

1 *House* BILL NO. *132*
 2 INTRODUCED BY *Holmes Snowe Klee Tracy*
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4 A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTION
 5 71-210, R.C.M. 1947, TO REQUIRE TIMELY PAYMENT TO CERTAIN
 6 RECIPIENTS OF GRANTS AND OTHER MONIES FROM THE DEPARTMENT OF
 7 SOCIAL AND REHABILITATION SERVICES."
 8

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10 Section 1. Section 71-210, R.C.M. 1947, is amended to
 11 read as follows:

12 "71-210. Authority and activities of the state
 13 department. (1) The state department has authority over and
 14 administration or supervision of all the purposes and
 15 operations as set forth under Title 71. The state
 16 department shall:

17 (a) Administer or supervise all forms of public
 18 assistance, child protection and child welfare, including
 19 the provision of medical care payments in behalf of
 20 recipients of public assistance;

21 (b) Administer or supervise all child welfare
 22 activities, including importation and exportation of
 23 children; licensing and supervising of private and local
 24 child-caring agencies; the care of dependent, neglected and
 25 delinquent children in foster family homes, especially

1 children placed for adoption or those of illegitimate birth;

2 (c) Give consultant service to private institutions
 3 providing care for the needy, indigent, handicapped or
 4 dependent adults;

5 (d) Develop and cooperate with other state agencies
 6 provisions for services to the blind, including the
 7 prevention of blindness, the location of blind persons,
 8 medical services for eye conditions and vocational guidance
 9 and training of the blind;

10 (e) Provide services in respect to organization and
 11 supervise county departments of public welfare and county
 12 boards of public welfare in the administration of public
 13 welfare functions, and for efficiency and economy;

14 (f) Assist and cooperate with other state and federal
 15 departments, bureaus, agencies and institutions, when so
 16 requested, by performing services in conformity with the
 17 purposes of this act.

18 (g) Administer and supervise all federal funds
 19 allocated to this state and all state funds appropriated to
 20 this state department for the activities set forth in Title
 21 71. The state department shall do all things necessary, in
 22 conformity with federal and state law, for the proper
 23 fulfillment of the purposes set forth in Title 71; and

24 (h) Develop internal procedures and policies to assure
 25 that recipients of grants or payments relating to boarding

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1 homes, foster homes, day-care, public assistance, medicaid
2 and supplementary income, as these terms are described in
3 this title and Title 10, R.C.M. 1947, receive the respective
4 monies no later than the tenth day of the month in which
5 they are entitled to these grants or payments. If the grant
6 or payment does not arrive as prescribed, the intended
7 recipient shall notify the state department by the twentieth
8 day of that month. The state department shall include in
9 the next payment to that grantee, in addition to the proper
10 payment, an amount equal to the legal interest rate on the
11 delinquent payment accumulated on a daily basis, for the
12 period the payment is late. The state department shall
13 promulgate rules establishing an expeditious method of
14 validating claims under this section.

15 (2) The state department may:

16 (a) Purchase, exchange, condemn, or receive by gift,
17 either real or personal property which is necessary to carry
18 out its functions under Title 71. Title to property obtained
19 under this subsection shall be taken in the name of the
20 state of Montana, for the use and benefit of the state
21 department.

22 (b) Contract with the federal government to carry out
23 its functions under Title 71. The state department may do
24 all things necessary in order to avail itself of federal aid
25 and assistance."

STATE OF MONTANA

REQUEST NO. 214-75

FISCAL NOTE

Form BD-15

In compliance with a written request received February 11, 19 75, there is hereby submitted a Fiscal Note for House Bill 132 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

House Bill 132 requires timely payment to certain recipients of grants and other monies from the Department of Social and Rehabilitation Services.

ASSUMPTIONS:

1. Medicaid payments are the primary category of payments which might incur interest.
2. The bill provides payment to recipients no later than the tenth day of the month in which they are entitled to payment. It is assumed that one month would be allowed for the determination of third party liability before the recipient is entitled to payment. Thus, outstanding claims over four weeks old would be entitled to interest.
3. Seventy-five percent of the average outstanding claims over one month old would be submitted for interest charges.
4. Interest charges would be paid by state funds only. Federal financial participation is not available for this type of expenditure.
5. Administrative costs of implementing a system to determine interest are approximately \$5,000 which would be a one time expenditure.
6. The "legal interest rate" is assumed to be one percent per month.

FISCAL IMPACT:

	FY 76	FY 77
Expenditure for interest under proposed law	\$ 158,206	\$ 158,206
Increased administrative costs	<u>5,000</u>	<u>0</u>
Total increased expenditures	<u>\$ 163,206</u>	<u>\$ 158,206</u>

CONCLUSION:

Enactment of House Bill 132 would result in an increase in General Fund expenditure of \$321,412 in the 1975-77 biennium.

TECHNICAL NOTE:

The amendments call for payment of an amount equal to the legal interest rate on the delinquent payment. There is a legal ceiling on the amount of interest which can be charged but there is no legal interest rate as such.

Michael Phillip

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: February 17, 1975