

1 H BILL NO. 346
 2 INTRODUCED BY Eggen (for Dept of Administration)
 3

4 A BILL FOR AN ACT ENTITLED: "AN ACT PERTAINING TO PUBLIC
 5 EMPLOYEE GROUP INSURANCE CONTRACTS, TO CLARIFY JUDICIAL
 6 BRANCH PARTICIPATION; AND TO PERMIT COLLECTIVE BARGAINING OF
 7 THE TERMS AND CONDITIONS OF GROUP INSURANCE; AMENDING
 8 SECTIONS 11-1024, 59-1502, AND 59-1504, R.C.M. 1947."
 9

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

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

1 administrative and governing bodies shall pay for such
 2 insurance ten dollars (\$10) per month for each officer,
 3 employee, and legislator, and provided that for all
 4 employees as defined in subsection (2) of this section and
 5 for members of the legislature, such payment for insurance
 6 may be an amount equal to twelve (12) times the monthly
 7 rate, but may not exceed one hundred twenty dollars (\$120)
 8 per year. However, for employees of elementary and high
 9 school districts and of local government units and
 10 employees represented by certified exclusive representatives
 11 for the purpose of collective bargaining, the employer's
 12 premium contributions may exceed but shall not be less than
 13 the amount specified in this section.

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

- 17 (a) a permanent full-time employee as defined in
- 18 section 59-1007.1;
- 19 (b) a part-time employee as defined in section
- 20 59-1007.1 who is scheduled to work at least twenty (20)
- 21 hours per week;
- 22 (c) a person employed in a seasonal position as
- 23 defined in section 59-1007.1 who is employed on a regular
- 24 basis at least eight (8) months of the fiscal year."

25 Section 2. Section 59-1502, R.C.M. 1947, is amended to

1 read as follows:

2 "59-1502. Negotiation and contracting ~~by department of~~
3 ~~administration of group insurance plans.~~ (1) The department
4 of administration shall negotiate and contract for all
5 contracts of group insurance and health service corporation
6 plans issued to all officers and employees of all
7 departments of the executive, judicial, and legislative
8 branches of the government of the state of Montana.

9 ~~(2) However, the exclusive representative of a~~
10 ~~bargaining unit organized for the purpose of collective~~
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15 ~~the public employer and by the exclusive representative, the~~
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19 Section 3. Section 59-1504, R.C.M. 1947, is amended to
20 read as follows:

21 "59-1504. Combining existing employee groups. The
22 department may combine existing employee groups in one or
23 more departments of the executive branch of the government
24 of the state of Montana into a single group and contract on
25 behalf of the combined group. The department may also

1 combine all employees of the executive, judicial, and
2 legislative branches of the government of the state of
3 Montana into one group."

-End-

STATE OF MONTANA

REQUEST NO. 196-77

FISCAL NOTE

Form BD-15

In compliance with a written request received January 25, 19 77, there is hereby submitted a Fiscal Note for House Bill 346 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:

An act pertaining to public employee group insurance contracts, to clarify judicial branch participation; and to permit collective bargaining of the terms and conditions of group insurance.

ASSUMPTION:

House Bill 346 has two effects - - employees represented by a collective bargaining unit (1) could negotiate a different insurance carrier, and (2) could negotiate an increase in the employer contribution to their insurance.

FISCAL IMPACT:

If a different carrier were negotiated:

- a. Some adjustment would be required to the Central Payroll system with an estimated cost of \$2,000 - \$4,000. This would be a one-time adjustment to the system.
- b. There might be an increased cost to insure employees in the State Plan if the number of employees presently in the State Insurance Plan decreased significantly.

If an increase in employer contribution were negotiated and the contract approved by the Legislature, the fiscal impact would be

- a. Assuming all employees (approximately 7,000) presently represented negotiated:
 1. a \$10 a month increase (\$120 a year) in employer contribution, the additional cost would be \$840,000 per year.
 2. a \$20 a month increase (\$240 a year) in employer contribution, the additional cost would be \$1,680,000 per year.
- b. Assuming half of the 7,000 employees (3,500) represented negotiated:
 1. a \$10 a month (\$120 a year) increase in employer contribution, the additional cost would be \$420,000 per year.
 2. a \$20 a month (\$240 a year) increase in employer contribution, the additional cost would be \$840,000 per year.
- c. Assuming that 20 percent of the employees presently in bargaining units (1,400) negotiated:
 1. a \$10 a month (\$120 a year) in employer contribution, the increased cost would be \$168,000 per year.
 2. a \$20 a month (\$240 a year) in employer contribution, the increased cost would be \$336,000 per year.

The projected fiscal impact would depend on the assumption selected.

CONCLUSION:

House Bill 346 has no direct fiscal impact. However, the bill establishes the possibility of fiscal impacts mentioned above.

Richard L. Drayton
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-1-77

Approved by
Select Comm. on Employee Comp.

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