

1 H BILL NO. 170  
 2 INTRODUCED BY Menahan Brand Dulcis MULAR  
 3 Keljian Lynch Harungler

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE THE LAW  
 5 RELATING TO THE EMPLOYER'S CONTRIBUTION TO GROUP INSURANCE  
 6 PREMIUMS FOR CERTAIN PUBLIC OFFICERS AND EMPLOYEES; AMENDING  
 7 SECTION 11-1024, R.C.M. 1947."  
 8

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
 10 Section 1. Section 11-1024, R.C.M. 1947, is amended to  
 11 read as follows:

12 "11-1024. Group insurance for ~~all~~ departments  
 13 bureaus, boards, commissions, and agencies of the state of  
 14 Montana, county, city, and town officers, and employees, ~~and~~  
 15 authority, ~~and~~ approval, of employees, ~~and~~ limit on  
 16 contributions public officers and employees. (1) ~~All~~  
 17 departments, bureaus, boards, commissions, and agencies of  
 18 the state of Montana, and all counties, cities, and towns  
 19 shall upon approval by two-thirds (2/3) vote of the officers  
 20 and employees of each such department, bureau, board,  
 21 commission, agency, county, city, and town, enter into group  
 22 hospitalization, medical, health, including long-term  
 23 disability, accident, and/or group life insurance contracts  
 24 or plans for the benefit of their officers, employees, and  
 25 their dependents, and the respective administrative and

1 governing bodies shall pay for such insurance ten dollars  
 2 (\$10) per month for each officer, employee, and legislator,  
 3 and provided that for all employees as defined in subsection  
 4 (2) of this section and for members of the legislature, such  
 5 payment for insurance may be an amount equal to twelve (12)  
 6 times the monthly rate, but may not exceed one hundred  
 7 twenty dollars (\$120) per year. However, for employees of  
 8 elementary and high school districts, and of local  
 9 government units, the employer's premium contributions may  
 10 exceed but shall not be less than the amount specified in  
 11 this section. Upon approval by two-thirds vote of the  
 12 officers and employees of a local government or a school  
 13 district or a department, bureau, commission, or agency of  
 14 state government, the appropriate governing body shall enter  
 15 into group hospitalization, medical, health, including  
 16 long-term disability, accident, and/or group life insurance  
 17 plans for the benefit of their officers and employees, and  
 18 their dependents.

19 (2) Legislators who wish to participate in the state's  
 20 group insurance plan must so notify the department of  
 21 administration.

22 (3) The governing body's premium contribution for  
 23 insurance may exceed but may not be less than \$40 a month  
 24 for each officer, employee, and legislator. If the monthly  
 25 insurance premium for an officer or an employee or a

*H.B. 170*

1 ~~legislator is less than \$40, the governing body's~~  
2 ~~contribution shall be equal to the amount of the insurance~~  
3 ~~premium.~~

4 ~~(4) The governing body's contribution to the insurance~~  
5 ~~premium of employees who are organized for the purpose of~~  
6 ~~collective bargaining shall be determined by negotiations.~~

7 ~~(5) The state shall contribute to the insurance~~  
8 ~~premium of a legislator and of an employee defined in~~  
9 ~~subsection (6) of this section each month of a 12-month term~~  
10 ~~regardless of whether the legislator or employee is on an~~  
11 ~~active payroll status.~~

12 ~~(2)(6)~~ In this section, as it applies to a person  
13 employed in the executive or legislative branches of state  
14 government, "employee" means:

15 (a) a permanent full-time employee as defined in  
16 section 59-1007.1;

17 (b) a part-time employee as defined in section  
18 59-1007.1 who is scheduled to work at least ~~twenty--(20)~~  
19 hours per week;

20 (c) a person employed in a seasonal position as  
21 defined in section 59-1007.1 who is employed on a regular  
22 basis at least ~~eight-(8)~~ months of the fiscal year."

-End-

## STATE OF MONTANA

REQUEST NO. 79-77

## FISCAL NOTE

Form BD-15

In compliance with a written request received January 14, 19 77, there is hereby submitted a Fiscal Note for House Bill 170 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:

Revising the employer's contribution to group insurance for certain public officers and employees from the current \$10 per month to not less than \$40 per month, and adding certain categories of employees not currently covered.

## ASSUMPTIONS:

1. Current law estimates for FY 78 based on 9,169 contracts presently included in state-wide plan, 3,200 contracts included in the University System plan, and 30 contracts in the Department of Military Affairs plan.
2. Under proposed law, contract estimate is based on employee coverage only--not family coverage for FY 78 and FY 79, using the current Employee Only High Option A rate of \$32.62 per month.
3. All state employees would contract with the state group.
4. Inflation rates of 12% per year were applied to the above rate structure resulting in monthly costs of \$36.53 and \$40.91 for FY 78 and FY 79, respectively.
5. Under proposed law the number of contracts is expected to increase to approximately 16,378. This includes the 16,735\* employees currently eligible for the state-wide plan plus 150 legislators. Total eligibility of 16,885 has been reduced 3% assuming only 97% of those eligible will contract under the State Plan.
6. No cost catch-up is assumed for Fiscal Year 1977 costs which are predicted to close between 99% to 101% of premiums paid.
7. Assumed no employer contribution would be authorized over \$40 per month under proposed law.
8. Under current law, assumed 24% inflation rate over biennium would hold contracts in state-wide group to approximately 9,200; contracts in University System and Military Affairs groups would remain unchanged.
9. Assumed no increase in number of contracts from FY 78 to FY 79 under proposed law.

\*This includes all part-time and seasonal employees of all branches of state government including the University System, Department of Military Affairs and all District Court Judges.

## FISCAL IMPACT:

	<u>FY 78</u>	<u>FY 79</u>	<u>TOTAL</u>
Cost under proposed law	\$7,179,456	\$7,861,440	\$15,040,896
Cost under current law	<u>1,487,880</u>	<u>1,491,600</u>	<u>2,979,480</u>
Increased cost of legislation	<u>\$5,691,576</u>	<u>\$6,369,840</u>	<u>\$12,061,416</u>

Approximately 46% of the above increased cost would be paid from the General Fund.

## LOCAL IMPACT:

Unable to estimate in the time frame allowed. Costs would increase substantially.

## TECHNICAL NOTE:

Authorization to collectively bargain group insurance should be noted in Section 59-1502, R.C.M. 1947, for consistency.

*Richard L. Young*  
BUDGET DIRECTOR  
Office of Budget and Program Planning  
Date: 1-19-77