

1 House BILL NO. 484

2 INTRODUCED BY Dee Brueggman ORR Rock Paul A. S.

3 Raney Tom Wicker Forbes Jenkins L. Smith Curtiss

4 A BILL FOR AN ACT ENTITLED: "AN ACT RELATING TO PROVISION OF HEALTH CARE FOR THE

5 WORKING POOR AND MEDICAID RECIPIENTS; REQUIRING THE DEPARTMENT OF SOCIAL AND

6 REHABILITATION SERVICES TO CONTRACT FOR STUDIES CONCERNING THE FEASIBILITY OF PROVIDING

7 HEALTH CARE CREDITS IN THE FORM OF GRANTS FOR DISABILITY INSURANCE FOR THE WORKING

8 POOR AND THE FEASIBILITY OF CHANGING MEDICAID FROM FEE-FOR-SERVICES COVERAGE TO

9 PRIVATE INSURANCE COVERAGE; SPECIFYING THE CONTENTS OF THE CONTRACTS; REQUIRING

10 REPORTS TO THE LEGISLATURE; AND PROVIDING AN EFFECTIVE DATE AND A TERMINATION DATE."

11

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

13

14 **NEW SECTION. Section 1. Department to contract for study of insurance needs of working poor**

15 **-- report to legislature.** (1) The department of social and rehabilitation services shall, by competitive sealed

16 bid subject to Title 18, chapter 4, contract with a private office, firm, partnership, corporation, or other

17 private business entity for a study of the payment of a health care credit to any member of the working

18 poor for the payment of health insurance expenses. The department's contract must be made with a

19 contractor familiar with the subjects of the study, as provided in subsection (2).

20 (2) The study must include the following matters:

21 (a) the number of working poor persons who cannot afford disability insurance;

22 (b) the number of other persons who, because of abnormally high medical expenses, cannot obtain

23 or afford disability insurance;

24 (c) the feasibility of making direct grants to either of the groups referred to in subsections (2)(a)

25 and (2)(b) for the purposes of purchasing disability insurance;

26 (d) the size or amount of the credit or grant and whether the size of the grant should depend upon

27 the income of the individual or family and the cost of insurance;

28 (e) the method by which payments or credits could be made, including electronic transfer of funds;

29 (f) beneficial and detrimental effects to the health care system of making the credits or grants;

30 (g) the method by which charges for health care services could be debited against the health care

1 credit, including the use of electronic debit cards;

2 (h) the coverages and other details of the disability insurance for which the credit would be made;

3 (i) the use of the credit in conjunction with medical savings accounts;

4 (j) the potential dollar savings to the state and to other consumers of health care services; and

5 (k) other matters determined necessary by the department.

6 (3) The department shall provide to the contractor any information or data possessed by the  
7 department or other agencies of state government that will facilitate the work of the contractor and the  
8 completion of the report.

9 (4) The department shall report the results of the study to the legislature on or before October 1,  
10 1997, in the manner required by law.

11

12 **NEW SECTION. Section 2. Department to contract for study of converting Montana medicaid**  
13 **program to private insurance -- report to legislature required.** (1) The department of social and rehabilitation  
14 services shall, by competitive sealed bid subject to Title 18, chapter 4, contract with a private office, firm,  
15 partnership, corporation, or other private business entity for a study of the conversion of the Montana  
16 medicaid program provided for in Title 53, chapter 6, to private insurance policies or coverage by health  
17 service corporations or health maintenance organizations. The department's contract must be made with  
18 a contractor familiar with the subjects of the study, as provided in subsection (2).

19 (2) The study must include the following matters:

20 (a) the persons for whom insurance would be purchased;

21 (b) the services, benefits, or coverages that would be provided by the policy;

22 (c) whether coverage by a health services corporation or health maintenance organization would  
23 be offered in addition to private insurance policies;

24 (d) whether coverage would be provided by group or individual policies;

25 (e) whether copayments or deductibles would be paid directly by the department;

26 (f) the feasibility of using medical savings accounts in conjunction with insurance coverage;

27 (g) the feasibility of employers taking over the policy payments for medicaid recipients hired as  
28 employees;

29 (h) the feasibility of making payments directly to recipients for preventive care measures taken by  
30 the recipients;

(i) providing price information to recipients to allow them to choose their insurer and health care providers;

(j) educational requirements to teach recipients how to choose insurance options;

(k) the potential dollar savings available to the state and to other consumers of health care services;

(I) whether waivers would have to be obtained from the United States in order to

conversion of Medicaid reimbursement to private insurance contracts and, if so, the laws or regulations required to be waived and the view of the United States as to approvability of the waivers; and

(m) other matters determined necessary by the department.

12 (4) The department shall report the results of the study to the legislature on or before October 1,  
13 1997, in the manner required by law.

NEW SECTION Section 3. Effective date. [This act] is effective July 1, 1995.

**NEW SECTION.** **Section 4. Termination.** [This act] terminates October 1, 1997.

-END-



STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0484, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act requiring the Department of Social and Rehabilitation Services to contract for two studies: one, to determine the health insurance needs of the working poor and, second, to study converting the Montana Medicaid program to one run by private insurance.

ASSUMPTIONS:

1. Based upon recent contracts involving similar type work by a private contractor, the two studies are anticipated to cost \$125,000 each, or \$250,000 total. These expenditures will be eligible for a 50% federal match.
2. The contracts would be awarded and completed in FY96.

FISCAL IMPACT:

Expenditures:

	<u>FY96</u>	<u>FY97</u>
	<u>Difference</u>	<u>Difference</u>
Operating expenses	250,000	0

Funding:

General Fund (01)	125,000	0
Federal Fund (03)	<u>125,000</u>	0
Total Funds	250,000	0

Total Net Impact on General Fund Balance:

General Fund (Cost) (01)	(125,000)	0
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DAVID LEWIS 2-14-95

DAVID LEWIS, BUDGET DIRECTOR DATE  
Office of Budget and Program Planning

ROGER DEBRUYCKER 2-14-95

ROGER DEBRUYCKER, PRIMARY SPONSOR DATE

Fiscal Note for HB0484, as introduced

**HB 484**

## STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0484, as third readingDESCRIPTION OF PROPOSED LEGISLATION:

An act relating to provisions of health care for the working poor and Medicaid recipients; requiring the Department of Social and Rehabilitation Services (SRS) to contract for studies concerning the feasibility of providing health care credits in the form of grants for disability insurance for the working poor and the feasibility of changing Medicaid from a fee-for-services coverage to private insurance coverage; specifying the contents of the contracts; requiring reports to the legislature and the Office of Budget and Program Planning; and requiring SRS to apply for a Medicaid waiver upon a determination by the Office of Budget and Program Planning.

ASSUMPTIONS:

1. Based upon recent contracts involving similar type work by a private contractor, the two studies are anticipated to cost \$125,000 each, or \$250,000 total. These expenditures will be eligible for a 50% federal match.
2. The contracts would be awarded and completed in FY96.

FISCAL IMPACT:Expenditures:

	<u>FY96</u>	<u>FY97</u>
	<u>Difference</u>	<u>Difference</u>
Operating expenses	250,000	0

Funding:

General Fund (01)	125,000	0
Federal Fund (03)	<u>125,000</u>	<u>0</u>
Total Funds	250,000	0

Total Net Impact on General Fund Balance:

General Fund (Cost) (01)	(125,000)	0
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*David Lewis* 3.15.95  
 DAVID LEWIS, BUDGET DIRECTOR DATE  
 Office of Budget and Program Planning

*Roger DeBruycker* 3.16.95  
 ROGER DEBRUYCKER, PRIMARY SPONSOR DATE  
 Fiscal Note for HB0484, as third reading

HB 484 #2

1

## HOUSE BILL NO. 484

2

INTRODUCED BY DEBRUYCKER, ORR, PECK, WENNEMAR, RANEY, KOTTEL, SQUIRES, MCKEE,  
SIMON, FORBES, JENKINS, L. SMITH, CURTISS

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A BILL FOR AN ACT ENTITLED: "AN ACT RELATING TO PROVISION OF HEALTH CARE FOR THE  
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REPORTS TO THE LEGISLATURE, THE LEGISLATIVE FINANCE COMMITTEE, AND THE OFFICE OF BUDGET  
AND PROGRAM PLANNING; REQUIRING THE LEGISLATIVE FINANCE COMMITTEE AND THE DEPARTMENT  
OF SOCIAL AND REHABILITATION SERVICES TO APPLY FOR A MEDICAID WAIVER UPON A  
DETERMINATION BY THE LEGISLATIVE FINANCE COMMITTEE AND THE OFFICE OF BUDGET AND  
PROGRAM PLANNING; PROVIDING AN APPROPRIATION FOR THE STUDIES; AND PROVIDING AN  
EFFECTIVE DATE AND A TERMINATION DATE."

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

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**NEW SECTION. Section 1. Department to contract for study of insurance needs of working poor**  
**-- report to legislature.** (1) The department of social and rehabilitation services shall, by competitive sealed  
bid subject to Title 18, chapter 4, contract with a private office, firm, partnership, corporation, or other  
private business entity for a study of the payment of a health care credit to any member of the working  
poor for the payment of health insurance expenses. The department's contract must be made with a  
contractor familiar with the subjects of the study, as provided in subsection (2).

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(2) The study must include the following matters:

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(a) the number of working poor persons who cannot afford disability insurance;

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(b) the number of other persons who, because of abnormally high medical expenses, cannot obtain  
or afford disability insurance;

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(c) the feasibility of making direct grants to either of the groups referred to in subsections (2)(a)

1 and (2)(b) for the purposes of purchasing disability insurance;

2 (d) the size or amount of the credit or grant and whether the size of the grant should depend upon  
3 the income of the individual or family and the cost of insurance;

4 (e) the method by which payments or credits could be made, including electronic transfer of funds;

5 (f) beneficial and detrimental effects to the health care system of making the credits or grants;

6 (g) the method by which charges for health care services could be debited against the health care  
7 credit, including the use of electronic debit cards;

8 (h) the coverages and other details of the disability insurance for which the credit would be made;

9 (i) the use of the credit in conjunction with medical savings accounts;

10 (j) the potential dollar savings to the state and to other consumers of health care services; and

11 (k) other matters determined necessary by the department.

12 (3) The department shall provide to the contractor any information or data possessed by the  
13 department or other agencies of state government that will facilitate the work of the contractor and the  
14 completion of the report.

15 (4) The department shall report the results of the study to the legislature, THE LEGISLATIVE  
16 FINANCE COMMITTEE, AND THE OFFICE OF BUDGET AND PROGRAM PLANNING on or before October  
17 1, 1997, in the manner required by law.

18  
19 NEW SECTION. Section 2. Department to contract for study of converting Montana medicaid

20 program to private insurance -- report to legislature AND LEGISLATIVE FINANCE COMMITTEE required. (1)

21 The department of social and rehabilitation services shall, by competitive sealed bid subject to Title 18,  
22 chapter 4, contract with a private office, firm, partnership, corporation, or other private business entity for  
23 a study of the conversion of the Montana medicaid program provided for in Title 53, chapter 6, to private  
24 insurance policies or coverage by health service corporations or health maintenance organizations. The  
25 department's contract must be made with a contractor familiar with the subjects of the study, as provided  
26 in subsection (2).

27 (2) The study must include the following matters:

28 (a) the persons for whom insurance would be purchased;

29 (b) the services, benefits, or coverages that would be provided by the policy;

30 (c) whether coverage by a health services corporation or health maintenance organization would

1       be offered in addition to private insurance policies;

2           (d) whether coverage would be provided by group or individual policies;

3           (e) whether copayments or deductibles would be paid directly by the department;

4           (f) the feasibility of using medical savings accounts in conjunction with insurance coverage;

5           (g) the feasibility of employers taking over the policy payments for medicaid recipients hired as

6       employees;

7           (h) the feasibility of making payments directly to recipients for preventive care measures taken by

8       the recipients;

9           (i) providing price information to recipients to allow them to choose their insurer and health care

10      providers;

11           (j) educational requirements to teach recipients how to choose insurance options;

12           (k) the potential dollar savings available to the state and to other consumers of health care services;

13           (l) whether waivers would have to be obtained from the United States in order to implement a

14      conversion of medicaid reimbursement to private insurance contracts and, if so, the laws or regulations

15      required to be waived and the view of the United States as to approvability of the waivers; and

16           (m) other matters determined necessary by the department.

17           (3) The department shall provide to the contractor any information or data possessed by the

18      department or other agencies of state government that will facilitate the work of the contractor and the

19      completion of the report.

20           (4) The department shall report the results of the study to the legislature, THE LEGISLATIVE

21 FINANCE COMMITTEE, AND THE OFFICE OF BUDGET AND PROGRAM PLANNING on or before October

22 1, 1997, in the manner required by law.

23

24           NEW SECTION. SECTION 3. MEDICAL SAVINGS ACCOUNTS -- REVIEW OF REPORT --

25 DEPARTMENT TO APPLY FOR WAIVER. (1) UPON COMPLETION OF THE STUDIES REQUIRED BY

26 [SECTIONS 1 AND 2] AND UPON A DETERMINATION OF COST-EFFECTIVENESS PURSUANT TO

27 SUBSECTION (2) OF THIS SECTION, THE DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

28 SHALL DESIGN A MEDICAL SAVINGS ACCOUNT FOR THE PURCHASE OF LIABILITY INSURANCE MOST

29 USEFUL AND COST-EFFECTIVE FOR MEDICAID RECIPIENTS.

30           (2) UPON RECEIPT OF THE REPORTS REQUIRED UNDER [SECTIONS 1 AND 2], THE OFFICE OF

1     BUDGET AND PROGRAM PLANNING, AFTER CONSIDERING COMMENTS FROM THE LEGISLATIVE  
2     FINANCE COMMITTEE, SHALL DETERMINE WHETHER THE PURCHASE OF DISABILITY INSURANCE FOR  
3     PARTICIPANTS IN THE MONTANA MEDICAID PROGRAM, COMBINED WITH THE USE OF MEDICAL  
4     SAVINGS ACCOUNTS FOR THOSE RECIPIENTS, IS MORE COST-EFFECTIVE THAN THE MONTANA  
5     MEDICAID PROGRAM IN EFFECT ON [THE EFFECTIVE DATE OF THIS ACT]. IF, AFTER REVIEWING THE  
6     COMMITTEE'S COMMENTS, THE OFFICE DETERMINES THAT THE PURCHASE OF DISABILITY INSURANCE  
7     AND THE USE OF MEDICAL SAVINGS ACCOUNTS IS MORE COST-EFFECTIVE, IT SHALL INFORM THE  
8     DIRECTOR OF THE DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES OF THAT FACT AND THE  
9     REASONS FOR ITS DETERMINATION.

10           (3) UPON RECEIPT OF THE DETERMINATION OF THE OFFICE OF BUDGET AND PROGRAM  
11           PLANNING PURSUANT TO SUBSECTION (2) OR AS SOON THEREAFTER AS POSSIBLE, THE DEPARTMENT  
12           OF SOCIAL AND REHABILITATION SERVICES SHALL APPLY TO THE UNITED STATES HEALTH CARE  
13           FINANCING ADMINISTRATION FOR A WAIVER FROM THE MEDICAID STATUTES OR REGULATIONS, OR  
14           BOTH, TO ENABLE THE DEPARTMENT TO IMPLEMENT THE PURCHASE OF DISABILITY INSURANCE FOR  
15           PARTICIPANTS IN THE MONTANA MEDICAID PROGRAM COMBINED WITH USE OF A MEDICAL SAVINGS  
16           ACCOUNT FOR THOSE PARTICIPANTS. THE DEPARTMENT SHALL USE AS THE BASIS FOR ITS WAIVER  
17           APPLICATION THE MEDICAL SAVINGS ACCOUNT DESIGNED PURSUANT TO SUBSECTION (1).

18

19           NEW SECTION. SECTION 4. APPROPRIATION. THERE IS APPROPRIATED FROM THE GENERAL  
20           FUND \$25,000 TO THE DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES FOR THE PURPOSES  
21           OF CONDUCTING THE STUDIES IN [THIS ACT].

22

23           NEW SECTION. Section 5. Effective date. [This act] is effective July 1, 1995.

24

25           NEW SECTION. Section 6. Termination. [This act] terminates October 1, 1997.

26

-END-

1

## HOUSE BILL NO. 484

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INTRODUCED BY DEBRUYCKER, ORR, PECK, WENNEMAR, RANEY, KOTTEL, SQUIRES, MCKEE,  
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(c) the feasibility of making direct grants to either of the groups referred to in subsections (2)(a)

1 and (2)(b) for the purposes of purchasing disability insurance;

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3 the income of the individual or family and the cost of insurance;

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10 (j) the potential dollar savings to the state and to other consumers of health care services; and

11 (k) other matters determined necessary by the department.

12 (3) The department shall provide to the contractor any information or data possessed by the

13 department or other agencies of state government that will facilitate the work of the contractor and the

14 completion of the report.

15 (4) The department shall report the results of the study to the legislature, THE LEGISLATIVE

16 FINANCE COMMITTEE, AND THE OFFICE OF BUDGET AND PROGRAM PLANNING on or before October

17 1, 1997, in the manner required by law.

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19 NEW SECTION. Section 2. Department to contract for study of converting Montana medicaid

20 program to private insurance -- report to legislature AND LEGISLATIVE FINANCE COMMITTEE required. (1)

21 The department of social and rehabilitation services shall, by competitive sealed bid subject to Title 18,

22 chapter 4, contract with a private office, firm, partnership, corporation, or other private business entity for

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4               (f) the feasibility of using medical savings accounts in conjunction with insurance coverage;

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6       employees;

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14      conversion of medicaid reimbursement to private insurance contracts and, if so, the laws or regulations

15      required to be waived and the view of the United States as to approvability of the waivers; and

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18      department or other agencies of state government that will facilitate the work of the contractor and the

19      completion of the report.

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26 [SECTIONS 1 AND 2] AND UPON A DETERMINATION OF COST-EFFECTIVENESS PURSUANT TO

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30               (2) UPON RECEIPT OF THE REPORTS REQUIRED UNDER [SECTIONS 1 AND 2], THE OFFICE OF

1    BUDGET AND PROGRAM PLANNING, AFTER CONSIDERING COMMENTS FROM THE LEGISLATIVE  
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5    MEDICAID PROGRAM IN EFFECT ON [THE EFFECTIVE DATE OF THIS ACT]. IF, AFTER REVIEWING THE  
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7    AND THE USE OF MEDICAL SAVINGS ACCOUNTS IS MORE COST-EFFECTIVE, IT SHALL INFORM THE  
8    DIRECTOR OF THE DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES OF THAT FACT AND THE  
9    REASONS FOR ITS DETERMINATION.

10    (3) UPON RECEIPT OF THE DETERMINATION OF THE OFFICE OF BUDGET AND PROGRAM  
11    PLANNING PURSUANT TO SUBSECTION (2) OR AS SOON THEREAFTER AS POSSIBLE, THE DEPARTMENT  
12    OF SOCIAL AND REHABILITATION SERVICES SHALL APPLY TO THE UNITED STATES HEALTH CARE  
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16    ACCOUNT FOR THOSE PARTICIPANTS. THE DEPARTMENT SHALL USE AS THE BASIS FOR ITS WAIVER  
17    APPLICATION THE MEDICAL SAVINGS ACCOUNT DESIGNED PURSUANT TO SUBSECTION (1).

18  
19    NEW SECTION. SECTION 4. APPROPRIATION. THERE IS APPROPRIATED FROM THE GENERAL  
20    FUND \$25,000 TO THE DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES FOR THE PURPOSES  
21    OF CONDUCTING THE STUDIES IN [THIS ACT].

22  
23    NEW SECTION. Section 5. Effective date. [This act] is effective July 1, 1995.

24  
25    NEW SECTION. Section 6. Termination. [This act] terminates October 1, 1997.

26    -END-

SENATE COMMITTEE OF THE WHOLE AMENDMENT

March 29, 1995 3:30 pm

Mr. Chairman: I move to amend HB 484 (third reading copy -- blue).

ADOPT V, V.

REJECT

Signed: John Aklestad  
Senator Aklestad

That such amendments read:

1. Title, line 15.

Following: first ";"

Strike: "PROVIDING AN APPROPRIATION FOR THE STUDIES;"

2. Page 4, lines 19 through 21.

Strike: Section 4 in its entirety

Renumber: subsequent sections

-END-

HB 484

GW

Amd. Coord.

SENATE

HOUSE BILL NO. 484

INTRODUCED BY DEBRUYCKER, ORR, PECK, WENNEMAR, RANEY, KOTTEL, SQUIRES, MCKEE,  
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20        **NEW SECTION.** **Section 1. Department to contract for study of insurance needs of working poor**  
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22        bid subject to Title 18, chapter 4, contract with a private office, firm, partnership, corporation, or other  
23        private business entity for a study of the payment of a health care credit to any member of the working  
24        poor for the payment of health insurance expenses. The department's contract must be made with a  
25        contractor familiar with the subjects of the study, as provided in subsection (2).

26 (2) The study must include the following matters:

27 (a) the number of working poor persons who cannot afford disability insurance;

28 (b) the number of other persons who, because of abnormally high medical expenses, cannot obtain  
29 or afford disability insurance;

30 (c) the feasibility of making direct grants to either of the groups referred to in subsections (2)(a)

1 and (2)(b) for the purposes of purchasing disability insurance;

2 (d) the size or amount of the credit or grant and whether the size of the grant should depend upon

3 the income of the individual or family and the cost of insurance;

4 (e) the method by which payments or credits could be made, including electronic transfer of funds;

5 (f) beneficial and detrimental effects to the health care system of making the credits or grants;

6 (g) the method by which charges for health care services could be debited against the health care

7 credit, including the use of electronic debit cards;

8 (h) the coverages and other details of the disability insurance for which the credit would be made;

9 (i) the use of the credit in conjunction with medical savings accounts;

10 (j) the potential dollar savings to the state and to other consumers of health care services; and

11 (k) other matters determined necessary by the department.

12 (3) The department shall provide to the contractor any information or data possessed by the

13 department or other agencies of state government that will facilitate the work of the contractor and the

14 completion of the report.

15 (4) The department shall report the results of the study to the legislature, THE LEGISLATIVE

16 FINANCE COMMITTEE, AND THE OFFICE OF BUDGET AND PROGRAM PLANNING on or before October

17 1, 1997, in the manner required by law.

18

19 NEW SECTION. Section 2. Department to contract for study of converting Montana medicaid

20 program to private insurance -- report to legislature AND LEGISLATIVE FINANCE COMMITTEE required. (1)

21 The department of social and rehabilitation services shall, by competitive sealed bid subject to Title 18,

22 chapter 4, contract with a private office, firm, partnership, corporation, or other private business entity for

23 a study of the conversion of the Montana medicaid program provided for in Title 53, chapter 6, to private

24 insurance policies or coverage by health service corporations or health maintenance organizations. The

25 department's contract must be made with a contractor familiar with the subjects of the study, as provided

26 in subsection (2).

27 (2) The study must include the following matters:

28 (a) the persons for whom insurance would be purchased;

29 (b) the services, benefits, or coverages that would be provided by the policy;

30 (c) whether coverage by a health services corporation or health maintenance organization would

1       be offered in addition to private insurance policies;

2           (d) whether coverage would be provided by group or individual policies;

3           (e) whether copayments or deductibles would be paid directly by the department;

4           (f) the feasibility of using medical savings accounts in conjunction with insurance coverage;

5           (g) the feasibility of employers taking over the policy payments for medicaid recipients hired as

6       employees;

7           (h) the feasibility of making payments directly to recipients for preventive care measures taken by

8       the recipients;

9           (i) providing price information to recipients to allow them to choose their insurer and health care

10      providers;

11           (j) educational requirements to teach recipients how to choose insurance options;

12           (k) the potential dollar savings available to the state and to other consumers of health care services;

13           (l) whether waivers would have to be obtained from the United States in order to implement a

14      conversion of medicaid reimbursement to private insurance contracts and, if so, the laws or regulations

15      required to be waived and the view of the United States as to approvability of the waivers; and

16           (m) other matters determined necessary by the department.

17           (3) The department shall provide to the contractor any information or data possessed by the

18      department or other agencies of state government that will facilitate the work of the contractor and the

19      completion of the report.

20           (4) The department shall report the results of the study to the legislature, THE LEGISLATIVE

21 FINANCE COMMITTEE, AND THE OFFICE OF BUDGET AND PROGRAM PLANNING on or before October

22 1, 1997, in the manner required by law.

23

24           NEW SECTION. SECTION 3. MEDICAL SAVINGS ACCOUNTS -- REVIEW OF REPORT --

25 DEPARTMENT TO APPLY FOR WAIVER. (1) UPON COMPLETION OF THE STUDIES REQUIRED BY

26 [SECTIONS 1 AND 2] AND UPON A DETERMINATION OF COST-EFFECTIVENESS PURSUANT TO

27 SUBSECTION (2) OF THIS SECTION, THE DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

28 SHALL DESIGN A MEDICAL SAVINGS ACCOUNT FOR THE PURCHASE OF LIABILITY INSURANCE MOST

29 USEFUL AND COST-EFFECTIVE FOR MEDICAID RECIPIENTS.

30           (2) UPON RECEIPT OF THE REPORTS REQUIRED UNDER [SECTIONS 1 AND 2], THE OFFICE OF

1 BUDGET AND PROGRAM PLANNING, AFTER CONSIDERING COMMENTS FROM THE LEGISLATIVE  
2 FINANCE COMMITTEE, SHALL DETERMINE WHETHER THE PURCHASE OF DISABILITY INSURANCE FOR  
3 PARTICIPANTS IN THE MONTANA MEDICAID PROGRAM, COMBINED WITH THE USE OF MEDICAL  
4 SAVINGS ACCOUNTS FOR THOSE RECIPIENTS, IS MORE COST-EFFECTIVE THAN THE MONTANA  
5 MEDICAID PROGRAM IN EFFECT ON [THE EFFECTIVE DATE OF THIS ACT]. IF, AFTER REVIEWING THE  
6 COMMITTEE'S COMMENTS, THE OFFICE DETERMINES THAT THE PURCHASE OF DISABILITY INSURANCE  
7 AND THE USE OF MEDICAL SAVINGS ACCOUNTS IS MORE COST-EFFECTIVE, IT SHALL INFORM THE  
8 DIRECTOR OF THE DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES OF THAT FACT AND THE  
9 REASONS FOR ITS DETERMINATION.

10 (3) UPON RECEIPT OF THE DETERMINATION OF THE OFFICE OF BUDGET AND PROGRAM  
11 PLANNING PURSUANT TO SUBSECTION (2) OR AS SOON THEREAFTER AS POSSIBLE, THE DEPARTMENT  
12 OF SOCIAL AND REHABILITATION SERVICES SHALL APPLY TO THE UNITED STATES HEALTH CARE  
13 FINANCING ADMINISTRATION FOR A WAIVER FROM THE MEDICAID STATUTES OR REGULATIONS, OR  
14 BOTH, TO ENABLE THE DEPARTMENT TO IMPLEMENT THE PURCHASE OF DISABILITY INSURANCE FOR  
15 PARTICIPANTS IN THE MONTANA MEDICAID PROGRAM COMBINED WITH USE OF A MEDICAL SAVINGS  
16 ACCOUNT FOR THOSE PARTICIPANTS. THE DEPARTMENT SHALL USE AS THE BASIS FOR ITS WAIVER  
17 APPLICATION THE MEDICAL SAVINGS ACCOUNT DESIGNED PURSUANT TO SUBSECTION (1).

18  
19 NEW SECTION. SECTION 4. APPROPRIATION. THERE IS APPROPRIATED FROM THE GENERAL  
20 FUND \$25,000 TO THE DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES FOR THE PURPOSES  
21 OF CONDUCTING THE STUDIES IN [THIS ACT].

22  
23 NEW SECTION. Section 4. Effective date. [This act] is effective July 1, 1995.

24  
25 NEW SECTION. Section 5. Termination. [This act] terminates October 1, 1997.

26 -END-

OFFICE OF THE GOVERNOR  
STATE OF MONTANA

MARC RACICOT  
GOVERNOR



STATE CAPITOL  
HELENA, MONTANA 59620-0801

April 12, 1995

The Honorable John Mercer  
Speaker of the House  
State Capitol  
Helena MT 59620

The Honorable Bob Brown  
President of the Senate  
State Capitol  
Helena MT 59620

Dear Speaker Mercer and President Brown:

In accordance with the power vested in me as Governor by the Constitution and laws of the State of Montana, I hereby return House Bill 484, "AN ACT RELATING TO PROVISION OF HEALTH CARE FOR THE WORKING POOR AND MEDICAID RECIPIENTS; REQUIRING THE DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES TO CONTRACT FOR STUDIES CONCERNING THE FEASIBILITY OF PROVIDING HEALTH CARE CREDITS IN THE FORM OF GRANTS FOR DISABILITY INSURANCE FOR THE WORKING POOR AND THE FEASIBILITY OF CHANGING MEDICAID FROM FEE-FOR-SERVICES COVERAGE TO PRIVATE INSURANCE COVERAGE; SPECIFYING THE CONTENTS OF THE CONTRACTS; REQUIRING REPORTS TO THE LEGISLATURE, THE LEGISLATIVE FINANCE COMMITTEE, AND THE OFFICE OF BUDGET AND PROGRAM PLANNING; REQUIRING THE LEGISLATIVE FINANCE COMMITTEE AND THE DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES TO APPLY FOR A MEDICAID WAIVER UPON A DETERMINATION BY THE LEGISLATIVE FINANCE COMMITTEE AND THE OFFICE OF BUDGET AND PROGRAM PLANNING; AND PROVIDING AN EFFECTIVE DATE AND A TERMINATION DATE."

The purpose of House Bill 484 is to provide a mechanism for conducting a study to determine the feasibility of converting the current Medicaid program from a publicly administered, fee-for-service system to one that emphasizes private insurance coverage. However, House Bill 484 provides no funding for such a study and includes a requirement that the Department of Social and Rehabilitation Services also evaluate the feasibility of incorporating the "working poor" into such a system.

Much of the impetus for the study of the Medicaid program contained in House Bill 484 has come from the provider community. While I believe that we should explore all avenues that might lead to a more effective and efficient use of scarce state resources, without adequate funding for a comprehensive study of all of the ramifications for changing the Medicaid program, I do not believe we would have the appropriate information upon which to make an informed decision and recommendation to the Legislature.

If the main intent of the bill is to evaluate the Medicaid program, then to maximize available funds and potentially leverage federal funds, the bill should focus just on the Medicaid population. Additionally, it is my belief that the Legislative Audit Committee would be a more appropriate forum for analysis of this issue.

Therefore, I am amending House Bill 484 to limit the scope of the study to the Medicaid program, to place responsibility for conducting the study with the Legislative Audit Committee, and to specify that conducting the study will be contingent upon the availability of sufficient funds from private and public sources to adequately fund such a comprehensive analysis.

It is my understanding that the sponsor of the bill, Representative Roger De Bruycker, is in agreement with these amendments.

Sincerely,



MARC RACICOT  
Governor

GOVERNOR'S AMENDMENTS TO  
HOUSE BILL No. 484  
(REFERENCE COPY)  
April 12, 1995

For the Governor  
April 11, 1995

I. Title, lines 5 and 6.  
Strike: "THE WORKING POOR AND"

II. Title, line 7.  
Strike: "STUDIES"  
Insert: "A STUDY BY THE LEGISLATIVE AUDITOR"

III. Title, lines 7 through 9.  
Strike: "PROVIDING" on line 7 through "FEASIBILITY OF" on line 9

IV. Title, line 10  
Strike: "CONTRACTS"  
Insert: "CONTRACT"

V. Title, line 14.  
Strike: "LEGISLATIVE FINANCE COMMITTEE AND"

VI. Page 1, line 20 through line 17 on page 2.  
Strike: section 1 in its entirety

Renumber: subsequent sections

VII. Page 2, lines 21 and 22.  
Strike: "by competitive" on line 21 through "entity" on line 22  
Insert: "if sufficient funds are available from public and private  
sources, contract with the legislative auditor"

VIII. Page 2, line 24.  
Following: ".  
Insert: "(2) The legislative auditor shall advertise for proposals  
from private offices, firms, partnerships, corporations, and  
other private business entities for a study of the conversion  
of the Montana medicaid program provided for in Title 53,  
chapter 6, to private insurance policies or coverage by health  
care service corporations or health maintenance  
organizations."

Renumber: subsequent subsections

IX. Page 2, line 25.  
Strike: "department's"  
Insert: "legislative auditor shall, if sufficient funds are  
available from public and private sources, contract with the  
private entity submitting the best proposal. The legislative  
auditor's"

HB 484

X. Page 2, line 26.

Strike: "(2)"

Insert: "(3)"

XI. Page 3, line 16.

Page 3, line 17

Strike: "department"

Insert: "legislative auditor"

XII. Page 3, line 18.

Strike: "department or"

Insert: "legislative auditor, the department of social and rehabilitation services, and"

XIII. Page 3, line 20.

Strike: "department"

Insert: "legislative auditor"

XIV. Page 3, line 22.

Strike: "1997"

Insert: "1996"

XV. Page 3, line 25.

Strike: "STUDIES"

Insert: "study"

XVI. Page 3, line 26.

Strike: "[SECTIONS 1 AND 2]"

Insert: "[section 1]"

XVII. Page 3, line 30..

Strike: "REPORTS"

Insert: "report"

Strike: "[SECTIONS 1 AND 2]"

Insert: "[section 1]"

XVIII. Page 4, line 25.

Strike: "1997"

Insert: "1996"

HOUSE BILL NO. 484

INTRODUCED BY DEBRUYCKER, ORR, PECK, WENNEMAR, RANEY, KOTTEL, SQUIRES, MCKEE,  
SIMON, FORBES, JENKINS, L. SMITH, CURTISS

5 A BILL FOR AN ACT ENTITLED: "AN ACT RELATING TO PROVISION OF HEALTH CARE FOR THE  
6 ~~WORKING POOR AND MEDICAID~~ RECIPIENTS; REQUIRING THE DEPARTMENT OF SOCIAL AND  
7 REHABILITATION SERVICES TO CONTRACT FOR STUDIES A STUDY BY THE LEGISLATIVE AUDITOR  
8 CONCERNING THE FEASIBILITY OF PROVIDING HEALTH CARE CREDITS IN THE FORM OF GRANTS FOR  
9 ~~DISABILITY INSURANCE FOR THE WORKING POOR AND THE FEASIBILITY OF CHANGING MEDICAID~~  
10 FROM FEE-FOR-SERVICES COVERAGE TO PRIVATE INSURANCE COVERAGE; SPECIFYING THE  
11 CONTENTS OF THE CONTRACTS CONTRACT; REQUIRING REPORTS TO THE LEGISLATURE, THE  
12 LEGISLATIVE FINANCE COMMITTEE, AND THE OFFICE OF BUDGET AND PROGRAM PLANNING;  
13 REQUIRING THE LEGISLATIVE FINANCE COMMITTEE AND THE DEPARTMENT OF SOCIAL AND  
14 REHABILITATION SERVICES TO APPLY FOR A MEDICAID WAIVER UPON A DETERMINATION BY THE  
15 LEGISLATIVE FINANCE COMMITTEE AND THE OFFICE OF BUDGET AND PROGRAM PLANNING;  
16 PROVIDING AN APPROPRIATION FOR THE STUDIES; AND PROVIDING AN EFFECTIVE DATE AND A  
17 TERMINATION DATE."

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

21 **NEW SECTION.** **Section 1. Department to contract for study of insurance needs of working poor**  
22 ~~—report to legislature.~~ (1) The department of social and rehabilitation services shall, by competitive sealed  
23 bid subject to Title 18, chapter 4, contract with a private office, firm, partnership, corporation, or other  
24 private business entity for a study of the payment of a health care credit to any member of the working  
25 poor for the payment of health insurance expenses. The department's contract must be made with a  
26 contractor familiar with the subjects of the study as provided in subsection (2).

27 (2) The study must include the following matters:

(a) the number of working poor persons who cannot afford disability insurance;

29 (b) the number of other persons who, because of abnormally high medical expenses, cannot obtain  
30 or afford disability insurance;

(c) the feasibility of making direct grants to either of the groups referred to in subsections (2)(a) and (2)(b) for the purposes of purchasing disability insurance;

(d) the size or amount of the credit or grant and whether the size of the grant should depend upon the income of the individual or family and the cost of insurance;

(e) the method by which payments or credits could be made, including electronic transfer of funds;

(f) beneficial and detrimental effects to the health care system of making the credits or grants;

(g) the method by which charges for health care services could be debited against the health care including the use of electronic debit cards;

(h) the coverages and other details of the disability insurance for which the credit would be made;

(i) the use of the credit in conjunction with medical savings accounts;

(j) the potential dollar savings to the state and to other consumers of health care services; and

(k) other matters determined necessary by the department.

(3) The department shall provide to the contractor any information or data possessed by the department or other agencies of state government that will facilitate the work of the contractor and the completion of the report.

(4) The department shall report the results of the study to the legislature, THE LEGISLATIVE FINANCE COMMITTEE, AND THE OFFICE OF BUDGET AND PROGRAM PLANNING on or before October 1, 1987, in the manner required by law.

NEW SECTION. Section 1. Department to contract for study of converting Montana medicaid program to private insurance -- report to legislature AND LEGISLATIVE FINANCE COMMITTEE required.

(1) The department of social and rehabilitation services shall, by competitive sealed bid subject to Title 18, chapter 4, contract with a private office, firm, partnership, corporation, or other private business entity IF SUFFICIENT FUNDS ARE AVAILABLE FROM PUBLIC AND PRIVATE SOURCES, CONTRACT WITH THE LEGISLATIVE AUDITOR for a study of the conversion of the Montana medicaid program provided for in Title 53, chapter 6, to private insurance policies or coverage by health service corporations or health maintenance organizations.

(2) THE LEGISLATIVE AUDITOR SHALL ADVERTISE FOR PROPOSALS FROM PRIVATE OFFICES, FIRMS, PARTNERSHIPS, CORPORATIONS, AND OTHER PRIVATE BUSINESS ENTITIES FOR A STUDY OF THE CONVERSION OF THE MONTANA MEDICAID PROGRAM PROVIDED FOR IN TITLE 53, CHAPTER 6.



1     TO PRIVATE INSURANCE POLICIES OR COVERAGE BY HEALTH CARE SERVICE CORPORATIONS OR  
2     HEALTH MAINTENANCE ORGANIZATIONS. The department's LEGISLATIVE AUDITOR SHALL, IF  
3     SUFFICIENT FUNDS ARE AVAILABLE FROM PUBLIC AND PRIVATE SOURCES, CONTRACT WITH THE  
4     PRIVATE ENTITY SUBMITTING THE BEST PROPOSAL. THE LEGISLATIVE AUDITOR'S contract must be  
5     made with a contractor familiar with the subjects of the study, as provided in subsection ~~(2)~~ (3).

6           {2}(3) The study must include the following matters:

7           (a) the persons for whom insurance would be purchased;

8           (b) the services, benefits, or coverages that would be provided by the policy;

9           (c) whether coverage by a health services corporation or health maintenance organization would

10   be offered in addition to private insurance policies;

11           (d) whether coverage would be provided by group or individual policies;

12           (e) whether copayments or deductibles would be paid directly by the department;

13           (f) the feasibility of using medical savings accounts in conjunction with insurance coverage;

14           (g) the feasibility of employers taking over the policy payments for medicaid recipients hired as  
15   employees;

16           (h) the feasibility of making payments directly to recipients for preventive care measures taken by  
17   the recipients;

18           (i) providing price information to recipients to allow them to choose their insurer and health care  
19   providers;

20           (j) educational requirements to teach recipients how to choose insurance options;

21           (k) the potential dollar savings available to the state and to other consumers of health care services;

22           (l) whether waivers would have to be obtained from the United States in order to implement a  
23   conversion of medicaid reimbursement to private insurance contracts and, if so, the laws or regulations  
24   required to be waived and the view of the United States as to approvability of the waivers; and

25           (m) other matters determined necessary by the department LEGISLATIVE AUDITOR.

26           {3}(4) The department LEGISLATIVE AUDITOR shall provide to the contractor any information or  
27   data possessed by the department or LEGISLATIVE AUDITOR, THE DEPARTMENT OF SOCIAL AND  
28   REHABILITATION SERVICES, AND other agencies of state government that will facilitate the work of the  
29   contractor and the completion of the report.

30           {4}(5) The department LEGISLATIVE AUDITOR shall report the results of the study to the

1 legislature, THE LEGISLATIVE FINANCE COMMITTEE, AND THE OFFICE OF BUDGET AND PROGRAM  
2 PLANNING on or before October 1, ~~1997~~ 1996, in the manner required by law.

3

4 NEW SECTION. SECTION 2. MEDICAL SAVINGS ACCOUNTS -- REVIEW OF REPORT --  
5 DEPARTMENT TO APPLY FOR WAIVER. (1) UPON COMPLETION OF THE STUDIES STUDY REQUIRED  
6 BY [SECTIONS 1 AND 2] [SECTION 1] AND UPON A DETERMINATION OF COST-EFFECTIVENESS  
7 PURSUANT TO SUBSECTION (2) OF THIS SECTION, THE DEPARTMENT OF SOCIAL AND REHABILITATION  
8 SERVICES SHALL DESIGN A MEDICAL SAVINGS ACCOUNT FOR THE PURCHASE OF LIABILITY  
9 INSURANCE MOST USEFUL AND COST-EFFECTIVE FOR MEDICAID RECIPIENTS.

10 (2) UPON RECEIPT OF THE REPORTS REPORT REQUIRED UNDER [SECTIONS 1 AND 2] [SECTION  
11 1], THE OFFICE OF BUDGET AND PROGRAM PLANNING, AFTER CONSIDERING COMMENTS FROM THE  
12 LEGISLATIVE FINANCE COMMITTEE, SHALL DETERMINE WHETHER THE PURCHASE OF DISABILITY  
13 INSURANCE FOR PARTICIPANTS IN THE MONTANA MEDICAID PROGRAM, COMBINED WITH THE USE  
14 OF MEDICAL SAVINGS ACCOUNTS FOR THOSE RECIPIENTS, IS MORE COST-EFFECTIVE THAN THE  
15 MONTANA MEDICAID PROGRAM IN EFFECT ON [THE EFFECTIVE DATE OF THIS ACT]. IF, AFTER  
16 REVIEWING THE COMMITTEE'S COMMENTS, THE OFFICE DETERMINES THAT THE PURCHASE OF  
17 DISABILITY INSURANCE AND THE USE OF MEDICAL SAVINGS ACCOUNTS IS MORE COST-EFFECTIVE,  
18 IT SHALL INFORM THE DIRECTOR OF THE DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES  
19 OF THAT FACT AND THE REASONS FOR ITS DETERMINATION.

20 (3) UPON RECEIPT OF THE DETERMINATION OF THE OFFICE OF BUDGET AND PROGRAM  
21 PLANNING PURSUANT TO SUBSECTION (2) OR AS SOON THEREAFTER AS POSSIBLE, THE DEPARTMENT  
22 OF SOCIAL AND REHABILITATION SERVICES SHALL APPLY TO THE UNITED STATES HEALTH CARE  
23 FINANCING ADMINISTRATION FOR A WAIVER FROM THE MEDICAID STATUTES OR REGULATIONS, OR  
24 BOTH, TO ENABLE THE DEPARTMENT TO IMPLEMENT THE PURCHASE OF DISABILITY INSURANCE FOR  
25 PARTICIPANTS IN THE MONTANA MEDICAID PROGRAM COMBINED WITH USE OF A MEDICAL SAVINGS  
26 ACCOUNT FOR THOSE PARTICIPANTS. THE DEPARTMENT SHALL USE AS THE BASIS FOR ITS WAIVER  
27 APPLICATION THE MEDICAL SAVINGS ACCOUNT DESIGNED PURSUANT TO SUBSECTION (1).

28

29 NEW SECTION. SECTION 4. APPROPRIATION. THERE IS APPROPRIATED FROM THE GENERAL  
30 FUND \$25,000 TO THE DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES FOR THE PURPOSES

1    OF CONDUCTING THE STUDIES IN [THIS ACT].

2

3    NEW SECTION. **Section 3. Effective date.** [This act] is effective July 1, 1995.

4

5    NEW SECTION. **Section 4. Termination.** [This act] terminates October 1, 1997 1996.

6

-END-