

MINUTES

**MONTANA SENATE
55th LEGISLATURE - REGULAR SESSION**

COMMITTEE ON PUBLIC HEALTH, WELFARE, & SAFETY

Call to Order: By **CHAIRMAN STEVE BENEDICT**, on March 10, 1997, at 3:06 PM, in Room 410.

ROLL CALL

Members Present:

Sen. Steve Benedict, Chairman (R)
Sen. James H. "Jim" Burnett, Vice Chairman (R)
Sen. Larry L. Baer (R)
Sen. Chris Christiaens (D)
Sen. Bob DePratu (R)
Sen. Dorothy Eck (D)
Sen. Sharon Estrada (R)
Sen. Eve Franklin (D)
Sen. Fred Thomas (R)

Members Excused: None

Members Absent: None

Staff Present: Sheri Heffelfinger, Legislative Services Division
Karolyn Simpson, Committee Secretary

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

Committee Business Summary:

Hearing(s) & Date(s) Posted: HB 46, HB 351, 3/5/97
Executive Action: HB 297, HB 302, HB 351, HB 256, HB 46

HEARING ON HB 46

Sponsor: REP. LARRY GRINDE, HD 94, Lewistown

Proponents: Susan Good, MT Assn. Life Underwriters, HEAL MT
Claudia Clifford, MT Insurance Dept.
Jerry Loendorf, MT Medical Assn.
Chuck Butler, Blue Cross and Blue Shield of MT

Opponents: Ellen Feaver, Business Consultant
Joyce Brown, Department of Administration

CHAIRMAN BENEDICT turned the Chair over to **SENATOR FRED THOMAS**.

Opening Statement by Sponsor:

REP. LARRY GRINDE, HD 94, Lewistown, said when HMOs were created, a lot of people wanted their own doctor, and there are a lot of people in HMOs who want to participate in this. HB 46 says, if you're willing to pay a little extra, then you can see your own doctor under the HMO. The bill was amended in the House because, at present, the bill only applies to Blue Cross and Blue Shield, and there are a lot of HMOs starting up and they needed more time to get adjusted and get going. Medicare was added and there is a delayed effective date, which gives HMOs time to apply. He submitted a letter from **John Malloy. (EXHIBIT 1)**

Proponents' Testimony:

Susan Good, Montana Association of Life Underwriters, and HEAL Montana, said HEAL Montana had originally brought this point of service concept to on-going meetings with Commissioner Baucus. She explained how this would work. Most people get their health insurance through their employer, if an individual has a condition for which he has been treated by a particular physician, and if the employer chooses an HMO that does not include the individual's physician, you might have to change to a doctor on the HMO panel. But, for an extra premium, the employer can choose whether the employees could choose a doctor not included in the HMO. There are three options: every company would have a point-of-service plan, every individual could choose their own doctor, or a point-of-service option would be made available to the employer.

Claudia Clifford, Montana Insurance Department, said point-of-service is offered as a benefit by HMOs and helps the HMO entice groups to come into a closed network. Choice of physician is offered as an additional benefit by the employer who buys this benefit for the employee. This benefit is helpful to consumers when they join an HMO and want to see their own physician.

Jerry Loendorf, Montana Medical Association, said they support HB 46 and had offered an amendment in the House, which was rejected. He is again offering the amendment **(EXHIBIT 2)** and would like this bill passed before the committee accepts the amendments. The first amendment would require that people within groups elect the point-of-service option. Presently, HB 46 does not allow an individual, who is part of a group plan, to elect this option, but an individual without group insurance could choose this option. The Montana Medical Association thinks this option should be available for everybody. This option would increase the cost to an HMO but they can charge additional premiums to pay for that option.

Chuck Butler, Blue Cross and Blue Shield of Montana, said they support HB 46. As the bill currently stands, Blue Cross and Blue Shield is the only HMO that will be immediately impacted, but that is no problem. Their new managed care venture will be in partnership with the Great Falls Clinic and will offer the point-

of-service benefit. **Tom Hopgood** also supports this bill as presented, without additional amendments.

Opponents' Testimony:

Ellen Feaver, business owner and consultant, said she works with a number of businesses with their health insurance problems and there are many problems. A significant number of people in the state are uninsured and more are becoming uninsured everyday because we don't have affordable health care. Many employers would like to provide health care coverage for their employees, but the options just don't exist. Montana needs alternatives for businesses to buy health insurance and there are very few HMOs in Montana. Now, this bill will regulate a business that has hardly gotten started. If there were options for employers and employees to consider, we would be in a much better position, and the more barriers that are put in place, the less competition there will be. Blue Cross and Blue Shield is already able to comply with this, but HB 46 is a business barrier to those businesses who want to offer health care coverage but doesn't have point-of-service in its package right now. The legislature is saying consumers aren't smart enough to choose what product they want, and are telling business what product they must sell.

Joyce Brown, Department of Administration, said she agrees with the sponsor of this bill and the point-of-service plan, and would like to have point-of-service plans for state employees, because they are the best for of managed care. Point-of-service plans are the fastest growing plans in the U.S. because members like that choice, and the market is responding, but those are mostly mature HMO markets. They are HMOs that are well established and can offer that benefit. She is concerned that mandating point-of-service will increase cost at a time when there are a number of providers around the state who are trying to form home-grown managed care organizations. (EXHIBIT 3) She offered testimony from **Montana Association of Health Care Purchasers, Bill McDonald**. (EXHIBIT 4) (EXHIBIT 5)

Questions From Committee Members and Responses:

SENATOR JIM BURNETT asked **REP. GRINDE** if he approves of the amendments.

REP. GRINDE said no. He would like to leave the bill the way it is because the whole idea is to give the employer the choice whether he wants to offer this benefit, and if that is changed to be offered to individuals, that would skew what is trying to be accomplished.

SENATOR CHRIS CHRISTIAENS said **Joyce Brown** indicated this is a mandate that will automatically cost people more, but, as he reads the bill, all it is doing is requiring the HMO to offer this option to the purchaser, so there is more selection among products. If this option is chosen, the purchaser knows it will cost more.

Joyce Brown said there are costs to develop second product, and even if the employer or individual does not choose that option, the insurer that is offering an HMO has to develop a point-of-service, and someone must absorb the developmental cost.

SENATOR EVE FRANKLIN asked **Jerry Loendorf** the meaning of the third amendment and if there is a specific dollar amount.

Jerry Loendorf said to get at the problem **Joyce Brown** is talking about, he doesn't think there is a plan that doesn't offer an emergency services component, and there must be system in place to pay for that, and that is the fee-for-service component. By requiring the point-of-service and using the same fee-for-service basis, a new fee system wouldn't have to be developed.

SENATOR FRANKLIN asked if his assumption was that, if a billing system had to be developed, they could use the same one that is in place for emergency services.

Jerry Loendorf said yes.

SENATOR LARRY BAER said we're talking about the freedom of choice for something extra, then asked how much extra and does it apply to choice throughout the program or each time a choice is made.

Susan Good said **Chuck Butler** could give more precise numbers because Blue Cross and Blue Shield offers dual option. Every time the employer re-negotiates the insurance, which is annually, this benefit would be offered.

SENATOR BAER asked if the individual pays one time for a choice of providers, or must he pay extra each time you opt for a choice.

Susan Good said you do pay extra premiums and then pay extra when seeing provider. Without this provision, if you want to see a provider outside the network, you're out of luck and have to pay for it out of your own pocket.

SENATOR BAER asked **Chuck Butler** for a ball park figure as to how much it would cost.

Chuck Butler said the premium increase would be 10-25%, depending on the group, level of benefits, and utilization.

SENATOR BAER said that would be the extra in the premium, and asked how much extra each time the individual chooses to see his own health care provider.

Chuck Butler said the range could be an additional 10-25%, depending on the group utilization experience.

Closing by Sponsor:

REP. LARRY GRINDE said the employer has the choice to opt in, under his policy, or not, and there is nothing mandatory. The amendment would delay implementation so that new HMOs would have some time to get established. People should be given the choice to see their own physician, if they're willing to pay for this benefit. **SENATOR BURNETT** will carry the bill.

HEARING ON HB 351

Sponsor: REP. SYLVIA BOOKOUT, HD 71, Alberton

Proponents: Melissa Tuemmler, Board of Sanitarians
Gordon Morris, MT Assn. of Counties
Charles Brooks, Yellowstone County

Opponents: None

Opening Statement by Sponsor:

REP. SYLVIA BOOKOUT, HD 71, Alberton, said HB 351 is for a name change for sanitarians. She read the 1947 list of qualifications and duties of a sanitarian, then referred to page 2 of HB 351, listing the current duties. Their role has changed over the years, and the title "sanitarian" is frequently confused with sanitation worker or garbage collector, which has been a great irritation to the registered sanitarians.

Proponents' Testimony:

Melissa Tuemmler, Chairman, Board of Sanitarians, said when the name is changed, it will be the Board of Environmental Specialists. A survey showed 72% of the sanitarians who responded, favored the name change. She said the title "Environmental Health Specialist" far better describes the profession than does sanitarian, because it is an out-dated term. The public doesn't understand what they do and don't know there is an environmental health person in the county who deals with environmental issues.

Gordon Morris, Director, Montana Association of Counties, said they support HB 351. The title change for sanitarians is justified and the new title gives them some pride and prestige the old title did not offer.

Charles Brooks, representing Yellowstone Board of County Commissioners and their sanitarian, referred to page 2, and read what an Environmental Health Specialist is (lines 16-18). He urged passage of this bill because it is necessary.

Opponents' Testimony: None

Questions From Committee Members and Responses:

SENATOR CHRIS CHRISTIAENS asked, looking at section 7, page 4, examination and certification, if there will be changes in the type of education required.

REP. BOOKOUT said no. Since 1974, the statutes have grown to what they are today, and there will be no changes in statutes or law. This is just a name change.

Closing by Sponsor:

REP. SYLVIA BOOKOUT, HD 71, Alberton, read the old law from 1947, then said things have changed since that time.

{Tape: 1; Side: B; Approx. Time Count: 3:55 PM}

EXECUTIVE ACTION ON HB 351

Motion/Vote: SENATOR SHARON ESTRADA moved HB 351 BE CONCURRED IN. The motion CARRIED UNANIMOUSLY.

CHAIRMAN BENEDICT resumed the Chair.

EXECUTIVE ACTION ON HB 302

Amendments: SENATOR CHRISTIAENS said he has amendments. (EXHIBIT 6)

CHAIRMAN BENEDICT asked if the sponsor had concurred with them.

SENATOR CHRISTIAENS said yes.

Motion: SENATOR CHRISTIAENS moved HB 302 BE CONCURRED IN.

Discussion: CHAIRMAN BENEDICT said if this bill is passed, the title needs to be amended because Sheri Heffelfinger said there is nothing in the title about immunity for persons providing information. It will be a conceptual amendment.

Motion: SENATOR CHRISTIAENS moved the AMENDMENTS TO HB 302 DO PASS.

Discussion: SENATOR CHRISTIAENS explained the amendment. It inserts "or by mental illness or chronic physical illness." He raised that question to the proponents of the bill, suggesting this language be added back into the bill.

SENATOR DOROTHY ECK said it is not just Alzheimers, but she wouldn't want someone who is manic depressive to be working on her.

Vote: The DO PASS motion for the AMENDMENTS to HB 302 CARRIED UNANIMOUSLY.

Motion/Vote: SENATOR SHARON ESTRADA moved the CONCEPTUAL AMENDMENT to the title of HB 302. The motion CARRIED UNANIMOUSLY.

Motion/Vote: SENATOR ESTRADA moved HB 302 BE CONCURRED IN AS AMENDED. The motion CARRIED UNANIMOUSLY, with SENATORS THOMAS and BAER voting YES by proxy. SENATOR ESTRADA will carry the bill.

EXECUTIVE ACTION ON HB 297

Motion: SENATOR CHRISTIAENS moved HB 297 BE CONCURRED IN.

Discussion: SENATOR CHRISTIAENS said his problem with this bill is the addition of different specialties will weaken the entire system, and he doesn't think this is needed.

Motion/Vote: SENATOR ESTRADA made a substitute motion to TABLE HB 297. The motion CARRIED UNANIMOUSLY.

EXECUTIVE ACTION ON HB 256

Motion/Vote: SENATOR FRED THOMAS moved HB 256 BE CONCURRED IN. The motion CARRIED UNANIMOUSLY with SENATOR BAER voting YES by proxy. SENATOR THOMAS will carry the bill.

EXECUTIVE ACTION ON HB 46

Motion: SENATOR CHRISTIAENS moved HB 46 BE CONCURRED IN.

Discussion: SENATOR ECK asked why this bill is needed, and said she doesn't think it is needed, at least not yet.

SENATOR CHRISTIAENS said he doesn't have a problem with it because it only requires the benefit be offered, but purchasers don't have to buy it. If it gives options to the employer or consumer, what does it hurt? Blue Cross and Blue Shield was honest in saying, if you want to buy this benefit, you will pay more.

SENATOR ESTRADA asked SENATOR BOB DePRATU if he would offer this benefit to his employees.

SENATOR DePRATU said his business provides major medical insurance through the Montana Auto Dealers Association, and he would have a meeting with the employees and ask them if they wanted this option. If they did, they would have to bear the cost of it.

SENATOR EVE FRANKLIN said, with the amendment, it is not as much of a concern as without it, and is inclined to support it.

CHAIRMAN BENEDICT said it has been brought to his attention that this bill has been codified in the wrong section of the law so will need to be fixed.

SENATOR CHRISTIAENS asked if that could be done with an amendment.

CHAIRMAN BENEDICT said he didn't know where it is, but **Susan Fox** had mentioned it to him. If the committee decides to pass the bill, that problem will need to be dealt with.

Motion/Vote: **SENATOR THOMAS** made a conceptual motion to fix HB 46 and codify it in the correct section of the law. The motion CARRIED UNANIMOUSLY.

Motion/Vote: **SENATOR THOMAS** moved HB 46 BE CONCURRED IN AS AMENDED. The motion CARRIED with **SENATOR ECK** voting NO.

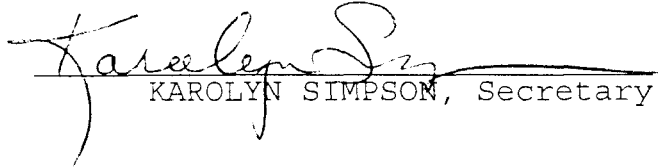
Note: the amendment was not included because the conceptual amendment was in error. The bill was codified in the correct section.

ADJOURNMENT

Adjournment: 4:30 PM



SEN. STEVE BENEDICT, Chairman



KAROLYN SIMPSON, Secretary

SB/ks