

HOUSE BILL NO. 33

INTRODUCED BY COBB  
BY REQUEST OF THE DEPARTMENT OF  
SOCIAL AND REHABILITATION SERVICES

IN THE HOUSE

NOVEMBER 30, 1993                   INTRODUCED AND REFERRED TO COMMITTEE  
ON APPROPRIATIONS.

                                     FIRST READING.

DECEMBER 3, 1993                   COMMITTEE RECOMMEND BILL  
DO PASS AS AMENDED. REPORT ADOPTED.

                                     PRINTING REPORT.

DECEMBER 7, 1993                   SECOND READING, DO PASS AS AMENDED.

                                     ENGROSSING REPORT.

DECEMBER 8, 1993                   THIRD READING, PASSED.  
AYES, 92; NOES, 6.

                                     TRANSMITTED TO SENATE.

IN THE SENATE

DECEMBER 9, 1993                   INTRODUCED AND REFERRED TO COMMITTEE  
ON FINANCE & CLAIMS.

                                     FIRST READING.

DECEMBER 15, 1993                   COMMITTEE RECOMMEND BILL BE  
CONCURRED IN AS AMENDED. REPORT  
ADOPTED.

DECEMBER 16, 1993                   SECOND READING, CONCURRED IN  
AS AMENDED.

                                     THIRD READING, CONCURRED IN.  
AYES, 49; NOES, 0.

                                     RETURNED TO HOUSE WITH AMENDMENTS.

IN THE HOUSE

DECEMBER 17, 1993                   RECEIVED FROM SENATE.

SECOND READING, AMENDMENTS  
CONCURRED IN.

THIRD READING, AMENDMENTS  
CONCURRED IN.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 through 53-6-115 53-6-116."

2 **Section 2.** Section 53-6-116, MCA, is amended to read:

3 \*53-6-116. **Medicaid managed care** ~~--~~ capitated health

4 care. (1) The department of social and rehabilitation

5 services, in its discretion, may develop managed-care and

6 capitated health care systems for medicaid recipients.

7 (2) The department may contract with one or more

8 providers for the management and delivery of health services

9 for medicaid recipients. The department may contract for the

10 provision of these services by means of a fixed monetary or

11 capitated amount per recipient.

12 (3) A managed-care system is a program organized to

13 serve the medical needs of medicaid recipients in an

14 efficient and cost-effective manner by managing the receipt

15 of medical services for a geographical or otherwise defined

16 population of recipients through appropriate health care

17 professionals.

18 (4) The provision of medicaid services through

19 managed-care and capitated health care systems is not

20 subject to the limitations provided in 53-6-101, 53-6-102,

21 and 53-6-104."

22 NEW SECTION. **Section 3.** Repealer. Section 53-6-103,

23 MCA, is repealed.

24 NEW SECTION. **Section 4.** Effective date. [This act] is

25 effective January 1, 1994.

HB 33  
INTRODUCED BILL

## STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0033, as introduced.

**DESCRIPTION OF PROPOSED LEGISLATION:** This act revises Medicaid managed care and permits the Department of Social and Rehabilitation Services (SRS) to implement a capitated health care system for Medicaid recipients.

**ASSUMPTIONS:**

1. Two managed care options will be pursued: Enrolling HMOs to provide services to the Medicaid population and developing a capitated payment system for mental health services.
2. SRS will contract with an actuarial firm to develop capitated rates for HMO and mental health services, develop a request for proposals to solicit managed care providers, develop the federal waiver for the capitated systems, and provide enrollment and outreach services to Medicaid clients to enable them to make informed choices about HMO providers.
3. The contract will cost \$250,000 general fund and \$250,000 federal funds in FY94 and \$25,000 general fund and \$25,000 federal funds in FY95.
4. The contract will save 5% of mental health costs based on experience in other states (see long-range effects of proposed legislation). These savings will not be realized until FY96.
5. SRS will need .50 FTE in FY94 and 2.00 FTE in FY95 to manage the HMO program.
6. SRS will need 1.00 FTE in FY95 to manage the capitated mental health program.
7. Federal funding match rates will be 50% for the actuarial contract and staff.
8. Changes to the Medicaid billing system (MMIS) will cost \$150,000 total in FY95. The funding for this expense will be 90% federal funds and 10% general fund.

**FISCAL IMPACT:**

	FY '94			FY '95		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
FTE	58.50	59.00	.50	58.50	61.50	3.00
Personal Services	\$1,842,758	\$1,862,034	\$ 19,276	\$1,823,481	\$1,927,141	\$103,660
Actuarial Contract	0	500,000	500,000	0	50,000	50,000
MMIS Revisions	0	0	0	0	150,000	150,000
Total Expenditures	\$1,842,758	\$2,362,034	\$519,276	\$1,823,481	\$2,127,141	\$303,660
General Fund	\$ 806,963	\$1,066,601	\$259,638	\$ 806,963	\$ 898,793	\$ 91,830
State Special	8,335	8,335	0	8,335	8,335	0
Federal Fund	1,027,460	1,287,098	259,638	1,008,183	1,220,013	211,830
Total Funding	\$1,842,758	\$2,362,034	\$519,276	\$1,823,481	\$2,127,141	\$303,660
General Fund Cost			\$259,638			\$91,830

(over)

*David Lewis* 12-3  
 DAVID LEWIS, BUDGET DIRECTOR DATE  
 Office of Budget and Program Planning

*John Cobb* 12-4-93  
 JOHN COBB, PRIMARY SPONSOR DATE  
 Fiscal Note for HB0033, as introduced

HB 33

Fiscal Note Request, HB0033, as introduced  
Form BD-15 page 2  
(continued)

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

Anticipated savings total \$4.379 million (\$1.3 million is general fund) in FY96 and \$4.998 million (\$1.489 million is general fund) in FY97.

APPROVED BY COMMITTEE  
ON APPROPRIATIONS

HOUSE BILL NO. 33

INTRODUCED BY COBB

BY REQUEST OF THE DEPARTMENT OF

SOCIAL AND REHABILITATION SERVICES

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE LAWS  
RELATING TO THE MONTANA MEDICAID PROGRAM; REVISING MEDICAID  
MANAGED CARE; PERMITTING A CAPITATED HEALTH CARE SYSTEM;  
CREATING AN ADVISORY GROUP; AMENDING SECTIONS 53-6-104 AND  
53-6-116, MCA; REPEALING SECTION 53-6-103, MCA; AND  
PROVIDING AN EFFECTIVE DATE AND A TERMINATION DATE FOR THE  
ADVISORY GROUP."

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

**Section 1.** Section 53-6-104, MCA, is amended to read:

"53-6-104. Freedom of doctors to treat recipients of  
medical assistance -- freedom to select doctor. (1) The  
department of social and rehabilitation services shall  
provide for professional freedom of those licensed  
practitioners who provide medical assistance under this part  
and provide reasonable freedom of choice to recipients of  
medical aid to select the vendor or provider of medical  
care, services, or prescribed drugs.

(2) Nothing in this section may be construed to  
prohibit the department from imposing conditions on the

payment of provider services and the receipt of medical  
assistance, as provided for under 53-6-111 and 53-6-113  
through 53-6-~~115~~ 53-6-116."

**Section 2.** Section 53-6-116, MCA, is amended to read:

"53-6-116. Medicaid managed care -- capitated health  
care. (1) The department of social and rehabilitation  
services, in its discretion, may develop managed-care and  
capitated health care systems for medicaid recipients.

(2) The department may contract with one or more  
providers for the management and delivery of health services  
for medicaid recipients. The department may contract for the  
provision of these services by means of a fixed monetary or  
capitated amount per recipient.

(3) A managed-care system is a program organized to  
serve the medical needs of medicaid recipients in an  
efficient and cost-effective manner by managing the receipt  
of medical services for a geographical or otherwise defined  
population of recipients through appropriate health care  
professionals.

~~(3)~~(4) The provision of medicaid services through  
managed-care and capitated health care systems is not  
subject to the limitations provided in 53-6-101~~7~~-53-6-~~103~~~~7~~,  
and 53-6-104."

**NEW SECTION. SECTION 3.** ADVISORY GROUP. THE DEPARTMENT  
OF SOCIAL AND REHABILITATION SERVICES SHALL DEVELOP THE

1 MENTAL HEALTH MANAGED CARE PLAN IN CONSULTATION WITH AN  
2 ADVISORY GROUP. THE ADVISORY GROUP SHALL CONSIST OF  
3 REPRESENTATIVES FROM MENTAL HEALTH SERVICES CLIENTS AND  
4 THEIR FAMILY MEMBERS, COMMUNITY MENTAL HEALTH CENTERS,  
5 PRIVATE MENTAL HEALTH SERVICES PROVIDERS, THE DEPARTMENT OF  
6 SOCIAL AND REHABILITATION SERVICES, THE DEPARTMENT OF  
7 CORRECTIONS AND HUMAN SERVICES, THE STATE HOSPITAL, MONTANA  
8 HOSPITALS, AND OTHER APPROPRIATE GROUPS.

9 NEW SECTION. Section 4. Repealer. Section 53-6-103,  
10 MCA, is repealed.

11 NEW SECTION. Section 5. Effective date. [This act] is  
12 effective January 1, 1994.

13 NEW SECTION. SECTION 6. TERMINATION. [SECTION 3]  
14 TERMINATES JUNE 30, 1995.

-End-

HOUSE BILL NO. 33  
INTRODUCED BY COBB  
BY REQUEST OF THE DEPARTMENT OF  
SOCIAL AND REHABILITATION SERVICES

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE LAWS  
RELATING TO THE MONTANA MEDICAID PROGRAM; REVISING MEDICAID  
MANAGED CARE; PERMITTING A CAPITATED HEALTH CARE SYSTEM;  
CREATING AN ADVISORY GROUP GROUPS; PLACING RESTRICTIONS ON  
CONTRACTS; AMENDING SECTIONS 53-6-104 AND 53-6-116, MCA;  
REPEALING SECTION 53-6-103, MCA; AND PROVIDING AN EFFECTIVE  
DATE AND A TERMINATION DATE FOR THE ADVISORY GROUP."

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

**Section 1.** Section 53-6-104, MCA, is amended to read:

"53-6-104. Freedom of doctors to treat recipients of  
medical assistance -- freedom to select doctor. (1) The  
department of social and rehabilitation services shall  
provide for professional freedom of those licensed  
practitioners who provide medical assistance under this part  
and provide reasonable freedom of choice to recipients of  
medical aid to select the vendor or provider of medical  
care, services, or prescribed drugs.

(2) Nothing in this section may be construed to  
prohibit the department from imposing conditions on the

payment of provider services and the receipt of medical  
assistance, as provided for under 53-6-111 and 53-6-113  
through 53-6-115 53-6-116."

**Section 2.** Section 53-6-116, MCA, is amended to read:

"53-6-116. Medicaid managed care -- capitated health  
care. (1) The department of social and rehabilitation  
services, in its discretion, may develop managed-care and  
capitated health care systems for medicaid recipients.

(2) The department may contract with one or more  
providers for the management and delivery of health services  
for medicaid recipients. The department may contract for the  
provision of these services by means of a fixed monetary or  
capitated amount per recipient.

(3) A managed-care system is a program organized to  
serve the medical needs of medicaid recipients in an  
efficient and cost-effective manner by managing the receipt  
of medical services for a geographical or otherwise defined  
population of recipients through appropriate health care  
professionals.

~~(3)~~(4) The provision of medicaid services through  
managed-care and capitated health care systems is not  
subject to the limitations provided in 53-6-1017-53-6-1037  
and 53-6-104."

**NEW SECTION. SECTION 3.** ~~ADVISORY~~ MENTAL HEALTH  
ADVISORY GROUP, THE DEPARTMENT OF SOCIAL AND REHABILITATION



SERVICES SHALL DEVELOP THE MENTAL HEALTH MANAGED CARE PLAN  
IN CONSULTATION WITH AN ADVISORY GROUP. THE ADVISORY GROUP  
SHALL CONSIST OF REPRESENTATIVES FROM MENTAL HEALTH SERVICES  
CLIENTS AND THEIR FAMILY MEMBERS, COMMUNITY MENTAL HEALTH  
CENTERS, PRIVATE MENTAL HEALTH SERVICES PROVIDERS, THE  
DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES, THE  
DEPARTMENT OF CORRECTIONS AND HUMAN SERVICES, THE STATE  
HOSPITAL, MONTANA HOSPITALS, AND OTHER APPROPRIATE GROUPS.

NEW SECTION. **SECTION 4.** PHYSICAL PROVIDER ADVISORY  
GROUP. THE DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES  
SHALL DEVELOP THE PHYSICAL CARE MANAGED CARE PLAN IN  
CONSULTATION WITH AN ADVISORY GROUP. THE ADVISORY GROUP MUST  
CONSIST OF REPRESENTATIVES FROM HEALTH SERVICES CLIENTS AND  
THEIR FAMILY MEMBERS, PRIVATE PHYSICAL CARE PROVIDERS, THE  
DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES, THE  
DEPARTMENT OF CORRECTIONS AND HUMAN SERVICES, MONTANA  
HOSPITALS, AND OTHER APPROPRIATE GROUPS.

NEW SECTION. **SECTION 5.** CONTRACT RESTRICTION. A  
CONTRACT AUTHORIZED PURSUANT TO 53-6-116 MAY NOT BE ENTERED  
INTO PRIOR TO APRIL 30, 1995.

NEW SECTION. **Section 6.** Repealer. Section 53-6-103,  
MCA, is repealed.

NEW SECTION. **Section 7.** Effective date. [This act] is  
effective January 1, 1994.

NEW SECTION. **SECTION 8.** TERMINATION. ~~SECTION SECTIONS~~

1 3 AND 4] ~~TERMINATES~~ TERMINATE JUNE 30, 1995.

-End-

SENATE STANDING COMMITTEE REPORT

Page 1 of 1  
December 14, 1993

MR. PRESIDENT:

We, your committee on Finance and Claims having had under consideration House Bill No. 33 (third reading copy -- blue), respectfully report that House Bill No. 33 be amended as follows and as so amended be concurred in.

Signed: Judy H. Jacobson  
Senator Judy H. Jacobson, Chair

That such amendments read:

1. Title, lines 9 and 10.

Following: "GROUPS;"

Strike: "PLACING" on line 9 through "CONTRACTS;" on line 10

2. Page 2, line 10.

Following: line 9

Strike: "providers"

Insert: "persons"

Following: "management"

Strike: "and delivery"

Following: "of"

Insert: "comprehensive physical health services and the  
management of comprehensive mental"

3. Page 3, line 5.

Following: "PROVIDERS,"

Insert: "the Montana legislature,"

4. Page 3, line 14.

Following: "PROVIDERS,"

Insert: "the Montana legislature,"

5. Page 3, lines 18 through 20.

Strike: Section 5 in its entirety

Renumber: Subsequent sections.

-END-

M- Amd. Coord.  
33 Sec. of Senate

Keating  
Senator Carrying Bill

HB33  
SENATE

SENATE COMMITTEE OF THE WHOLE AMENDMENT

December 15, 1993 3:15 pm

Mr. Chairman: I move to amend House Bill No. 33 (third reading copy -- blue).

ADOPT

REJECT

Signed:

*Eve Franklin*

Senator Eve Franklin

That such amendments read:

1. Title, line 10.

Following: "~~CONTRACTS~~."

Insert: "REQUIRING SYSTEMS PROPOSALS TO BE SUBMITTED TO THE  
LEGISLATIVE FINANCE COMMITTEE;"

2. Page 2, line 24.

Following: line 23

Insert: "(5) The proposed systems, referred to in subsection  
(1), must be submitted to the legislative finance committee.  
The legislative finance committee shall review the proposed  
systems at its next regularly scheduled meeting and shall  
provide any comments concerning the proposed systems to the  
department of social and rehabilitation services."

-END-

HB 33

SENATE

HOUSE BILL NO. 33

INTRODUCED BY COBB

BY REQUEST OF THE DEPARTMENT OF  
SOCIAL AND REHABILITATION SERVICES

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE LAWS  
RELATING TO THE MONTANA MEDICAID PROGRAM; REVISING MEDICAID  
MANAGED CARE; PERMITTING A CAPITATED HEALTH CARE SYSTEM;  
CREATING AN ADVISORY GROUP GROUPS; PLACING RESTRICTIONS ON  
CONTRACTS; REQUIRING SYSTEMS PROPOSALS TO BE SUBMITTED TO  
THE LEGISLATIVE FINANCE COMMITTEE; AMENDING SECTIONS  
53-6-104 AND 53-6-116, MCA; REPEALING SECTION 53-6-103, MCA;  
AND PROVIDING AN EFFECTIVE DATE AND A TERMINATION DATE FOR  
THE ADVISORY GROUP."

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

**Section 1.** Section 53-6-104, MCA, is amended to read:

"53-6-104. Freedom of doctors to treat recipients of  
medical assistance -- freedom to select doctor. (1) The  
department of social and rehabilitation services shall  
provide for professional freedom of those licensed  
practitioners who provide medical assistance under this part  
and provide reasonable freedom of choice to recipients of  
medical aid to select the vendor or provider of medical  
care, services, or prescribed drugs.

(2) Nothing in this section may be construed to  
prohibit the department from imposing conditions on the  
payment of provider services and the receipt of medical  
assistance, as provided for under 53-6-111 and 53-6-113  
through 53-6-115 53-6-116."

**Section 2.** Section 53-6-116, MCA, is amended to read:

"53-6-116. Medicaid managed care -- capitated health  
care. (1) The department of social and rehabilitation  
services, in its discretion, may develop managed-care and  
capitated health care systems for medicaid recipients.

(2) The department may contract with one or more  
providers PERSONS for the management and--delivery of  
COMPREHENSIVE PHYSICAL HEALTH SERVICES AND THE MANAGEMENT OF  
COMPREHENSIVE MENTAL health services for medicaid  
recipients. The department may contract for the provision of  
these services by means of a fixed monetary or capitated  
amount per recipient.

(3) A managed-care system is a program organized to  
serve the medical needs of medicaid recipients in an  
efficient and cost-effective manner by managing the receipt  
of medical services for a geographical or otherwise defined  
population of recipients through appropriate health care  
professionals.

~~(3)~~(4) The provision of medicaid services through  
managed-care and capitated health care systems is not

1 subject to the limitations provided in 53-6-101--53-6-103,  
2 and 53-6-104.

3 (5) THE PROPOSED SYSTEMS, REFERRED TO IN SUBSECTION  
4 (1), MUST BE SUBMITTED TO THE LEGISLATIVE FINANCE COMMITTEE.  
5 THE LEGISLATIVE FINANCE COMMITTEE SHALL REVIEW THE PROPOSED  
6 SYSTEMS AT ITS NEXT REGULARLY SCHEDULED MEETING AND SHALL  
7 PROVIDE ANY COMMENTS CONCERNING THE PROPOSED SYSTEMS TO THE  
8 DEPARTMENT OF SOCIAL AND REHABILITATIONS SERVICES."

9 NEW SECTION. **SECTION 3.** ADVISORY MENTAL HEALTH  
10 ADVISORY GROUP. THE DEPARTMENT OF SOCIAL AND REHABILITATION  
11 SERVICES SHALL DEVELOP THE MENTAL HEALTH MANAGED CARE PLAN  
12 IN CONSULTATION WITH AN ADVISORY GROUP. THE ADVISORY GROUP  
13 SHALL CONSIST OF REPRESENTATIVES FROM MENTAL HEALTH SERVICES  
14 CLIENTS AND THEIR FAMILY MEMBERS, COMMUNITY MENTAL HEALTH  
15 CENTERS, PRIVATE MENTAL HEALTH SERVICES PROVIDERS, THE  
16 MONTANA LEGISLATURE, THE DEPARTMENT OF SOCIAL AND  
17 REHABILITATION SERVICES, THE DEPARTMENT OF CORRECTIONS AND  
18 HUMAN SERVICES, THE STATE HOSPITAL, MONTANA HOSPITALS, AND  
19 OTHER APPROPRIATE GROUPS.

20 NEW SECTION. **SECTION 4.** PHYSICAL PROVIDER ADVISORY  
21 GROUP. THE DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES  
22 SHALL DEVELOP THE PHYSICAL CARE MANAGED CARE PLAN IN  
23 CONSULTATION WITH AN ADVISORY GROUP. THE ADVISORY GROUP MUST  
24 CONSIST OF REPRESENTATIVES FROM HEALTH SERVICES CLIENTS AND  
25 THEIR FAMILY MEMBERS, PRIVATE PHYSICAL CARE PROVIDERS, THE

1 MONTANA LEGISLATURE, THE DEPARTMENT OF SOCIAL AND  
2 REHABILITATION SERVICES, THE DEPARTMENT OF CORRECTIONS AND  
3 HUMAN SERVICES, MONTANA HOSPITALS, AND OTHER APPROPRIATE  
4 GROUPS.

5 ~~NEW SECTION. **SECTION 5.** CONTRACT---RESTRICTION.-----A~~  
6 ~~CONTRACT--AUTHORIZED PURSUANT TO 53-6-116 MAY NOT BE ENTERED~~  
7 ~~INTO PRIOR TO APRIL 30, 1995.~~

8 NEW SECTION. **Section 5.** Repealer. Section 53-6-103,  
9 MCA, is repealed.

10 NEW SECTION. **Section 6.** Effective date. [This act] is  
11 effective January 1, 1994.

12 NEW SECTION. **SECTION 7.** TERMINATION. [SECTION SECTIONS  
13 3 AND 4] TERMINATES TERMINATE JUNE 30, 1995.

-End-