

MINUTES

MONTANA SENATE
54th LEGISLATURE - REGULAR SESSION

COMMITTEE ON PUBLIC HEALTH, WELFARE & SAFETY

Call to Order: By CHAIRMAN JIM BURNETT, on February 18, 1995, at
7:00 AM.

ROLL CALL

Members Present:

Sen. James H. "Jim" Burnett, Chairman (R)
Sen. Steve Benedict, Vice Chairman (R)
Sen. Larry L. Baer (R)
Sen. Sharon Estrada (R)
Sen. Arnie A. Mohl (R)
Sen. Mike Sprague (R)
Sen. Dorothy Eck (D)
Sen. Eve Franklin (D)
Sen. Terry Klampe (D)

Members Excused: None

Members Absent: None

Staff Present: Susan Fox, Legislative Council
Karolyn Simpson, Committee Secretary

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

Committee Business Summary:

Hearing: SB 388, SB 381, SB 241, SB 395, SB 410
Executive Action: SB 388, SB 381, SB 241, SB 395, SB 410

{Tape: 1; Side: 1}

HEARING ON SB 388

Opening Statement by Sponsor:

SENATOR JOHN HARP, SD 42, Kalispell, said SB 388 puts together a Managed Care Act for Medicaid and would set standards for Managed Care, both develop operations and evaluation for a Managed Care Program in Montana. There is no area in the state budget causing more grief than Medicaid costs. In last years's budget, about \$150 million additional federal and state dollars were needed for Medicaid. He believes a Managed Care program would be of benefit to the Medicaid program and is a consensus approach. He said the Fiscal Note will show no fiscal impact and no additional dollars will be needed to put this program together. **EXHIBIT 1.**

Proponents' Testimony:

Jim Ahrens, President, Montana Hospital Association, said they support the managed care concept, which will reduce cost and the escalation of Medicaid costs. He said there are amendments to the bill which clarify the issues and said he hopes it's all worked out so there will be no fiscal impact. He referred to sections 1 (intent), 2 (definitions), 3 (establish requirements for community care network, which are similar to HMO's under Montana code), 4 (benefit packages), 5 (requirements for full managed health care entities), 6 (requirements for enrollees), and 7 (payments reductions and adjustments allowed).

He said they think this is a good idea and urged the Committee to give favorable consideration to the bill.

Nancy Ellery, Administrator of the Medicaid Program, Department of Social and Rehabilitation Services, said because of all the changes that have been made in SB 388, the department supports it. It will help contain costs in the Medicaid program and provide access to quality health care.

Chuck Butler, Blue Cross and Blue Shield of Montana, spoke in support of SB 388. Blue Cross and Blue Shield started the first state-wide HMO in Montana and they are interested in working with SRS and Medicaid to establish an HMO-type program for Medicaid recipients. He said this bill is about managing services, costs, utilization, and provide better care for Medicaid recipients. There are a couple of amendments that are very important to them.

Opponents' Testimony: None

Questions From Committee Members and Responses:

SENATOR KLAMPE asked how managed care works.

Bob Olson, representing the Montana Hospital Association, said the HMO program for Medicaid recipients is different from HMO's where individuals pay their own bills, and some of that is due to federal regulations and some from peculiarities of coverage offered by Medicaid. SB 388 establishes the ground rules for the HMO and its provider network relate to the state and its policies. An HMO that deals with the state Medicaid agency will have to comply with all the rules of HMO's which are governed by insurance regulations. The state Medicaid agency is governed by federal regulations and requirements, and whether this bill passes or not, they have to comply with both requirements. This bill establishes requirements for community care networks, which are different from other HMOs. If these networks are established, they must be on sound financial ground, provide for Medicaid enrollees and their provider networks must be licensed appropriately and have the appropriate accreditation to provide care. As time goes on, it will be determined if any additional requirements are needed.

SENATOR KLAMPE asked if SB 388 will make any mechanical changes to set up community care networks.

Bob Olson replied that HMO statutes are already on the books, and anyone who wants to establish an HMO doesn't need this bill to do so. But, a community care network is not an HMO. This bill lays out the requirements for a community care network to do business in Montana. He referred to Section 5, Requirements for managed care entities, and talked about financial responsibility for services, education, and disclosure of treatment policies. There are minimum requirements specified for them to contract with the State.

SENATOR KLAMPE asked if they had looked at the Minnesota plan, and said the cost of health care in Minnesota has risen.

Bob Olson said the Minnesota plan is different from Montana's plan because they included all of their indigent people by changing the eligibility standards while they integrated the health delivery system. Montana is not doing that, but is leaving those who are eligible for Medicaid alone, and try to restructure the way services are delivered. Then the State will need to decide whether the HMO prices they pay are price competitive with fee-for-services paid. If it is found that more people could take advantage to Medicaid's HMO, then an expansion of eligibility would be requested from the Legislature.

Closing by Sponsor:

SENATOR HARP made no additional comments in closing.

HEARING ON SB 381

Opening Statement by Sponsor:

SENATOR EVE FRANKLIN, SD 21, Great Falls, said SB 381 revises the current statutes that created the Health Care Authority, its tasks and responsibility accorded them by statutes. Essentially, it cleans up the tasks that have been accomplished by the Authority and sets up structure for how it would continue in the future.

The Health Care Authority was made up of about 20 individuals, from various walks of life, who met periodically and came up with a plan for state health care reform. One of the issues that was not resolved was whether people were interested in single payor or multiple payor plans. The task given to the Health Care Authority was devise a single payor plan and a regulated multiple payor plan, then give the Legislature and the people a chance to respond. When this was completed, it was determined that the price would be extensive, then a third plan was put together, which is a package for incremental reform, such as purchasing pools, medical savings accounts, increased Medicaid eligibility for children, etc. **EXHIBITS 2 and 3.**

Proponents' Testimony:

Mike Craig, member of the Health Care Authority, said if the Health Care Authority stays in existence, SB 381 rewrites the provisions of SB 285, eliminating unnecessary provisions in the law, where they have satisfied those provisions, and reconfigures much of current law, especially health care policies. The question needs to be asked, what kind of effort and what strategy is desired to help contain health care costs, while trying to give health care coverage to those who don't have it.

He said SB 381 is a vehicle, just as two other bills are vehicles, and there needs to be continued Legislative involvement in this issue. One of the bill mandates involvement, which they would like. SB 381 gives the ability to focus on efforts to make health care more affordable, assist communities to develop strategies to secure and maintain health delivery systems, which are economically sustainable and adequate to meet community needs, network and coordinate health delivery systems, so the capacity for delivery is not overloaded in some areas with other areas under-served, coordinate and share information with other states, and make prudent health care choices from information gathered. He said SB 381 rewrites SB 285, updates it, makes more sense of it, and makes a better health care policy for the State.

Jim Ahrens, President, Montana Hospital Association, said the Health Care Authority was not popular in many areas of the state, but the health care crisis will not go away. He encouraged the committee to consider having some authority or clearinghouse to look at the process of health care reform. value.

Barbara Booher, President, Montana Nurses Association, said they support SB 381. She said the dialog created by SB 285 needs to be continued in some form.

Sharon Hoff, representing Montana Catholic Conference, said she agreed with the preceding remarks that the health care crisis is not going away, but feels insurance reform is not the only answer. She said the Catholic Church is the largest provider of health care services on a non-profit basis.

Helen Christensen, representing Montana State AFL-CIO, spoke in support of SB 381. She said this bill addresses the need for continued evaluation and renovation of the current health care system in Montana. There are two bills currently in the system for health care reform with critical and different approaches. She said the single payor bill mandates major changes of the current health care structure, changes which the government would have considerable oversight responsibilities, and SB 381 does not mandate. Both bills address the way health care services are now provided.

She said the American health care system is the most expensive in the industrialized world, and due to the lack of cost controls, costs 60% more to administer than Canada's and 90% more than Great Britain's. SB 381 provides a mechanism to begin

fixing the system, speaking to the delivery mechanism for health care services in the State, health care resource management, cost containment, the nature of the patient-health care provider relationship, quality of care, and consumer education.

David Himeon, representing the Mental Health Association of Montana, and the Montana Association of Churches, urged the Committee's support of SB 381.

Chuck Butler, Blue Cross and Blue Shield of Montana, said there are several bills in this Legislature related to the Health Care Authority or Health Care Advisory Council, SB 381 being one of them. He said health insurance was a major item of discussion at every Health Care Authority meeting, and urged continuation of the process with this bill.

Phil Campbell, Governor Relations Director, Montana Education Association, said they support SB 381. He said his organization represents over 10,000 school employees, and while most of them have health care coverage, but it's cutting into wages. He said the Health Care Authority structure should be maintained, as well as local regional boards, and the Health Care Authority structure should be continued.

Frank Cote, Deputy Insurance Commissioner, State Auditor's, said they support SB 381 because it can provide the appropriate focus on health care problems and reform.

Opponents' Testimony: None

Questions From Committee Members and Responses:

SENATOR BENEDICT asked if there was a fiscal note with this bill.

SENATOR FRANKLIN deferred to **Mike Craig**, who said the Fiscal Note would be a total impact of \$34,000 in the General Fund, which is based on current level of executive recommendations from the Authority. The Governor has recommended a biennial budget of \$762,000 to continue the authority.

SENATOR BENEDICT asked if the Authority is kept the way it is and made these revisions in the Authority's mission, and if the \$762,000 is for the biennium or the year.

Mike Craig said it is for the biennium.

SENATOR BENEDICT asked if the \$34,000 is for the biennium.

Mike Craig said it is.

SENATOR BENEDICT said that's a total of \$798,000.

SENATOR BAER asked if this new version would result in the Montana Health Care Authority continuing to be an organization with rule making and enforcement powers.

Mike Craig said the current structure would not change. The Authority writes rules, and they are promulgated to the Department of Health, because the Authority is administratively attached to them,

SENATOR BAER asked if the determinations and proposals made would be elective or mandatory on the public.

Mike Craig said the recommendations made would go to the Legislature for legislative action.

SENATOR BAER asked **Jim Ahrens** if he was familiar with SB 194, which would relegate the Montana Health Care Authority to an advisory study group to continue with this process without rule-making authority, but would make recommendations to the Legislature.

Jim Ahrens replied in the affirmative.

SENATOR BAER asked **Jim Ahrens** what his feelings were about SB 194.

Jim Ahrens said they would support that too.

Closing by Sponsor:

SENATOR FRANKLIN said that health care problems are like those of chronic patients. She said there are several bills currently in the system, SB 184, HB 511, and there are pros and cons of each. She referred to the language on page 2, the guiding principles of health care reform. She said, as a result of the Health Care Authority's of their process, they have come up with evolved concepts in terms of where we need to be going. She asked the Committee to look favorably on SB 381.

HEARING ON SB 395

Opening Statement by Sponsor:

SENATOR SUE BARTLETT, SD 27, Helena and Unionville, said SB 395 authorizes the Board of Nursing to grant temporary approval to practice for Advanced Practice Registered Nurses. There are 4 specialties already authorized in Advanced Practice Registered Nursing in Montana. She referred to page 1, line 19. She said advanced practice nursing requires a person to be a registered professional nurse, to have completed advanced nursing educational requirements, to have completed a national certifying exam, and to be recognized by the Board of Nursing. The problem SB 395 addresses is the time period between completion of

educational requirements and the opportunity to take the national certifying exam, the time often being 6-12 months. Without a temporary license, these nurses cannot use what they have learned and, consequently, there is a decline in their newly acquired skills. If SB 395 is approved, Advanced Practice Nurses would be authorized to practice during this time period, and authorizes the Board of Nursing to specify procedures for obtaining temporary approval, and the conditions of practice under which they would operate during this time period. This temporary license is effect only until the exam is taken and the results obtained, but the temporary license would not be renewed. She discussed two amendments to SB 395. **EXHIBITS 4 and 5.**

Proponents' Testimony:

Stan Hall, Advanced Practice Registered Nurse and Nurse Practitioner, said he supports SB 395 and the amendments as offered. He said many times the dates of graduation and the examination for certification do not mesh, because the graduate can wait 6-12 months for the opportunity to take the exam. The amendment adding an Advanced Care Registered Nurse position to the board is necessary because many issues dealing with advanced practice come before the board and the expertise is needed.

Margaret Bortko, A.P.R.N., said she supports SB 395 and the amendments, and wanted to clarify several points. A Masters Degree is required for advanced practice and Montana is the only state that does not have the provision for granting a temporary license.

Elizabeth Johnson, A.P.R.N, spoke in support SB 395 and said, the lag time between the completion of the educational requirements and the certification exam can result in job loss because an individual would not be able to perform the procedures for which training was taken. A temporary license is necessary to be able to provide the services to the public for which training was obtained.

Ellie Hardy, Advanced Practice Registered Nurse, Department of Health, presented written testimony from **Dale Taliaferro** supporting SB 395 and said it will help local public health clinics. **EXHIBIT 6.**

Barbara Booher, Executive Director, Montana Nurses Association, said Advanced Practice Registered Nurses offer cost-effective health care services. They support both amendments and want to emphasize this is a temporary licensure, and the Board of Nursing would adopt specific rules that would clarify the types of supervision and interaction with other health care professionals that the Advanced Practice Nurse would need to comply with during the period of their temporary permit. She talked about adding an Advanced Practice Registered Nurse to the Board of Nursing, each member of the Board is interested in protecting the public and do not represent the interests of each specialty.

{Tape: 1; Side: 2}

Opponents' Testimony: None

Questions From Committee Members and Responses:

SENATOR SPRAGUE said he is confused with the different levels of nursing. He said he was contacted by a constituent, now a CNA, attending school for her LPN. He asked how this bill would affect this lady's concerns. She is on welfare, is working and trying to get ahead, and her profession is not recognized.

SENATOR BARTLETT replied, this is not her level of expertise, but this bill would not affect or address the situation of a CNA.

SENATOR ESTRADA asked about temporary approval.

SENATOR BARTLETT said there is a time gap of 6-12 months between completing the education requirements, the opportunity to take the certifying examination, receiving the results, and completion of paperwork by the Board of Nursing to granting a license to practice.

SENATOR BAER inquired about the fiscal note.

SENATOR BARTLETT said there was none because she doubts there would be any significant fiscal impact.

SENATOR BAER said he asked the question because of the apparent expansion of the Board and is concerned.

SENATOR BARTLETT said a fiscal note would not include information on the fiscal impact of an additional member until that amendment is added into the bill, because it was not part of the original bill.

SENATOR BAER referred to page 2, line 19, temporary approval. While waiting for the first available examination, he asked if someone with a temporary permit would be supervised while working.

Stan Hall referred to Section 4, allows the Board of Nursing to adopt specific rules in consultation with Advanced Practice Registered Nurses of the varying specialties. He said an individual would be working with another Advanced Practice Nurse, who is already certified in the State, and physicians.

Closing by Sponsor:

SENATOR BARTLETT said there is a need in Montana for available, cost-effective health care and more people need to be encouraged to advance to this level of training. If SB 395 is approved, she will offer, on the Floor, an immediate effective date so the Board of Nursing can begin their rule-making process.

HEARING ON SB 341

Opening Statement by Sponsor:

SENATOR RIC HOLDEN, SD 1, Glendive, said SB 341 corrects several problems which have arisen in the administration of the Montana Comprehensive Health Association. This program provides health care coverage to those who are medically uninsurable. The bill allows for stabilization of board membership, elimination of cherry-picking of insurance carriers, liberalization of pre-existing conditions causes, no longer excludes pregnancy coverage, provides for optional coverage, and allows for the transfer of coverage without a break in coverage.

Proponents' Testimony:

William Jensen, Blue Cross and Blue Shield, Chairman of the Montana Comprehensive Health Association, said the proposed amendments to SB 341, which he submitted to the Committee. **EXHIBIT 7.** He said after the bill was introduced, the discovery was made that there was a problem with federal law, as the one portion of the bill which would make Medicaid always primary. This portion has been removed because Medicaid always has to be secondary to whatever insurance program there is in the state. He referred to their recent semi-annual Financial report.

He said several problems were discovered in their operation and SB 341 can cure these problems. Once someone becomes insured under the Montana Comprehensive Health Association, there is no provision to take them off the rolls when they cease to be eligible by moving from the State or obtained other insurance. This is a situation where there would be double coverage. Section 1 of the bill would allow these individuals to be taken off the rolls. There is a section dealing with immunity from liability of the directors for their actions. There is a need for Medicare supplemental insurance, particularly for people on Medicare due to disability rather than age.

He said the Insurance board is made up of seven major insurance, but revising would allow the Insurance Commissioner to appoint positions six and seven on the board.

He said the technical provision in the bill dealing with the rates. The top 5 individual coverages are averaged and the rate is set based on that, but because of the law, health service corporations, such as Blue Cross and Blue Shield, are not included in those figures. To arrive a fair rate, Blue Cross and Blue Shield's coverage need to be included, as well as other top carriers in the state.

Tom Hopgood, representing Health Insurance Associations of America, said they support SB 341.

Susan Good, representing HEAL Montana, said they are very much interested in the Montana Comprehensive Health Association and support of SB 341.

Opponents' Testimony: None

Questions From Committee Members and Responses:

SENATOR ECK asked about the pregnancy exclusion.

William Jensen said this removes pregnancy as an exemption as an exclusion under the contract.

SENATOR ESTRADA asked for an explanation of waiver requirement.

SENATOR HOLDEN deferred to William Jensen.

William Jensen said the law that creates MCHA, provides that a person with continuous coverage has 30 days to be reinsured and does not have to satisfy pre-existing condition requirement. An effort has been made to clarify the language and change a portion of the language in Section 11, dealing with a person taken off the rolls when they cease to be eligible.

SENATOR ESTRADA asked if this is an attempt to make switching carriers easier.

William Jensen answered in the affirmative.

Closing by Sponsor:

SENATOR HOLDEN said he received a note from Ann Ricker who supports the bill. He said, there is a segment of society who are medically uninsurable through the normal channels, but MCHA provides this channel.

EXECUTIVE ACTION ON SB 388

Motion/Vote: SENATOR ECK moved the AMENDMENTS to SB 388 DO PASS. The motion CARRIED UNANIMOUSLY.

Motion/Vote: SENATOR MOHL moved SB 388 DO PASS AS AMENDED. The motion CARRIED UNANIMOUSLY.

EXECUTIVE ACTION ON SB 381

Motion/Vote: SENATOR ECK moved SB 381 DO PASS.

Discussion: SENATOR SPRAGUE said he is confused how all of the bills in the system are going to be coordinated.

SENATOR MOHL asked about a fiscal note for SB 381 and what effect it will have on the budget before acting on this bill.

SENATOR BURNETT said if SB 381 passes, it will have to go to Finance and Claims.

SENATOR MOHL said he had a bill in Education and it was tabled until there was a fiscal note, and feels the same way about SB 318 because of the money involved.

SENATOR BAER said he agrees with **SENATOR MOHL**. This would have a \$798,000 budget appropriation to continue the Health Care Authority, and it conflicts with the bill he proposed which would remove the regulatory powers and rule-making authority under the current Health Care Authority. He said he will oppose this bill.

SENATOR KLAMPE asked for an update on the Select Committee idea.

SENATOR BENEDICT said that has not come together as yet. He said if **SENATOR BAER's** bill isn't passed, the Health Care Authority will still be in existence as it existed before. Even with the large fiscal note for SB 381, this bill takes the teeth out of the Health Care Authority.

SENATOR ECK said SB 381 could be termed an appropriations bill, and could be kept alive.

SENATOR ESTRADA said she is concerned about the \$1.3 million already spent on the Health Care Authority, her constituents didn't like it either, and the board from the start was a disaster. She said we can't afford to do this and she is going to oppose SB 381.

Motion/Vote: **SENATOR MOHL** made a substitute motion to TABLE SB 381. The motion CARRIED, by Roll Call Vote, with **SENATORS ECK** and **KLAMPE** voting NO. **SENATOR FRANKLIN** was not present for her vote.

EXECUTIVE ACTION ON SB 385

Motion: **SENATOR BURNETT** moved AMENDMENT 1 to SB 385 DO PASS.

Discussion: **SENATOR MOHL** asked for clarification of the amendment.

SENATOR BENEDICT explained the section of the bill amended.

Vote: The Do Pass motion for AMENDMENT 1 CARRIED UNANIMOUSLY.

Motion: **SENATOR BURNETT** moved AMENDMENT 2 to SB 385 DO PASS.

Discussion: **SENATOR BAER** said he likes this bill but is concerned about the increased appropriation to support the additional board member.

SENATOR BENEDICT said there will be no fiscal impact on the General Fund for adding a member to the Board of Nurses. The money for this additional member will come from the fees paid by nurses and will have no fiscal impact.

SENATOR BAER asked if it was self-supporting.

SENATOR BENEDICT answered, yes.

SENATOR ESTRADA asked, to whom are those with temporary licensees responsible.

SENATOR BENEDICT said they are responsible to the Board of Nursing.

SENATOR ECK said most of these individuals work for a physician, in a clinic, or county health department.

Vote: The Do Pass motion for AMENDMENT 2 to SB 395 CARRIED UNANIMOUSLY.

Motion/Vote: SENATOR BURNETT moved SB 395 DO PASS AS AMENDED. The motion CARRIED UNANIMOUSLY.

EXECUTIVE ACTION ON SB 341

Motion/Vote: SENATOR BURNETT moved the AMENDMENTS to SB 341 DO PASS. The motion CARRIED UNANIMOUSLY.

Motion/Vote: SENATOR MOHL moved SB 341 DO PASS AS AMENDED. The motion CARRIED UNANIMOUSLY.

HEARING ON SB 410

Opening Statement by Sponsor:

SENATOR JIM BURNETT, SD 12, Luther, read his written statement. EXHIBIT 9.

Proponents' Testimony: None

Opponents' Testimony: None

Questions From Committee Members and Responses:

SENATOR ECK asked about the funding of the inspections.

SENATOR BURNETT said, due to the USDA rule, the state program would lose the matching funds from the federal government if the state charged an inspection fee. Under the USDA, there is no

charge for the inspection. If there is a complaint about cleanliness, the State Board of Health must intervene.

SENATOR MOHL asked about the \$537,000 is a savings or expenditure.

SENATOR BURNETT said this expenditure is taken out, and it becomes a Federal program, funded by the USDA.

Closing by Sponsor:

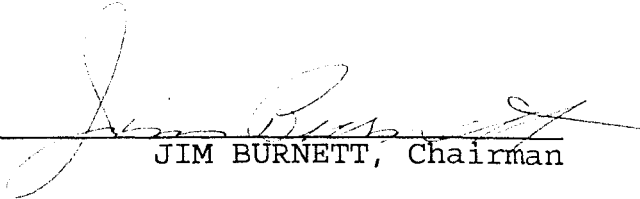
SENATOR BURNETT made no additional comments in closing.

EXECUTIVE ACTION ON SB 410

Motion/Vote: **SENATOR MOHL** moved SB 410 DO PASS. The motion for SB 410 CARRIED with **SENATOR KLAMPE** voting NO.

ADJOURNMENT

Adjournment: 8:48 AM



JIM BURNETT, Chairman



KAROLYN SIMPSON, Secretary

JB/ks

MONTANA SENATE
1995 LEGISLATURE
PUBLIC HEALTH, WELFARE AND SAFETY COMMITTEE

ROLL CALL

DATE 2/18/95

NAME	PRESENT	ABSENT	EXCUSED
LARRY BAER	X		
SHARON ESTRADA	X		
ARNIE MOHL	X		
MIKE SPRAUGE	X		
DOROTHY ECK	X		
EVE FRANKLIN	X		
TERRY KLAMPE	X		
STEVE BENEDICT, VICE CHAIRMAN	X		
JIM BURNETT, CHAIRMAN	X		

MONTANA SENATE
1995 LEGISLATURE
PUBLIC HEALTH, WELFARE AND SAFETY COMMITTEE
ROLL CALL VOTE

DATE 2/18/95 BILL NO. SB 381 NUMBER _____

MOTION: Table SB 381

NAME	AYE	NO
LARRY BAER	X	
SHARON ESTRADA	X	
ARNIE MOHL	X	
MIKE SPRAUGE	X	
DOROTHY ECK		X
EVE FRANKLIN		
TERRY KLAMPE		X
STEVE BENEDICT, VICE CHAIRMAN	X	
JIM BURNETT, CHAIRMAN	X	

STATEMENT BY SENATOR JOHN HARP

IN SUPPORT OF SB 388, MEDICAID MANAGED CARE ACT

BEFORE THE SENATE PUBLIC HEALTH COMMITTEE

SATURDAY, FEBRUARY 18, 1995

Senate Bill 388 proposes to set in statute certain standards for the development, operation and evaluation of a Medicaid managed care program for the State of Montana.

Some of you may recall our last special legislative session where the legislature enacted a short appropriation statute (codified in 53-6-116, MCA) that authorized SRS, in its discretion, "to develop managed-care systems for medicaid recipients."

SRS has acted on that authorization and has been working on the development of such managed care programs. SB 388 seeks to set in statute additional standards for those programs and to set up a process for evaluating those programs and to create an independent mechanism that will help the parties resolve disputes that might arise in the operation of those programs.

The Purpose of SB 388

As the preamble to the bill indicates, Montana continues to experience significant growth in Medicaid expenditures, at rates higher than the growth in other state funded programs. As a consequence, these costs are limiting the ability of the state to address other needs of the citizens of Montana.

In many ways, the situation we now face with Medicaid is similar to that we faced two years ago when we addressed increasing costs for workers' compensation benefits. Our response, then, was to develop a managed care program for worker's compensation.

As noted, over the past two years, SRS has been working on the outlines of a medicaid managed care program, both for psychiatric care and physical care.

Throughout this process, I have become increasingly excited about and aware of the prospects and problems that one can encounter in developing a publicly funded managed care program.

The reason I am excited is that I feel certain that managed care is a mechanism that can, if properly implemented, reduce the rate of increase in health expenditures, without sacrificing quality.

Over the years I have also had the opportunity to work with health care providers, and I believe that they are sincere when they tell us the efforts that they are undertaking to control health care costs.

I have also watched government funded programs, some of which have sought to reduce health care costs simply by reducing the amount of public funds available for publicly funded health care programs.

This realization prompted me to work with the private providers and the public funders in an effort to develop a set of standards to address how managed care could operate in Montana for Medicaid.

It is my belief that SB 288 will be of significant benefit to both the providers and the funders in determining how Medicaid managed care contracts can be negotiated, how they should be implemented and evaluated, and ultimately how controversies that might arise among the parties might be resolved.

In short, these are my intentions with SB 388.

1. This bill should not hinder SRS in its efforts to establish managed care programs for medicaid.
2. It is my intention that the providers be given assurance that they can rely on when they seek to contract with SRS for medicaid managed care.
3. Finally, it is my intention that this bill provide some new options for community care networks that might join in the pool of possible contractors for medicaid managed care.

Evaluation

My proposal seeks to provide oversight for the state-funded Medicaid managed care program.

SB 388 seeks to ensure that Medicaid beneficiaries receive appropriate care under the state-funded Medicaid managed care program.

Finally, SB 388 seeks to ensure that providers of managed care are reimbursed in a timely and appropriate manner.

Consensus Approach

I feel compelled to explain why we are hearing this bill on the eve of transmittal. There are very good reasons for this late date.

In drafting this bill, every effort was made to involve the parties who will be responsible for designing, implementing, evaluating, and resolving disputes about the program. I could have introduced this bill at the beginning of the session.

However, there was not agreement among the parties, and I wanted them to work out their differences before the bill was presented to the legislature. The introduced version of SB 388, which is in front of you this morning is draft 11 of the medicaid managed care bill.

SB 388 was developed through a collegial process. The participants in that process have been the Montana Hospital Association, the Department of SRS, the Legislative Auditor, the Montana State Insurance Commissioner, the Blue Cross and Blue Shield, and various HMO programs throughout the state.

All of these parties were given drafts of the bill and asked to comment on them. I participated in some of those negotiating sessions.

The most recent such session occurred in my office two days ago when another set of amendments (and hopefully the last set of amendments) were developed and agreed upon by the parties.

I am providing these amendments to the Committee with the request that they be acted upon when the Committee meets in the Executive Session.

History of SB 388

This bill initially was based upon a statute passed last year by the State of Illinois at the suggestion of the Illinois Hospital Association. Any resemblance between the Illinois statute and the bill you have in front of you is almost purely coincidental.

This bill has been worked and reworked to shape it to meet the needs of the parties who may play a part in or will be affected by any Medicaid managed care programs that might soon operate in Montana.

Since the department of SRS has taken the course of splitting managed care between mental health care and

physical care, SB 388 only deals with the subject of physical care. Elements of medicaid managed care for mental health was the subject of other legislation (SB 223), introduced by Senator Keating which recently passed the Senate.

Actually, both the physical and the mental health care portions of Medicaid managed care have been the subject of extensive work by the Department of SRS in anticipation of managed care contracts. SB 388 should not impede this process.

New Options

SB 388 has one interesting wrinkle. In addition to HMO's having the opportunity to participate in Medicaid managed care, this bill also contemplates the creation of Medicaid managed care community networks. These networks are groups of licensed health care providers, including physicians and hospitals, who might choose to connect themselves to service Medicaid managed care contracts.

A Summary of SB 388

A quick summary of the bill. A statement of intent is required because rules may have to be adopted by the department of SRS and the Commissioner of Insurance.

Section 1 provides a **policy statement** for the State of Montana:

"to adopt a health care program that encourages the integration of health care services and manages the health care of Medicaid program enrollees for the purposes of improving their health, while preserving reasonable choice within a competitive and cost-efficient environment."

Section 2 sets out definitions.

Section 3 establishes the requirements for a managed care community network, which are similar to those of HMO's under the Montana State Insurance Code. These managed care community networks must meet all of the applicable requirements by HCFA, the federal agency responsible for Medicaid.

Section 4 sets out different benefit packages that SRS can set up for Medicaid beneficiaries under the managed care program.

Section 5 sets out the requirements applicable to managed health care entities, which include both HMO's and managed care community networks.

Section 6 establishes requirements related to enrollees in a Medicaid managed care program.

Section 7 sets out certain areas where payment reductions and adjustments may be allowed.

The remaining sections deal with other technical matters, which are not of great consequence for my introductory remarks, except those pertaining to the Legislative Auditor. What I tried to do in developing the Legislative Auditor section was to set out an independent third party to whom the various participants in the Medicaid managed care program could appeal for fairness and efficiency in administering the program.

Further, there are a number of provisions in this section that deal with the subject of fraud waste and abuse and mismanagement in the Medicaid program which ultimately become the jurisdiction of the office of the Attorney General.

Fiscal Impact

Every effort has been made to reduce the fiscal impact in setting out these new requirements for Medicaid managed care. I have asked the various government agencies associated with the Medicaid managed care program, including Department of SRS and the Legislative Auditor, to take those steps necessary to reduce any new

requirements that might cause additional public monies to be spent.

In that regard, I understand that the initial fiscal note on the bill as introduced shows a significant fiscal impact by the Department of SRS. In meetings I had with the Department in the last two days, we have developed new ways of dealing with their responsibilities under this Medicaid managed care program, which will result in significantly reduced fiscal impact. Those changes are reflected in the proposed amendments.

Trust in Government

The hallmark of this session has been an intensified effort to increase trust in government. Public distrust in government is widespread and ignores party lines.

Montanans are keenly aware of how public monies are being spent. As such, we must act ensure that health care programs are run in ways that respect the wishes of people to control our expenses for health care and other government services.

At the same time, Montanans want quality health care. We should not deny health care to Montanans who, through no fault of their own, cannot afford health care and are required to seek financial support from the State through the Medicaid program.

Who can forget 1992 when this state and this nation experienced a groundswell of popular support for health care reform. These popular mandates caused enactment of the Montana Health Care Authority Act (SB 285) in 1993.

Over the course of the last two years Montana's Health Care Authority conducted a comprehensive and highly effort in Washington, D.C., to tackle health care at a national level. We all know the results of those efforts.

What did we learn? Montanans want quality health care, but they do not want increased taxes or increased health care insurance premiums, but they want quality health care.

It is with those concerns in mind that I worked on the managed care program for worker's compensation in 1993 and I am working today to introduce the Medicaid managed care program for 1995.

I urge your support for SB 388, along with the amendments that I am distributing to the Committee this morning, and I welcome the opportunity to answer questions and reserve the right to close.

Thank you.

**MONTANA HEALTH CARE AUTHORITY
1995 BIENNIUM ACCOMPLISHMENTS (PERFORMANCE INDICATORS)**

1. **STATEWIDE UNIVERSAL HEALTH CARE ACCESS PLANS (REPORTS)**
 - **VOLUME I (50-4-101, 301, 302, 303, 305, 306, 601 MCA)**

Single Payer Alternative
Regulated Multiple Payer Alternative
 - **VOLUME II**

Supporting and reference materials for the single and multiple payer plans, including financing strategies, cost assumptions, demographic information, and small group health insurance reform
 - **VOLUME III (50-4-304, 402)**

Regional and Statewide Health Resource Management Plans
 - **VOLUME IV (50-4-101, 304, 307, 402 MCA)**

Public Participation Activities, including reports on electronic citizens forums, town meetings, public hearings on the statewide universal access plans, public hearings on the regional and statewide health care resource management plans, and a telephone survey of public opinion on health care reform
 - **VOLUME V (50-4-503 MCA)**

Health Insurer Cost Management Plans
2. **DESIGN OF A HEALTH PURCHASING POOL FOR MONTANA (50-4-308 MCA) (REPORT)**
3. **AN ASSESSMENT OF MONTANA'S CERTIFICATE OF NEED PROGRAM (50-4-311 MCA) (REPORT)**
4. **A MARKET-BASED SEQUENTIAL HEALTH CARE REFORM PLAN FOR MONTANA (REPORT)**
5. **ADMINISTRATIVE RULES**
 - Selection of regional health planning board members
 - Cooperative Agreements Process

MONTANA HEALTH CARE AUTHORITY
CONTINUING STATUTORY RESPONSIBILITIES

1. (50-1-201) State Health Plan - The Authority administers comprehensive health planning effective July 1, 1996
2. (50-4-201) Terms of the Board - Authority board members serve terms of four years
3. (50-4-303) Cost Containment - Statewide Universal Access Plans must contain annual cost containment targets
4. (50-4-303) Cost Containment - The Authority shall negotiate annual budgets or fees for health service reimbursement
5. (50-4-304) Statewide Health Care Resource Management Plan - The Authority must revise annually
6. (50-4-308) Purchasing Pool - The Authority shall report to the legislature in December 1994 & December 1996
7. (50-4-309) Prescription Drugs - The Authority shall report to the legislature in December 1996
8. (50-4-310) Long Term Care - The Authority shall report to the legislature January 1997
9. (50-4-401) Terms of Regional Board Members - Regional planning board members serve terms of four years
10. (50-4-402) Regional Health Care Resource Management Plan - The regional boards shall revise annually
11. (50-4-402) Regional Planning Board Budgets - Regional boards shall submit annual budget requests to the Authority
12. (50-4-502) Data Base - The Authority shall develop and maintain a unified health care data base
13. (50-4-601) Cooperative Agreements - The Authority supervises and controls a cooperative agreements process

Amendments to Senate Bill No. 395
First Reading Copy

Requested by Senator Sue Bartlett
For the Committee on Public Health, Welfare, and Safety

Prepared by Susan Byorth Fox
February 17, 1995

1. Page 2, line 11.
Strike: "person's"
Following: "examination"
Insert: "available"

Amendments to Senate Bill No. 395
First Reading CopyRequested by Senator Sue Bartlett
For the Committee on Public Health, Welfare, and SafetyPrepared by Susan Byorth Fox
February 17, 1995

1. Title, line 4.

Following: the second "ACT"

Insert: "REVISING THE LAWS GOVERNING THE BOARD OF NURSING;
PROVIDING FOR AN ADDITIONAL MEMBER ON THE BOARD OF NURSING
WHO IS AN ADVANCED PRACTICE REGISTERED NURSE;"

2. Title, line 9.

Strike: "SECTION"

Insert: "SECTIONS 2-15-1844, 37-8-202, AND"

3. Page 1, line 24.

Insert: "

Section 1. Section 2-15-1844, MCA, is amended to read:**"2-15-1844. Board of nursing.** (1) There is a board of nursing.(2) The board consists of ~~nine~~ 10 members appointed by the governor with the consent of the senate. The members are:(a) four registered professional nurses; at least one such member shall have had at least 5 years in administrative, teaching, or supervisory experience in one or more schools of nursing and at least one such member must be currently engaged in the administration, supervision, or provision of direct client care. Each member ~~shall~~ must:

(i) be a graduate of an approved school of nursing;

(ii) be a licensed registered professional nurse in this state;

(iii) have had at least 5 years' experience in nursing following graduation; and

(iv) be currently engaged in the practice of professional nursing and must have practiced for at least 5 years.(b) three practical nurses. Each ~~shall~~ must:

(i) be a graduate of a school of practical nursing;

(ii) be a licensed practical nurse in this state;

(iii) have had at least 5 years' experience as a practical nurse; and

(iv) be currently engaged in the practice of practical nursing and have practiced for at least 5 years.

(c) two public members who are not medical practitioners, involved in the practice of nursing or employment of nursing, or administrators of Montana health care facilities;

(d) one advanced practice registered nurse who must:(i) be a graduate of an approved education program for advanced practice registered nurses;(ii) be a licensed registered professional nurse with a certificate in a field of advanced practice registered nursing in this state;

(iii) have at least 5 years' experience;
(iv) currently be engaged in direct client care and must have practiced as an advanced practice registered nurse for at least 5 years; and
(v) have current prescriptive authority and must be assigned as a permanent member of the prescriptive authority committee.

(3) All members ~~shall~~ must have been residents of this state for at least 1 year before appointment and be citizens of the United States.

(4) All members shall serve staggered 4-year terms, and a member may not be appointed for more than two consecutive terms. The governor may remove a member from the board for neglect of a duty required by law or for incompetency or unprofessional or dishonorable conduct.

(5) The board is allocated to the department for administrative purposes only as prescribed in 2-15-121."

Section 2. Section 37-8-202, MCA, is amended to read:

"37-8-202. Organization -- meetings -- powers and duties.

(1) The board shall meet annually and shall elect from among the ~~nine~~ 10 members a president and a secretary. The board shall hold other meetings when necessary to transact its business. A majority of the board constitutes a quorum at any meeting. The department shall keep complete minutes and records of the meetings and rules and orders promulgated by the board.

(2) The board may make rules necessary to administer this chapter. The board shall prescribe standards for schools preparing persons for registration and licensure under this chapter. It shall provide for surveys of schools at times it considers necessary. It shall approve programs that meet the requirements of this chapter and of the board. The department shall, subject to 37-1-101, examine and issue to and renew licenses of qualified applicants. The board shall conduct hearings on charges that may call for discipline of a licensee, revocation of a license, or removal of schools of nursing from the approved list. It shall cause the prosecution of persons violating this chapter and may incur necessary expenses for prosecutions.

(3) The board may adopt and the department shall publish forms for use by applicants and others, including license, certificate, and identity forms and other appropriate forms and publications convenient for the proper administration of this chapter. The board may fix reasonable fees for incidental services, within the subject matter delegated by this chapter.

(4) The board may participate in and pay fees to a national organization of state boards of nursing to ensure interstate endorsement of licenses.

(5) (a) The board may define the educational requirements and other qualifications applicable to recognition of advanced practice registered nurses. Advanced practice registered nurses are nurses who must have additional professional education beyond the basic nursing degree required of a registered nurse. Additional education must be obtained in courses offered in a university setting or its equivalent. The applicant must be

certified or in the process of being certified by a certifying body for advanced practice registered nurses. Advanced practice registered nurses include nurse practitioners, nurse-midwives, nurse-anesthetists, and clinical nurse specialists.

(b) The board of nursing and the board of medical examiners, acting jointly, shall adopt rules regarding authorization for prescriptive authority of nurse specialists. If considered appropriate for a nurse specialist who applies to the board for authorization, prescriptive authority must be granted.

(6) The board shall establish a program to assist licensed nurses who are found to be physically or mentally impaired by habitual intemperance or the excessive use of narcotic drugs, alcohol, or any other drug or substance. The program must provide assistance to licensees in seeking treatment for substance abuse and monitor their efforts toward rehabilitation. For purposes of funding this program, the board shall adjust the license fee provided for in 37-8-431 commensurate with the cost of the program.

(7) The board may adopt rules for delegation of nursing tasks by licensed nurses to unlicensed persons.

(8) The board may fund additional staff, hired by the department, to administer the provisions of this chapter."

Renumber: subsequent section

SENATE HEALTH & WELFARE
EXHIBIT NO. 6
DATE 2/18/95
BILL NO. SB 395

Comments on SB 395
Montana Department of Health & Environmental Sciences
Dale Taliaferro, Administrator of Health Services

Many of our Local Public Health Clinics that employ advanced practice registered nurses are unable to hire nurses who have graduated from approved programs because the nurses are waiting to take a national certifying and receive exam results before they can make application to the Board of Nursing to practice. Since the certification exams are only offered two times a year in selected cities throughout the United States, this wait can be eight months or longer. During this time the graduates of approved programs cannot use the skills they were trained for nor can they earn a salary as an advanced practice registered nurse practitioner. In addition, programs that need to hire advanced practice nurses may be faced with limiting patient services because of the shortage of practitioners.

Passage of SB 395 would allow nurses who have completed their educational requirement for advance nurse practice and are waiting to take the certifying examination to be employed and provide services that they have been trained to provide.

SB - 341
Amendments
February 17, 1995

Page 1

1. Line 8
Following "ACTIONS;"
Strike "EXCEPTING THE ASSOCIATION PLAN FROM THE
PROHIBITION AGAINST AN INSURER
DENYING OR REDUCING BENEFITS FOR
PERSONS ELIGIBLE TO RECEIVE PUBLIC
MEDICAL ASSISTANCE;"

2. Line 15
Following "27-1-732,"
Strike "33-22-113,"

3. Line 23
Following "(1)"
Strike "receives benefits under the Montana medicaid program as established
in Title 53, chapter 6:

(2)"
Renumber Subsections of section 1.

Page 2

4. Line 27
Strike Section 5

Page 3

5. Line 20
Following "insurance"
Strike " "
Insert: "or"

6. Line 20
Following "benefits"
Strike "or the Montana medicaid program"

Page 7

7. Line 22

Following "7"
Strike "and 33-22-113"

Page 9

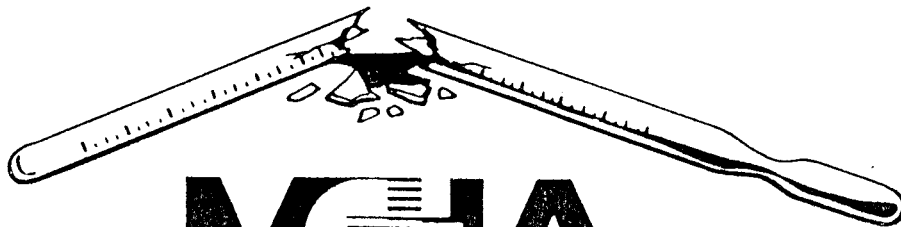
8. Line 29
Following "part of Title"
Strike "30, chapter 14"
Insert "33, chapter 18"

9. Line 30
Following "Title"
Strike "30, chapter 14"
Insert "33, chapter 18"

-END-

**SEMIANNUAL REPORT
OF
MONTANA COMPREHENSIVE
HEALTH ASSOCIATION**

JULY 1, 1994 - DECEMBER 31, 1994



**By: Blue Cross and Blue Shield
of Montana, Inc.**

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

TESTIMONY

Senator Jim Burnett

THE TIME HAS COME TO PUT EVERYTHING ON THE TABLE AND REVIEW ALL PROGRAMS.

WE HAVE A DUAL SYSTEM OF MEAT INSPECTION IN MONTANA. USDA IS MANDATED BY THE "WHOLE MEAT ACT" OF 1967 TO PROVIDE INSPECTION AND ONLY USDA INSPECTED PRODUCTS CAN MOVE IN INTERSTATE. USDA INSPECTIONS ARE PAID BY THE DEPARTMENT.

THE STATE MAY PROVIDE INSPECTIONS ONLY WITHIN THE STATE AND THE USDA WILL SHARE THE COST 50/50.

THE GOVERNOR'S BUDGET (PAGE C-92) LISTS GENERAL FUND FOR THE BIENNIUM @ \$525,458, SPECIAL FUND \$12,000, AND USDA \$537,458. THE BUDGET TOTAL \$1,074,916.

THE STATE COULD TERMINATE THIS PROGRAM WITH A MINIMAL AMOUNT OF INCONVENIENCE TO THE USERS OF THE PROGRAM. OTHER STATES HAVE TERMINATED THIS PROGRAM AND ALLOWED THE USDA TO PROVIDE ALL INSPECTIONS. THE STATE MUST SET RULES EQUAL TO OR BETTER THAN THOSE SET DOWN BY USDA. IN THE STATES WHICH HAVE TURNED BACK THIS PROGRAM TO USDA, STATE INSPECTORS THAT QUALIFY

UNDER USDA RULES HAVE BEEN HIRED TO BE USDA INSPECTORS AT MORE THAN \$10,000 HIGHER SALARIES THAN IS BEING PAID BY THE STATE.

THE ARGUMENT THAT THOSE WHO ARE STATE INSPECTORS WILL BE OUT OF BUSINESS IF THE STATE TERMINATED THE PROGRAM, DOESN'T HOLD TRUE.

I QUESTION HOW MANY BUSINESSES WERE CREATED IN THE INDUSTRY SINCE THIS PROGRAM WAS PUT IN PLACE IN 1988. HOW MANY JOBS WERE CREATED BY THIS PROGRAM? CHECKING WITH SOME OF THE BUSINESSES, NONE WERE INDICATED. I DO KNOW THERE WERE 14 FTE'S CREATED FOR THE SYSTEM TO THE STATE PAYROLL. ACCORDING TO THE BIENNIUM BUDGET, \$12,000 WAS PAID INTO THE STATE SYSTEM BY THE LICENSES FOR THE STATE SYSTEM, WHILE IT COST THE GENERAL FUND \$525,458.

I HAVE VISITED WITH DR. LESTER NORDKE OF USDA IN WASHINGTON (202-720-6313), WITH DR. BOWMAN (657-6820), USDA DIRECTOR FOR MONTANA, MICHAEL BIRD (Home: 628-6944; Office:657-6003), USDA COMPLIANCE OFFICES FOR MONTANA, JIM DEVENNY (932-5124), USDA MEAT INSPECTOR. THESE PEOPLE RESPONSIBLE FOR MEAT INSPECTION IN MONTANA CAN SEE NO PROBLEM IF THE LEGISLATURE TURNS THE PROGRAM BACK TO USDA.

EXHIBIT 9
DATE 2-18-95
SB 410

THE UNITS NOW INSPECTED BY STATE INSPECTORS WILL MEET A SCHEDULING AS THEY DO NOW. IF, BY CHANCE, THERE ARE RECOMMENDATIONS BY USDA FOR SOME CHANGES, THERE COULD BE 18 MONTHS WITH ANOTHER 18 MONTHS EXTENSION IN COMPLYING. DR. BOWMAN DOESN'T BELIEVE ANY BUSINESS WOULD HAVE A PROBLEM.

THE INTENT OF THE PROGRAM IS TO INSURE CLEAN AND WHOLESOME MEAT FOR THE PUBLIC PROVIDED BY A SYSTEM THAT IS CLEAN.

I WOULD ASK THAT YOU CALL AND VISIT WITH AT LEAST ONE OF THE PEOPLE LISTED ABOVE.

DATE 2/18/95

SENATE COMMITTEE ON Public Health

BILLS BEING HEARD TODAY: SB 381, SB 395
SB 341, SB 388, SB 410

< ■ > PLEASE PRINT < ■ >

Check One

Name	Representing	Bill No.	Support	Oppose
Ellie Hardy	Dale Taliaferro	SB395	x	
Stan Hall	Montana APRN Assoc.	SB395	X	
Liz Johnson	Family Planning	SB395	X	
Helen Christensen	MT State AFL-CIO	SB381	X	
Bob Talukge	St. Peter	SB388	X	
Tom Hopgood	HIAA	SB341	✓	
M Susan Good	HEAL M-	SB341	✓	
Bill Johnson	Mont. County Health Assn	SB341	✓	
Nancy Elly	SRS	SB388	✓	
FRANK COTE	ST. AUGUSTINE	SB381	✓	
MARGARET BORTKO	APRN's	SB395	✓	
Bomb Dooker	MT Nurses Assoc	SB395	✓	
Chuck Butler	Blue Cross Blue Shield of MT	SB381	✓	
Michael Butler Butler	Blue Cross Blue Shield of MT	SB388	✓	
David Isaman	MT Assoc. of Churches	381	✓	

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

DATE 2/18/95

SENATE COMMITTEE ON Public Health

BILLS BEING HEARD TODAY: SB 381, SB 395,
SB 341, SB 388, SB 410

< ■ > PLEASE PRINT < ■ >

Check One

Name	Representing	Bill No.	Support	Oppose
SHARON HOEF	MT CATH CONF	381	X	

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY