

*Senate* BILL NO. *228*

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INTRODUCED BY HARP

A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING A STATEWIDE PUBLIC SCHOOL RISK POOL AND HEALTH BENEFIT PLANS; REQUIRING PUBLIC SCHOOL DISTRICTS TO PROVIDE EMPLOYEES WORKING HALF-TIME OR 20 OR MORE HOURS A WEEK DURING THE SCHOOL YEAR WITH FULL CALENDAR YEAR GROUP HEALTH, MEDICAL, HOSPITALIZATION, AND SURGICAL INSURANCE BENEFITS AND DENTAL INSURANCE BENEFITS; OFFERING EMPLOYEES TAX-DEFERRED OPTIONS TO REDUCE SALARY FOR PREMIUM PAYMENTS AND TO PAY FOR OTHERWISE UNREIMBURSED EXPENSES RELATING TO HEALTH INSURANCE AND OTHER RELATED GROUP BENEFITS; AUTHORIZING TRUSTEES AND RETIREES TO ELECT HEALTH INSURANCE COVERAGE AT THEIR OWN EXPENSE; MAINTAINING COLLECTIVE BARGAINING THAT ALLOWS FOR HIGHER EMPLOYER CONTRIBUTIONS TOWARD PREMIUMS OR EXTENDED DEPENDENT COVERAGE; CREATING A PUBLIC SCHOOL BENEFITS BOARD; AUTHORIZING THE BOARD OF INVESTMENTS TO PROVIDE A LOAN FOR IMPLEMENTATION OF THE STATEWIDE PUBLIC SCHOOL RISK POOL AND HEALTH BENEFIT PLANS AND TO ISSUE BONDS TO FINANCE THE INITIAL RESERVES; REQUIRING EMPLOYERS AND ELECTIVE TRUSTEE AND RETIREE MEMBERS TO PAY AN ADMINISTRATIVE SERVICES AND RESERVE FUND PREMIUM SURCHARGE TO PAY COSTS OF THE BOARD OF INVESTMENTS IMPLEMENTATION LOAN AND TO PAY COSTS OF BONDS ISSUED TO FINANCE THE INITIAL RESERVES FOR THE STATEWIDE PUBLIC SCHOOL RISK POOL; SUPERSEDING THE UNFUNDED MANDATE LAWS; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE, AN APPLICABILITY DATE, AND A CONTINGENT TERMINATION DATE."

STATEMENT OF INTENT

A statement of intent is required for this bill because [section 4] authorizes the public school benefits board to adopt rules to establish and implement a public school risk pool and health benefit plans. The rules should provide for administration of the risk pool, eligibility and enrollment requirements, bid specifications, claims forms and procedures, distribution of claims, claims denial appeal procedures, and financial reporting procedures.

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

1           **NEW SECTION. Section 1. Purpose.** The purpose of [sections 1 through 3 and 5 through 7] is  
2 to:

3           (1) create a program under which employers are required to enroll, pay premiums, and otherwise  
4 provide employees who are regularly scheduled to work 20 or more hours a week during the school year  
5 or who are employed under contract on a half-time or greater basis during a school year with core benefits  
6 consisting of group hospitalization, health, medical, and surgical insurance benefits and dental insurance  
7 benefits made available on a statewide basis;

8           (2) offer members additional hospitalization, health, medical, and surgical benefits for dependents  
9 and other related health benefits, including vision, dental, disability, and life insurance for members and  
10 dependents, in an efficient manner, at the members' election, and at an affordable cost available to  
11 employees through tax-deferred salary reduction options;

12           (3) mitigate and eliminate previously experienced erratic annual health care insurance premium  
13 increases for members and employers by spreading health care cost experience over a larger and more  
14 stable public school risk group, while reducing administrative expenses associated with small health  
15 insurance groups;

16           (4) provide a greater share of members with health insurance coverage and provide equitable  
17 access to affordable health care protection; and

18           (5) effectively allow employers and members an opportunity to negotiate medical cost containment,  
19 quality assurances, and managed care measures with health care providers, which will partially insulate  
20 school district budgets and members' income from escalating health care costs.

21

22           **NEW SECTION. Section 2. Definitions.** As used in [sections 1 through 3 and 5 through 7], the  
23 following definitions apply:

24           (1) "Basic plan" means a plan adopted by the board that provides core benefits for each member,  
25 that provides lower premium and higher member cost sharing than occurring under the standard plan, and  
26 that provides benefits that are actuarially equivalent to health benefits provided to state employees on  
27 January 1, 1997, under the comparable traditional plan offered by the state group insurance program  
28 authorized pursuant to Title 2, chapter 18, part 8.

29           (2) "Board" means the public school benefits board established in [section 4].

30           (3) "Core benefits" means group hospitalization, health, medical, and surgical insurance benefits

1 and dental insurance benefits required to be provided by employers for all members on a statewide basis  
2 pursuant to [sections 1 through 3 and 5 through 7] and in respect to which the employer is required to  
3 make premium contributions on behalf of each employee.

4 (4) "Department" means the department of administration provided for in 2-15-1001.

5 (5) "Employee" means a person employed by a public school organized pursuant to Title 20,  
6 chapter 6, or an education cooperative organized pursuant to Title 20, chapter 7, who is regularly scheduled  
7 to work 20 or more hours a week during the school year or who is employed under contract on a half-time  
8 or greater basis during the school year.

9 (6) "Employer" means all public schools organized pursuant to Title 20, chapter 6, and education  
10 cooperatives organized pursuant to Title 20, chapter 7.

11 (7) (a) "Group benefits" means core benefits provided for employees and core benefits and other  
12 vision, disability, accidental death and dismemberment, life, and other similar and related group benefits  
13 offered to members and dependents on a statewide basis pursuant to [sections 1 through 3 and 5 through  
14 7].

15 (b) The term does not include:

16 (i) casualty insurance defined in 33-1-206;

17 (ii) marine insurance authorized in 33-1-209 and 33-1-221 through 33-1-229;

18 (iii) property insurance defined in 33-1-210;

19 (iv) surety insurance defined in 33-1-211; and

20 (v) title insurance defined in 33-1-212.

21 (8) "Managed care plan" means a plan provided by a health care provider network that is subject  
22 to review and regulation as a health maintenance organization pursuant to Title 33, chapter 31, and that  
23 provides health care or other benefits on a local, regional, or statewide basis.

24 (9) "Medicare supplement plan" means a plan adopted by the board that provides core benefits for  
25 members enrolled in medicare and that supplements benefits provided under the medicare program. The  
26 term may include a medicare managed care plan.

27 (10) "Member" means an employee, retiree, or trustee who is eligible for enrollment in the public  
28 school risk pool and health benefit plans.

29 (11) "Retiree" means:

30 (a) an employee who has terminated employment with an employer and who, at the time of

1 termination, was continuously employed for a period of 10 or more school years, was 55 years of age or  
2 older, and was enrolled in a health benefit plan;

3 (b) an employee who has terminated employment with an employer and who, at the time of  
4 termination, was enrolled in a health benefit plan and was eligible for normal retirement pursuant to law or  
5 rules of the public employees' retirement system or the teachers' retirement system;

6 (c) an employee or trustee who was enrolled on July 1, 1998, as a retiree under terms of the  
7 employer's group medical plan; or

8 (d) a trustee who terminated board trusteeship with a school district and who, at the time of  
9 termination, was continuously enrolled in either the school district's or the statewide health benefit plan.

10 (12) "School year" means the annual period of pupil instruction scheduled and conducted by  
11 Montana public schools pursuant to 20-1-301.

12 (13) "Standard plan" means a plan adopted by the board that provides core benefits for each  
13 member, that provides a standard premium and lower member cost sharing than occurring under the basic  
14 plan, and that provides benefits that are actuarially equivalent to health benefits provided on January 1,  
15 1997, to university system personnel by the board of regents under the comparable plan offered by the  
16 public employees' group insurance program authorized pursuant to Title 2, chapter 18, part 7.

17 (14) "Trustee" means a member of a public school board who has served continuously in that  
18 position for 5 or more years and who has elected to be enrolled in the public school risk pool and health  
19 benefit plans.

20

21 **NEW SECTION. Section 3. Mandatory public school risk pool and health benefit plans -- enrollment**  
22 **-- flexible spending plans -- collective bargaining of higher employer contributions -- surcharge.** (1) On or  
23 after [the effective date of this act], the board shall study the public school risk pool and health benefit  
24 plans and adopt rules for defining the public school risk pool and establishing provisions of the health  
25 benefit plans.

26 (2) By April 1, 1998, the board shall adopt:

27 (a) a basic plan and a standard plan, one or more locally available managed care plans, and one  
28 or more medicare supplement plans providing for health and dental insurance benefits for each member.  
29 The plans adopted by the board must be operating and available to all employers and members by no later  
30 than July 1, 1998.

1 (b) an actuarially sound alternative tiered-rate and composite-rate premium structure for each  
2 adopted plan that offers all employers the option of either selecting a premium payment method for all  
3 employees or selecting a premium payment method for certified and classified employees only. The board  
4 shall, by June 15, 1998, notify the department of the adoption of the alternative tiered-rate and  
5 composite-rate premium structure adopted for each plan.

6 (c) a statewide premium payment program that permits employees to reduce gross salary and have  
7 the untaxed reduction applied to premium payments for all group benefits as permitted by section 125 of  
8 the Internal Revenue Code and that is available to all employers and members by no later than July 1,  
9 1998; and

10 (d) a statewide flexible spending account program that permits members to reduce gross salary and  
11 have the untaxed reduction applied to unreimbursed medical and dependent care expenses as permitted  
12 by section 125 of the Internal Revenue Code and that is available to all employers and employees by no  
13 later than July 1, 1998.

14 (3) Between July 1, 1998, and September 1, 1998, or upon the expiration of a collective  
15 bargaining agreement, whichever occurs first, an employer shall:

16 (a) enroll each employee in the public school risk pool and provide core benefits under the standard,  
17 basic, or managed care plan as elected by the employee;

18 (b) adopt the statewide premium payment program and the flexible spending account program  
19 established in subsection (2) that, subject to section 125 of the Internal Revenue Code, provide each  
20 employee with the option of participating in the statewide premium payment and flexible spending account  
21 programs;

22 (c) enroll each retiree and trustee member who is eligible under [sections 1 through 3 and 5  
23 through 7] and elects benefits coverage under the standard, basic, or managed care plan or the medicare  
24 supplement plan; and

25 (d) notify the department of the employer's selection of a premium payment method for all eligible  
26 employee, retiree, and trustee members or of the selection of a separate premium payment method for  
27 certified and classified employees.

28 (4) Except as provided in subsection (5), an employer shall, no sooner than July 1, 1998, and no  
29 later than September 1, 1998, pay monthly to the department from any budgeted fund, as defined in  
30 20-9-201, not less than the minimum premium amount determined by the board to be equal to the premium

1 amount necessary to insure and provide core benefits on behalf of each employee under the standard plan.  
2 The premium includes a \$15 administrative services and reserve fund premium surcharge to pay for the  
3 costs of repaying the loan received from the board of investments to implement the public school risk pool  
4 and health benefit plans and to pay the costs of the initial reserve bonds issued by the board of  
5 investments.

6 (5) If the employer contribution for health and related insurance benefits for school personnel  
7 covered by a collective bargaining agreement on January 1, 1997, is in excess of the amount required for  
8 single employee coverage under the standard plan, the employer shall continue to provide benefits and  
9 make payments to the department that provide the same level of coverage for all school personnel covered  
10 by the collective bargaining agreement until September 1, 2000.

11 (6) Employer contributions in excess of the amounts required under subsection (4) or (5) may be  
12 negotiated through collective bargaining.

13 (7) A trustee or a retiree may, at the time of retirement and at the trustee's or retiree's expense,  
14 elect to be enrolled in the public school risk pool and receive health benefits under the standard, basic, or  
15 managed care plan or may, if eligible, enroll in the medicare supplement plan. A trustee or retiree who  
16 elects to enroll in the public school risk pool shall pay the monthly \$15 administrative services and reserve  
17 fund premium surcharge established in subsection (4).

18 (8) If the employer contribution for health and related insurance benefits for retired school  
19 personnel pursuant to a collective bargaining agreement on January 1, 1997, is in excess of the amount  
20 required for single employee coverage under the standard plan, the employer:

21 (a) shall continue to provide benefits and make payments to the department that provide the same  
22 level of coverage for all retired school personnel covered by the collective bargaining agreement until  
23 September 1, 2000; and

24 (b) if required in a collective bargaining agreement, may continue to make contributions after  
25 September 1, 2000, on behalf of retirees.

26 (9) The department shall deposit all reserve funds and premiums paid to a health benefit plan to be  
27 expended by the department for claims under the plan.

28 (10) The department shall deposit the surcharge received and income earned from the investment  
29 of a health benefit plan's reserve fund into an account to offset the costs of administering the plan.

30 (11) The provisions of Title 33 do not apply to the department when exercising the powers and

1 duties provided for in this section.

2

3 **NEW SECTION. Section 4. Public school benefits board -- composition -- duties.** (1) There is  
4 created a public school benefits board.

5 (2) The board consists of 11 members appointed to 5-year staggered terms by the governor. The  
6 members of the board must be enrolled in the public school risk pool and must be appointed from lists  
7 submitted to the governor as follows:

8 (a) two public school board trustees appointed from one list containing up to four nominees  
9 submitted jointly by the Montana school board association and the Montana rural education association;

10 (b) two public school administrators appointed from a list containing up to four nominees submitted  
11 by the school administrators of Montana;

12 (c) six members of labor organizations, as defined in 39-31-103, appointed from one list containing  
13 up to 12 nominees submitted jointly by the Montana education association and the Montana federation of  
14 teachers. Of the six members, at least two must be classified personnel. As used in this subsection,  
15 "classified personnel" means persons not required to be certified under Title 20, chapter 4.

16 (d) one retiree, appointed from a list containing up to two nominees, submitted to the governor by  
17 labor organizations, as defined in 39-31-103.

18 (3) When a vacancy occurs, the governor shall notify the organization or organizations authorized  
19 to submit nominations pursuant to subsection (2). Within 30 days of receiving notification, the authorized  
20 organization or organizations shall submit a list of nominees to the governor. If an organization or  
21 organizations fail to submit a list within 30 days, the governor may designate any person meeting the  
22 requirements of the vacancy to fill the position.

23 (4) The board shall:

24 (a) review the design and operation of health benefit plans and may amend by rule any core  
25 benefits or health benefit plan;

26 (b) maintain health benefit plans on an actuarially sound basis and maintain reserves sufficient to  
27 liquidate the unrevealed claims liability and other liabilities of health benefit plans;

28 (c) establish specifications for bid proposals providing for health benefit plans and the claims  
29 administration procedures for those plans, accept or reject bids, and enter into contracts for the review or  
30 provision of health benefits or the administration for those plans;

1 (d) perform or obtain an analysis of rate adequacy of all health benefit plans administered under  
2 [sections 1 through 3 and 5 through 7] and annually contract for an independent audit and financial  
3 evaluation of all health benefits plans; and

4 (e) meet at least quarterly to review the operation and financing of the existing health benefit plans,  
5 to review enrollment or claims administration matters, to determine procedures providing for review of  
6 claims denials and appeals, and to direct and advise the department on health benefit matters.

7 (5) The board may:

8 (a) establish rules that it considers proper for determining employee, retiree, and trustee member  
9 enrollment eligibility and providing for timely enrollment in the public school risk pool and health benefit  
10 plans, for claims review and appeals procedures, and generally for the administration and operation of the  
11 public school risk pool and health benefit plans; and

12 (b) conduct claims, financial, and operational reviews as necessary to properly monitor the  
13 performance of health benefit plan vendors.

14 (6) The board is allocated to the department for administrative purposes only as prescribed in  
15 2-15-121. However, the board may hire its own personnel, and 2-15-121(2)(d) does not apply.

16 (7) Members of the board must be compensated in the same manner as members of a quasi-judicial  
17 board as provided in 2-15-124, except that the requirement that at least one member be an attorney does  
18 not apply.

19  
20 **NEW SECTION. Section 5. General duties of department.** The department, at the direction of the  
21 board, shall:

22 (1) negotiate and administer contracts for public school health benefit plans;

23 (2) provide administrative and clerical staff for the board and for enrollment and other services  
24 related to the public school risk pool and health benefit plans;

25 (3) prepare an annual report that describes enrollment trends within the public school risk pool,  
26 benefit provisions and premium structure of the health benefit plans, and administrative experience relating  
27 to the plans, that details historical and projected program costs and the status of reserve funds, and that  
28 makes recommendations, if any, for changes in the existing public school risk pool, health benefit plans,  
29 premium structures, or related matters;

30 (4) provide information and educational services through local public school districts for members



1 regarding the public school risk pool and health benefit plans; and

2 (5) provide assistance to public school benefits and payroll administrators and to members  
3 regarding enrollment and premium payment procedures associated with the public school risk pool and  
4 health benefit plans.

5  
6 **NEW SECTION. Section 6. Administrative costs.** The department shall include the costs of  
7 administering and negotiating health benefit plans established under [sections 1 through 3 and 5 through  
8 7] and administering third-party claim expenses, as well as the costs of hiring necessary consultants,  
9 actuaries, and auditors under [sections 1 through 3 and 5 through 7], as part of the costs for the public  
10 school risk pool and health benefit plans.

11  
12 **NEW SECTION. Section 7. Biennial audit of health benefit plans required.** The public school health  
13 benefit plans established under [sections 1 through 3 and 5 through 7], whether established on a  
14 self-funded basis or not, must be audited every 2 years. The audit must cover the 2-year period since the  
15 last audit and be conducted by or at the direction of the legislative auditor.

16  
17 **NEW SECTION. Section 8. Board of investments loan -- reserve bonds -- use of premium**  
18 **surchARGE.** (1) The board of investments may provide to the public school benefits board a loan in the  
19 amount of \$600,000 for the biennium beginning July 1, 1997, and ending June 30, 1999, for the purpose  
20 of implementing the statewide public school risk pool and health benefit plans.

21 (2) The board of investments may finance the initial reserves for the statewide public school risk  
22 pool and health benefit plans from the proceeds of bonds having a term of no more than 10 years issued  
23 pursuant to the Municipal Finance Consolidation Act of 1983 authorized in Title 17, chapter 5, part 16.

24 (3) The premium surcharge portion of the premium collected under [section 3] may be used only  
25 to administer repayment of the costs of the initial loan to the public school benefits board for  
26 implementation of [sections 1 through 3 and 5 through 7] and the costs of repaying bonds issued and loan  
27 proceeds given under this section.

28  
29 **NEW SECTION. Section 9. Codification instruction.** (1) [Sections 1 through 3 and 5 through 7]  
30 are intended to be codified as an integral part of Title 2, chapter 18, and the provisions of Title 2, chapter

1 18, apply to [sections 1 through 3 and 5 through 7].

2 (2) [Section 4] is intended to be codified as an integral part of Title 2, chapter 15, part 10, and the  
3 provisions of Title 2, chapter 15, part 10, apply to [section 4].

4

5 **NEW SECTION. Section 10. Implementation of staggered terms.** (1) To implement the  
6 staggered-term system provided for in [section 4], the first terms of the members are as follows:

7 (a) three members shall serve 3-year terms;

8 (b) four members shall serve 4-year terms; and

9 (c) four members shall serve 5-year terms.

10 (2) Upon expiration of the terms provided for in subsection (1), each member shall serve a 5-year  
11 term.

12

13 **NEW SECTION. Section 11. Unfunded mandate law superseded.** The provisions of [this act]  
14 expressly supersede and modify the requirements of 1-2-112 through 1-2-116.

15

16 **NEW SECTION. Section 12. Effective date -- applicability.** [This act] is effective on passage and  
17 approval and applies to contracts entered into on or after [the effective date of this act].

18

19 **NEW SECTION. Section 13. Contingent termination.** The \$15 premium surcharge imposed on  
20 employers pursuant to [section 3] terminates on the date that the board of investments notifies the  
21 governor and the public school benefits board that the loan and the bonds issued to the public school  
22 benefits board pursuant to [section 8] have been repaid in full.

23

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for SB0228, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

Authorizing the board of investments to provide a loan for implementation of the statewide public school risk pool and health benefit plans and to issue bonds to finance the initial reserves; requiring employers and elective trustee and retiree members to pay an administrative services and reserve fund premium surcharge to pay costs of the board of investments implementation loan and to pay costs of bonds issued to finance the initial reserves for the statewide public school risk pool; superseding the unfunded mandate laws; and providing an immediate effective date, an applicability date, and a contingent termination date.

ASSUMPTIONS:

Department of Commerce/Board of Investments:


1. The Board of Investments will lend \$600,000 to the Public School Benefits Board during the 1999 biennium. The loan will be made through the INTERCAP Program, a program under which the Board of Investments sells tax-exempt bonds and lends the proceeds to local/state agencies and the university system. The Board will also make a loan through the same program for a term of no more than 10 years to finance the initial reserves for the plan. The INTERCAP program interest rates are set each year on March 1, based on the interest rate on the remarketed underlying bonds. The borrower's interest rate as of February 3 is 4.85 percent and it is anticipated that will not change significantly when the bonds are remarketed on March 1. The actual amount of interest to be paid on the \$600,000 start up loan will depend on the repayment schedule during the 1999 biennium. Interest on the loan to finance the initial reserves cannot be estimated because the reserve requirements have not yet been calculated.

Department of Administration

1. The School District Plan will have 22,490 employees and retirees (1.6 times as many as the State Employee Benefit Plan)
2. Fiscal impact depends upon the degree to which the administration of the School District Plan and the existing State Employee Benefit Plan can be provided by single integrated staff using existing computer systems. Since Section 4(6) of the bill gives the Board of the school district benefits program authority to hire its own personnel while Section 5(2) requires the Department to provide administrative and clerical staff, the degree of possible staff integration is unclear. A single integrated administrative staff is assumed in this fiscal note. The projected FY99 costs of a separate administrative unit would be closer to \$971,409 (1.6 times budget projections for the State Employee Benefit Plan) and start up costs would be considerably higher than projections below.
3. The Department will assume program start-up duties in FY98 and full administrative duties in FY99
4. Total administrative costs in FY99, the first full year of operation, will be apportioned between the State Employee Benefit Plan proprietary fund and the School District Plan proprietary fund based on program size -- 40% State Plan and 60% School District Plan. Consequently, both the total fiscal impact and the fiscal impact on each fund is shown for FY99.

 2-5-97

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

 2/6/97

JOHN HARE, PRIMARY SPONSOR      DATE  
Fiscal Note for SB0228, as introduced

**SB 228**

ASSUMPTIONS (continued):

5. 7 FTE are needed in FY99 to administer the program. These are estimated to be:  
2 Benefit Specialists (grade 15 and 14) to develop and administer contracts and cost containment programs, develop communications materials and administer a claims appeal program;  
4 Benefits Technicians (a grade 10 and three grade 9s) to perform technical, administrative and accounting duties required to determine and track eligibility, obtain annual benefit elections, track collect and reconcile premiums to coverage, provide monthly certification of coverage to all plan claims administrators, administer COBRA continuation rights, retiree continuation rights, and administer Premium Payment and Flexible Spending Acct programs.  
1 Benefits Clerk (grade 8) to receive and direct calls, prepare and distribute communications, enter data, and provide general administrative support services.
6. FY99 operating costs are estimated at \$306,600, approximately 95% of the State Employee Benefit Plans FY96 operating costs.
7. FY98 Program start up requires a Benefits Specialist(grade 15) for a full year to assist the Board in contracting for consulting/actuarial services and to work with the consultant and Board on Plan design and costing and to administer RFP selection processes for all contracted services and products. Since coverage must begin for some School Plan members on July 1, 1998, all administrative staff members are needed for the last quarter of FY98 to assist in information distribution, enrollment, establishing data bases, and other program start-up activities. This equals 2.5 FTE for FY98
8. FY98 operating and start up costs include computer system modification costs of \$16,900 plus contractual programming services of \$68,640; contracted consulting/actuarial costs of \$60,000, printing costs of \$24,000, travel expenses of \$2,000, and routine operating costs of \$3,971 per FTE (2.5). Equipment costs are projected at \$2,920 for all 7 FTE.

FISCAL IMPACT:

Department of Administration:

Expenditures:

	<u>FY98</u>	<u>FY99</u>
	<u>Difference</u>	<u>Difference</u>
FTE	2.5	7.0
Personal Services	69,220	174,578
Operating Expenses	201,908	306,598
Equipment	20,440	0
Benefits	0	53,047,281
Debt Service	<u>0</u>	<u>3,630,000</u>
 Total	 291,568	 481,176

Funding:

School District Proprietary	291,568	57,330,000
State Group Benefits Proprietary		(171,543)

Revenues:

School District Employer Premiums	57,330,000
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EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

School district contributions for employee health insurance are anticipated to increase \$10.4 million under this Act. The increase is the result of a 23% increase in covered enrollment and full mandated single premium payment for all employees working 20 or more hours per week. The effect will not be uniform for all districts as some experience reduced costs while most experience increased costs.

This bill may require local governments to spend additional sums for which no specific means of financing are provided. Section 1-2-114, MCA provides that bills which have such an impact may not be introduced.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

If joint administration of the State Employee Benefit Plan and School District Plan results in joint purchasing of benefit services and products, savings from deeper volume discounts should be possible.

TECHNICAL NOTES:

Section 4(6) of the bill gives the Board of the school district benefits program authority to hire its own personnel while Section 5(2) requires the Department to provide administrative and clerical staff, the degree of possible staff integration is unclear.