

MINUTES

**MONTANA HOUSE OF REPRESENTATIVES
55th LEGISLATURE - REGULAR SESSION**

COMMITTEE ON HUMAN SERVICES

Call to Order: By CHAIRMAN DUANE GRIMES, on March 14, 1997, at 3:00 P.M., in ROOM 104.

ROLL CALL

Members Present:

Rep. Duane Grimes, Chairman (R)
Rep. Loren L. Soft, Vice Chairman (Majority) (R)
Rep. Carolyn M. Squires, Vice Chairman (Minority) (D)
Rep. Darrel Adams (R)
Rep. Chris Ahner (R)
Rep. Ellen Bergman (R)
Rep. William E. Boharski (R)
Rep. John C. Bohlinger (R)
Rep. Deb Kottel (D)
Rep. Billie Krenzler (D)
Rep. Brad Molnar (R)
Rep. Wes Prouse (R)
Rep. Diane Sands (D)
Rep. Bruce T. Simon (R)
Rep. Liz Smith (R)

Members Excused: Rep. Carey

Members Absent: None

Staff Present: David Niss, Legislative Services Division
Jaelene Racicot, Committee Secretary

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB 378, SB 324, SJR 8
Executive Action: SJR 8 DO CONCUR IN 11-0

HEARING ON SJR 8

Opening Statement by Sponsor:

REP. DIANE SANDS, HD 66, introduced the bill. {Tape: 1; Side: A;
Approx. Time Count: .2.}

Proponents' Testimony:

Kate Cholewa, Montana Women's Lobby. {Tape: 1; Side: A; Approx. Time Count: 1.4.}

Lois Fitzpatrick, self. {Tape: 1; Side: A; Approx. Time Count: 1.6; Comments: See EXHIBIT 1.}

Steve Yeakel, Montana Council for Maternal Health and the Montana Children's Alliance. {Tape:1; Side: A; Approx. Time Count: 3.2.}

Jerry Loendorf, Montana Medical Association. {Tape: 1; Side: A; Approx. Time Count: 3.8.}

Nancy Ellery, Department of Public Health and Human Services. {Tape: 1; Side: A; Approx. Time Count: 4.0.}

Opponents' Testimony:

None

Questions From Committee Members and Responses:

None

Closing by Sponsor:

REP. SANDS closed. {Tape: 1; Side: A; Approx. Time Count: 4.9.}

EXECUTIVE ACTION ON SJR 8

Motion/Vote: REP. BOHLINGER MOVED DO CONCUR IN. THE MOTION CARRIED 11 - 0. REP. SANDS AGREED TO CARRY SJR 8 ON THE HOUSE FLOOR. {Tape: 1; Side: A; Approx. Time Count: 5.9.}

HEARING ON SB 324

Opening Statement by Sponsor:

SEN. SHARON ESTRADA, SD 7, introduced the bill. {Tape: 1; Side: A; Approx. Time Count: 7.6.}

Proponents' Testimony:

Kate Cholewa, Montana Womens Lobby. {Tape: 1; Side: A; Approx. Time Count: 16.7; Comments: See EXHIBIT 2.}

Lois Fitzpatrick, self. {Tape: 1; Side: A; Approx. Time Count: 18.8; Comments: See EXHIBIT 3.}

Gloria Paladichuk, self. {Tape: 1; Side: A; Approx. Time Count: 20.8.}

Claudia Clifford, State Auditor's Office. {Tape: 1; Side: A; Approx. Time Count: 22.7.}

Tanya Ask, Blue Cross/Blue Shield. {Tape: 1; Side: A; Approx. Time Count: 24.4.}

Steve Yeakel, Montana Council for Maternal Health and the Montana Children's Alliance. {Tape: 1; Side: A; Approx. Time Count: 25.3.}

Jerry Loendorf, Montana Medical Association. {Tape: 1; Side: A; Approx. Time Count: 26.2.}

REP. Bruce Simon, HD 18. {Tape: 1; Side: A; Approx. Time Count: 27.1.}

Ed Grogan, Montana Medical Benefit Plan. {Tape: 1; Side: A; Approx. Time Count: 29.3.}

Opponents' Testimony:

None

Questions From Committee Members and Responses:

{Tape: 1; Side: A; Approx. Time Count: 29.9.}

Closing by Sponsor:

SEN. ESTRADA closed. {Tape: 1; Side: B; Approx. Time Count: 21.2.}

REP. GRIMES read a letter from the Department of Public Health and Human Services regarding the testimony by a proponent to HB 386.

REP. KOTTEL asked REP. GRIMES about the Drake amendment and why it was raised during the hearing on SB 324.

David Niss answered REP. KOTTEL'S concern on the Drake amendment.

HEARING ON SB 378

Opening Statement by Sponsor:

SEN. STEVE BENEDICT, SD 30, introduced the bill. {Tape: 2; Side: A; Approx. Time Count: 0.}

Proponents' Testimony:

Claudia Clifford, State Auditor's Office. {Tape: 2; Side: A;
Approx. Time Count: 3.3; Comments: See EXHIBITS 4 & 5.}

REP. GRIMES stated the committee's structure would be different this meeting. He recommended members question Ms. Clifford as she proceeded to fully understand the bill. He asked if the committee understood the Montana Comprehensive Health Care Association was a high risk pool.

REP. BOHARSKI asked CLAUDIA CLIFFORD about adding a new book of business. She said the old book of business would stay the same and they were creating a new terminology as the insurance department book of business.

REP. BOHARSKI asked CLAUDIA CLIFFORD about coverage under the Kennedy-Kassebaum. She said in order to create coverage under Kennedy-Kassebaum (as required by each state)--the state commissioner would be the best placement for policy in the state of Montana.

REP. GRIMES asked CLAUDIA CLIFFORD to describe the options if the state didn't use the comprehensive health associations to the insurers. Ms. Clifford stated the other options provided under the congressional act were two model acts drafted by the NAIC. One act was very comprehensive having many products available on the individual market that guaranteed issue by the carriers. The other one made use of the Montana Comprehensive Health Care Association as first form of coverage for the federal qualified people. She stated a person could be under that coverage for a year and then they would go into a guaranteed issue market situation. Ms. Clifford stated these were major changes for the insurance market. Ms. Clifford commented that the carriers may not want to take on guaranteed issue in the individual market. The state would have a high risk pool and then it would be determined what would meet the needs of the federally qualified folks.

REP. BOHARSKI asked CLAUDIA CLIFFORD about the new book of business that Montana Comprehensive Health Care (MCHC) was going to be operating to cover this and if the funding would be the same? Ms. Clifford said that the premium tax would be deposited in the general fund and would not affect the general fund. She reminded the committee that all of the people involved would pay premiums for this type of coverage.

REP. SIMON stated that under the Montana Comprehensive Health Care Association current assessment plan, any assessment used would be an off-set against premium tax. SB 378 would change the procedure for this new book of business.

CLAUDIA CLIFFORD EXPLAINED THE AMENDMENTS. Ms. Clifford stated the first amendment was a suggestion by the Montana Loggers'

Association. They wanted to clarify the definition of associations with the federal act due to an inconsistency. The second amendment allowed the state to put into effect the Montana Comprehensive Health Care (MCHC) option, September 1, 1997, but allows the flexibility for the commissioner to waive implementation until January 1, 1998. The next amendment would clarify policies currently in effect which would come into compliance with the bill upon renewal, not while in forced. She stated there was a correction on the effective date of the mental health provisions to make it consistent with the federal act which would be January 1, 1998. The provisions dealing with the mental health statute bring it into compliance with an amendment added in September to the Federal Portability Act that would provide a form of parity for mental health benefits if it would not exceed 1% cost of a premium. It dealt with annual and lifetime benefits being in parity with annual and lifetime benefits for physical illness. She explained there was a sunset on that provision and in the federal act.

REP. BOHARSKI asked CLAUDIA CLIFFORD if there was any attempt to assess that effect on the mental health mandate on the policies in the state of Montana, if compliance is less than 1%. Ms. Clifford stated the carriers would not have to comply if they determine it would be more than a 1% increase in premiums.

REP. BOHARSKI asked CLAUDIA CLIFFORD if the carriers would submit to the State Auditor's Office a verification if it happened. Ms. Clifford stated that it was not clear at this time how they would handle it. Ms. Clifford stated there was rule making authority in the bill because three federal agencies who are going to be administering the bill are expected to issue rules April 1, 1997. Ms. Clifford stated that the Auditor's Office will then determine what the federal rules will be and then address the issues at hand.

Susan Good, Montana Association of Life Underwriters. *{Tape: 2; Side: A; Approx. Time Count: 26.0.}*

Tanya Ask, Blue Cross/Blue Shield. *{Tape: 2; Side: A; Approx. Time Count: 26.8.}*

Anita Bennet, Montana Logging Association. *{Tape: 2; Side: A; Approx. Time Count: 30.0; Comments: Ms. Bennet did not testify. Ms. Ask handed her testimony in for the committee's consideration. See EXHIBIT 6.}*

Laurie Ekanger, Governor's Administration. *{Tape: 2; Side: A; Approx. Time Count: 30.2.}*

Jerry Loendorf testified on behalf of Tom Ebzery, Yellowstone Community Health Plan. *{Tape: 2; Side: A; Approx. Time Count: 30.7.}*

Kate Cholewa, Montana Women's Lobby. {Tape: 2; Side: A; Approx. Time Count: 31.1.}

Tom Hopgood, Health Insurance Association of America. {Tape: 2; Side: B; Approx. Time Count: 0.}

Jim Mitchell, Director of the Student Health Service at Montana State University - Bozeman. {Tape: 2; Side: B; Approx. Time Count: 5.6; Comments: See EXHIBIT 7.}

Ed Grogan, Montana Medical Benefit Plan. {Tape: 2; Side: B; Approx. Time Count: 7.9; Comments: See EXHIBITS 8A, 8B, & 8C.}

Opponents' Testimony:

None

Questions From Committee Members and Responses:

{Tape: 2; Side: B; Approx. Time Count: 15.2 through to Tape: 3; Side: B; Approx. Time Count: 8.4.}

Closing by Sponsor:

SEN. BENEDICT closed. {Tape: 3; Side: B; Approx. Time Count: 8.4.}

ADJOURNMENT

Adjournment: 6:11 P.M.



REP. DUANE GRIMES, Chairman



JAELENE RACICOT, Secretary

DG/JR