the millions that were saved from the General Fund expense. Well, Members of this Committee, I hate to tell you the bad news -- the goose is presently just laying enough golden eggs to take care of what we have bought these last legislative sessions.

Cigarette Tax Distribution

Cigarette tax revenue is distributed 29.11% to the Capital Projects fund (Cash Account for Long-Range Building Projects) and the remainder to the G.O. Bond Debt Service Account.

The Capital Projects fund is the major source of funding for maintaining state-owned buildings. There are approximately 2,360 buildings with approximately 19 million square feet of space. Requested funding for building maintenance (no new construction) for the 1995 biennium was approximately \$62 million. However, there was less than \$6 million to fund the requests. This Capital Projects Account also provides the funding for the Architecture and Engineering Division of the D of A.

The cigarette tax going to the G.O. Bond Debt Service Account funds the General Fund payment for debt service. If there is excess cash in the account after payment of debt service, then it will be transferred to the General Fund. Likewise, if the account does not have sufficient funds to pay debt service, then the General Fund pays the difference. Any change in revenues to this account has a dollar for dollar impact on the General Fund.

Through the '50s, '60s, and '70s, cigarette consumption was on a steady increase, but in the '80s consumption leveled off and started a drastic decline in sales. The General Fund was enriched during the years of increasing sales, but since the decline of sales, the excess in dollars to the General Fund hasn't been doing very well.

Members of the Committee, please refer to the Fiscal Note and Note item #2 and item #5.

The Fiscal Note doesn't tell you the complete story. If cigarette sales remain level, everything is all right. But, if sales drop, as the price rises -- revenues decline. As I have noted before, if the General Obligation Bond Debt Service Account does not receive enough revenue from cigarette sales, the General Fund has to make up the shortfall. Also, the State Buildings Maintenance Fund would drop well below the present level, thus requiring large General Fund infusion to that fund.

Also, members of this committee, please be aware that because of the fiscal impact, SB 177 will have to be referred to the proper House-Senate subcommittee on Appropriations to face another hearing and also the Senate Taxation Committee to review the tax impact.

For these reasons, we I oppose SB 177. Please exercise your fiscal responsibility.

REX MANUEL

EXHIBIT #12
2-3-93
SB-177

Cigarette Tax Revenues

Revenues	Capital Projects Fund 29.11%	Debt Service Fund 70.89%	
Actual			
1990	\$3,028,489	\$8,538,592	\$11,567,081
1991	3,427,220	8,305,970	11,733,190
1992	3,557,535	8,615,329	12,172,864
Projected			
1993	\$3,728,846	\$9,080,655	\$12,809,501
1994	3,444,899	8,389,175	11,834,074
1995	3,401,683	8,283,933	11,685,616

SENATE HEALTH & WELFARE
EXHIBIT NO. 4 13
DATE 2-3-93
BILL NO. SB 237

Senate Bill 237

Electronic Claims Processing System

Senate Public Health

Testimony of Tanya Ask, Blue Cross and Blue Shield of Montana

Blue Cross and Blue Shield of Montana supports the idea of administrative simplification in claims processing, movement to a uniform health care claim form and reporting requirements for all payers, and a move to electronic transmission of claims.

We currently administer both Medicare A (hospital reimbursement) and Medicare B (professional reimbursement) as well as traditional health insurance benefits for indemnified and administrative service contract groups and individuals in Montana. As part of our business, we have instituted an electronic claims transmission system on a voluntary basis for both Medicare and traditional claims.

Some questions arise with the administration of this bill:

- 1) The bill requires the electronic system to handle all health claims in the state - does this include all workers compensation, Medicaid as well as traditional private payment?
- 2) The bill refers to a claims processing system as opposed to a single billing system or claims clearinghouse. Is it the intention to actually process all claims at the state level? This would require access to all insured member information as well as all benefit coding information for all private and public programs subject to the laws of Montana.
- 3) The codification of the system is in Title 50 and the requirements for development of the system rest with the Insurance Commissioner - Title 33 - would the codification instruction be changed?

The integration of the proposal with either of the health care authority proposals makes sense, and we would like to see this worked on by this committee when you take comprehensive action on health care reform.

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SECRETARY

Mrs. Florence R. Coslet
212 Cool Street
Lewistown, MT 59457
(406) 233-2674

AARP TESTIMONY

SB 237 Electronic Claims

Senate Hearing Feb. 23, 1993

Bringing lifetimes of experience and
leadership to serve all generations.

SENATE HEALTH & WELFARE

EXHIBIT NO. 14

DATE 2-3-93

BILL NO. SB 237

MADAM CHAIRMAN, MEMBERS OF THE COMMITTEE

FOR THE RECORD: MY NAME IS GENE QUENEMOEN.

I AM CHAIRMAN OF THE AMERICAN ASSOCIATION OF RETIRED PERSONS
STATE LEGISLATIVE COMMITTEE.

AARP SUPPORTS COMPREHENSIVE HEALTH CARE REFORM.

WE SUPPORT SB 237 BECAUSE WE BELIEVE CONSOLIDATED BILLING WILL
ALLOW HEALTH CARE PROFESSIONALS TO TREAT PATIENTS AND NOT BE
BOGGED DOWN WITH UNDUE PAPERWORK, GREATLY SIMPLIFY AN OVERLY
CONFUSING BILLING PROCESS, AND REDUCE OVERALL ADMINISTRATIVE
COSTS.



Bringing lifetimes of experience and leadership to serve all generations.

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Montana AARP State Legislative Committee
1992-1993 Position Paper

STATE HEALTH CARE REFORM

POSITION: The goal is to reform state health care and long term care incorporating AARP's Health Care America approach of providing health care for all. Until the state system achieves such reforms, the Montana State Legislative Committee will support incremental legislative steps to achieve this reform.

PROBLEM: Too many people in Montana have no health insurance or at best are under-insured. This applies to young, elderly, retired and employed people as well. ("Reforming the Health Care System: State Profiles" -- Pages 79-81.)

Due to "cost-shifting" in an effort to pay for the uninsured, health care insurance costs are becoming prohibitive.

Billing and related paper work detract from the services of professionals and the hospitals. Additional personnel are required for clerical and administrative work. Duplication of paper work is also an on-going problem.

SOLUTION: State health care reform requires:

1. Incentives to employers, particularly small business, to provide health care insurance for their employees.
2. Coverage for all Montanans to abolish the need for "cost-shifting."
3. Consolidated billing allowing professionals to treat patients and not be bogged down with undue paperwork.
4. Establish a continuum of services emphasizing in-home care through custodial long term care.

CONTACT: Bob Souhrada, State Legislative Committee Member
915 13th Street West, Columbia Falls, MT 59912
(406) 892-4642

SENATE HEALTH & WELFARE

EXHIBIT NO. 15DATE 2-3-93BILL NO. SB 237**MMBP****MONTANA MEDICAL BENEFIT PLAN**

Jan. 29, 1993

Senator Dorothy Eck, Chairman
Public Health, Welfare, and Safety Committee
Montana State Senate
Helena, Mt.

A Montana Health Service Corporation

P.O. Box 548
Kalispell, Montana 59903-0548
(406) 756-3444

Re: Senate Bill #237 (Mandated Electronic Claims Processing)

Dear Senator Eck:

First of all my apologies for not being able to appear in person before your committee. I have to be in Chicago on claims paying business the day of your committee's hearing.

I would like to address only two things about your bill to mandate Electronic Claims Processing. I will not spend your time on my dissertation concerning electronic claims processing, other than to tell you that I have spent a great deal of time researching and attending seminars on electronic claims processing, and it is my professional opinion that no money will be saved by the public when or if we all pay claims electronically. It may even cost more, especially if you take into consideration start up costs for both the providers and the payors.

Now to number one. HICFA has already mandated electronic claims processing for all providers and payors of Medicaid and Medicare claims. Why do you think it is necessary to mandate electronic claims processing for the few providers and payers who do not choose to have anything to do with the existing social medicine programs? Also, it is conceivable to me that you could actually be the force that convinced a rural doctor or nurse practitioner or physicians assistant that it was time to retire or move to town or to some other state that is not trying to control everything he or she does in their practice.

Number two is very simple. Every time the legislature mandates something, it ends up costing the consumer money. If not in taxes or fees, in the cost of providing or policing the service. Then, the legislators and the press blame the insurance companies when rates climb excessively.

Please, set a precedent. Vote this bill down and help keep insurance costs down. Besides, for the most part the Fed's have already beat you to the punch.

Sincerely yours,



Ed Grogan
Pr. & CEO

DATE 2-3-93

SENATE COMMITTEE ON Public Health

BILLS BEING HEARD TODAY: SB 177, SB 237

Name	Representing	Bill No.	Check One		Other
			Support	Oppose	

Paul Boehm	MT. NURSES ASSOC.	SB 177	✓		
"	"	SB 237	✓		
GENE PHILLIPS	STC	SB 177			X
HARLEY WARREN	ASSOC. OF CHURCHES	SB 177	✓		
Greg Van Housen	State Farm Insurance				X
Kate Cholewa	MT Women's Lobby	SB 177	X		
Jerome T. Kenderoff	MT. Med Assn	SB 177	X		
		SB 237	X		
NICK STEVENS	EDS	SB 237	✓		
Tanya Azic	Blue Cross + H. Shield	SB 237	✓		
Dorothy Klavang	Self	SB 177	✓		
MIKE PARKER	PENNINGTONS/MARD	SB 177			X
John Guden	Tobacco Inst	SB 177			✓
Paul Prouse	Dir Vending Inst	SB 177			✓
Mike Scher	Penningtons	SB 177			
Gene Quenemoen	AARP	SB 177			
		SB 237	✓		
LARRY AXET	MT ASSOC OF LIFE UNDERWRITERS	SB 237	✓		

State Auditor
VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

DATE 2-3-93

SENATE COMMITTEE ON Public Health

BILLS BEING HEARD TODAY: SB 177, SB 237

Support Oppose

[illegible]

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY