MINUTES OF THE MEETING
TAXATION COMMITTEE
MONTANA STATE SENATE

April 10, 1985

The sixty-seventh meeting of the Senate Taxation Committee was called to order by Chairman Thomas E. Towe at 8:04 am in Room 413-415 of the State Capitol.

ROLL CALL: All members of the committee were present.

Senator Towe explained that while the committee had given leave to hold the report on HB 704, he wanted to return the bill to the committee to work out problems with the amendments.

MOTION: Senator Brown moved that the committee reconsider its action in concurring with HB 704.

Senator McCallum said that he did not want to bill returned to committee to be killed. Chairman Towe gave his solemn promise that he did not want to kill, but to amend the bill.

The motion carried unanimously.

Chairman Towe said that with respect to the number of people gathered for the morning hearings the committee would reconvene immediately in the Old Supreme Court Chambers and the committee resumed its meeting in that room.

CONSIDERATION OF HB 430: Representative Dorothy Bradley, House District 79, was recognized as chief sponsor of the bill. She provided the committee with Exhibit 1, an article from Montana Magazine on the genetics program at Shodair Hospital; and with Exhibits 2 and 3 which deal with the funding mechanism added to the bill in the House. Representative Bradley said that much of the discussion would relate to the funding mechanism and wanted to the committee to know that while it was not in the original bill, adequate hearing was noticed in the House. The funding mechanism would be to add a 50 cent per person per year charge to health insurance to be used to budget the genetics program at Shodair Hospital. She said that the bill takes the preventative medical approach and that it would help to keep health care costs down for all those participating in the funding. She said the fiscal note states that there is no administrative cost to the state.

PROPONENTS

Dr. John Opitz, medical director of the genetics program, submitted written testimony in support of the bill (Exhibit 4).

Dr. Jeff Strickler, Montana Academy of Pediatrics, submitted his testimony in writing (Exhibit 5).

Mr. Chad Smith, a member of the Board of Trustees of Shodair Hospital, discussed the costs and budget of the program (Exhibit 6). He provided the committee with the Source Book (Exhibit 7) on health insurance

which contains recent data related to the funding mechanisms and how much revenue would be generated. He explained the problems with the fiscal note figures which were not based on reliable information. He told the committee that there is no question that adequate funding is contained in the bill. He said that the bill received full bipartisan support in the House and that Shodair would continue to do all it could. Exhibit 8 showed the statutes that require health insurance companies to care for defectively born children. Exhibits 9 and 10 were copies of statutes and regulations concerning the reporting of insurance companies to the state auditor's office.

Ms. Joan Fitzgerald, genetics counselor at Shodair, submitted her testimony in writing (Exhibit 11).

Ms. Susan Capdeville, a consumer, discussed help she had been given in genetics counselling by the program.

Mr. Brooks Morin said that after having a birth defective child in 1979 he learned the importance of genetic counselling. He said that they had to leave the state at that time to get the help they needed because this kind of unit was not available. He said that with counselling from the program, they have had two healthy children.

Ms. Mary McWhorter, a consumer, discussed her experience having a Down's syndrome child. She said that within an hour of her child's birth they were with her and helping with information and concern. She said acceptance of that child began at the moment of its birth because of the help they received. She discussed the "lifetime chronic sorrow" syndrome of parents who are not able to make a good adjustment to these problems. In contrast she said, "Our acceptance of our child began immediately."

Ms. Judy Olson, Montana Nurses Association, supported the bill based on its cost and human benefits.

Mr. Bill Leary, President of the Montana Hospital Association, said that the industry supports this bill.

Mr. Ed McHugh, Vice President of the Board of Trustees of Shodair Hospital, said that they will continue to act as the safety net for this excellent program.

Dr. Kenneth Eden, a Helena medical doctor, said that he sees in his practice the end result of the lack of services. He said this is not a high tech appeal program, it is a program that makes more sense than that.

OPPONENTS

Senator Bill Norman, Missoula, said that he mildly opposes the bill. He said that in the face of rising health care costs the insured should not be asked to pay for prevention. He said that all the proponents would benefit from the service and that is why they are supporting the bill. He said that Montana should not fund the

program in this way.

Mr. John Alke, representing Montana Physicians Service and Blue Shield, submitted his opposing testimony in writing. He concluded saying that HB 430 should be passed without the House amendments or referred to the Rules Committee. His testimony is in Exhibit 12.

Mr. Elmer Hausken, Montana Association of Life Underwriters, said they oppose the bill based on double taxation. He submitted his testimony in writing (Exhibit 13).

Mr. Bruce Lobel, representing the American Council of Life Insurance and the Health Insurance Association of America, submitted his testimony in writing (Exhibit 14).

Mr. Steve Brown, representing Blue Cross of Montana, said that they also object to the tax provision in this appropriations bill. He said this would result in significant increase in health care cost. He said that the idea of taxing health insurance could not be limited to this if this bill passed. He said that there have been two other bills which have passed with mandatory health insurance provisions. "How many straws can the camel carry?" he said. He said that if the taxation provision were amended out of the bill he would lobby for its passage.

Mr. Stan Ray, Montana Right to Life Association, said that this bill is an abortion promotion bill. He called amniocentisis a "search and destroy mission". He said that the test itself has a small but significant danger to mother and child. He said that the Department of Health and Environmental Sciences has a miserable track record on abortion and this would give them another blank check. He said they should be further restricted. He said that genetics counselling should take place before conception. He suggested to the committee that if the money was raised it should be used for programs for the developmentally disabled.

Questions from the committee were entertained.

Senator Mazurek asked the insurance company representatives, "How long have you known about the amendment in this bill? Mr. Alke responded that he knew about it on February 12, the day before the House hearing on the bill. Senator Towe repeated, "Did you know before the House hearing?" Mr. Alke said, yes, but said that this is not a unicameral legislature.

Senator Goodover asked if dollars were available from other insurance tax. The State Auditor's office said that all that money went into the general fund.

Representative Bradley closed saying that the committee should not loose site of the fact that the bill asks for 50 cents per year, per person. She said it is schizophrenic of the insurance companies to say they want the program, but don't want to pay for it. She said that the original purpose of the bill has not changed and that she felt it was important that any bill have a fair hearing and she felt this bill had more opportunity for hearing in the House than is nor-

mally accorded. She said this a fair spread of a very small fee.

Representative Bradley continued saying that Senator Norman was incorrect in thinking that this had been put in the bill as a last minute attempt to save it from competition with other cat and dog appropriation bills. She said that the dollars will go directly into the general fund and that in two years the Legislature can examine what has happened. She said the people who will pay for this bill are the same ones who will pay if the preventative service is not provided. She said that the cost for a child in the Boulder River School and Hospital is about $67,000 per year.

She said that she would conclude by stressing the human benefit of the program. She asked the committee to read the provided magazine article.

Chairman Towe closed the hearing on HB 430. He said that the committee had been invited to Shodair on Monday evening to look at the program and did have dinner in their cafeteria.

CONSIDERATION OF HB 870: Representative Dave Brown, House District 72, said that this bill replaces the full funding of the local government block program which is facing a shortfall of some $7 million. He proposed the amendments in Exhibit 15 saying that they would allow this full amount that was taken when the House killed the three cent gasoline tax increase. He said that federal royalty payments are no longer included in the block grant program.

PROPONENTS

Mr. Gordon Morris, Montana Association of Counties, said that Exhibit 16 shows the shortfall. He cited the amount that various counties would have to increase millage to make this up if the bill did not pass. Exhibit 17 shows how much the increase will affect motor vehicle fees. He said that owning and operating a vehicle will still be competative with neighboring states. He concluded saying that on behalf of all 56 counties and all taxing jurisdictions in those counties he asks for consideration of this bill.

Mr. Dennis Burr, Montana Taxpayers Association, said that this bill is intended to fund areas where problems occur because of previous legislative action. He said the motor vehicle fee is uniform and people will realize they are paying it and what it is for.

Mr. Greg Jackson, Urban Coalition, said that HB 870 is one of their highest priorities in maintaining the block grant program.

Ms. Kay Foster, President of the Montana League of Cities and Towns and city councilwoman from Billings, said that they are not asking for all of the tax money lost previously, but are asking that the Legislature honor its commitment.

Mr. Don Peoples, Cheif Executive of Butte/Silver Bow, said that they are a proponent of the bill with its amendments. He said that there is a crisis and that proposed domestic cuts push local governments to the wall. He said the Legislature has made a commitment

full funding of the block grant program.

Mr. Phil Campbell, representing the Montana Education Association, said that they are concerned about the burden at the local level which is affecting the ability of school districts to pass levies.

Mr. Jim Wysocki, city manager for Bozeman, said that they have reached the limit with their funding sources and this bill needs to pass.

Mr. Jay Jelinski, Gallatin County Commissioner, said that the bill is needed, and asked the Legislature to return the dollars that local government needs.

Mr. Bill Verwolf, City of Helena, said that this fund replacement program is a strong legislative priority.

Mr. Alex Hansen, Montana League of Cities and Towns, said that in 1981 the Legislature converted to the flat fee system and promised to make up the losses that would occur. He said that this bill is a method for the state to honor replacement formulas. He said the program is now $7 million short. He said the only way for local governments to make it is to cut services or increase property taxes. He said that without this bill there is a serious emergency in local government funding. He said that there is no general fund impact. He concluded saying that the cost comes from those who can afford to pay.

OPPONENTS

Mr. Tom Harrison, Montana Auto Dealers Association, said that the ad valorum tax was removed because of an outcry at vehicle cost. The so called equalization and fairness theory is illusory. He said that the proponents support the bill because it is a tax on someone else's source of money. He said that the severance tax can also create a windfall for local governments and that is the chance that was taken when the funding source was tied to local governments. He said that there is no commitment made by one session of Legislature binding on the next. He said that the bill and the amendments must be rejected.

Mr. Jim Manion, Montana Automobile Association, said that his membership opposed the bill.

Mr. George Allen, Montana Retail Association, said there is also a shortfall in agriculture, in main street business and other areas of the economy. He noted that this increased fee would also affect the low income folks.

Questions from the committee were called for.

Senator Towe asked if the supporters of this bill opposed the reduction in the oil severance tax. Representative Brown said that was a supportable move in view of low oil prices. Mr. Hansen said that MLCT testified against it in 1983, but had been silent

on that issue this season.

Senator Goodover asked if the gambling bill would give the necessary $7 million as 75 percent of that income would be dedicated to local governments. Representative Brown said that cannot be determined and this bill must pass. He pointed out to the committee that the bill has a sunset provision which would make it automatically scrutinized by the next session.

Senator Towe asked how the additional fees would be administered. Representative Brown said that inflation was not a factor because of the sunset provision. He said that if there were a spill over of additional money it would go into the general services account for local government. He said the bill has been figured to come as close as possible to the amount needed.

Representative Brown closed saying that he was surprised at opposition from the Montana Retail Association. He said that the automobile groups lack credibility, in that if one can afford a car, one can also afford the increased fee. He said that he had no objection to the sunset provision but he no longer felt it was necessary and it could be amended out.

CONSIDERATION OF HB 901: Chairman Towe noted that this bill had already been heard by another committee of the Senate and that it had come before the Taxation Committee in order that certain questions might be addressed.

Representative Dave Brown was recognized as chief sponsor of the bill. He said that the bill would help to attract an MHD retrofit project to Billings. He said that it does not eliminate taxes, but does not require them to pay the one percent upfront cost. He submitted Exhibit 18 to the committee.

PROPONENTS

Mr. Jack Sherick, President of MSE, Inc., said that the federal research programs would provide jobs and cosnume services for five to twenty years of benefit to the local community. He said that far outweighed the need for this tax. He said that in competition with others they want Montana's proposal to be the most favorable. He said that the plant in Butte has employed about 150 full-time people annually. He said that amounts to about $60 million into the Butte area and the state. He said that far outweighs the guarantee of the fee.

OPPONENTS

Mr. Dan Bucks, Deputy Director of the Department of Revenue, said they have no quarrel with the desire to secure the feceral research facility. He said they do question the practical nature of this method. He said that the state of Montana took to the Supreme Court the right to levy this tax and that the Supreme Court declined

to overturn it. He said that if this bill passes the underpinning of that case may be gone. He said that the Department of Energy has chosen to defy the withholding taxes and has encouraged contractors also to avoid taxation. He said that in a case currently being litigated a contractor owns a tax bill of some $300,000. He said this bill will encourage that kind of attitude. He said that it will establish the precendent that contractors do not have to pay these taxes. He said there are currently no exemptions from this law and that the tax has been upheld in court because it applies equally to all. He said this bill could lead to an unravelling of that. In conclusion he said that the tax has worked well in providing a bond, that Montana contractors would not be able to bid competitively against out-of-state contractors who could avoid taxation and that the status quo provides a level playing field.

Mr. Bill Olson, representing the Montana Contractors Association said three things: 1) that the bill is discriminatory by application only to a certain kind of facility, 2) that the bill would set a precendent to exempt others as well, and 3) that the fiscal note indicates a reduction in state revenue.

Questions from the committee were called for.

Senator Towe asked Representative Brown to respond to the points raised by the opponents of the bill. He said that the bill would have no effect whatsoever on court cases. He said that the failure of the bill to pass would keep the federal facility out of Montana. He said that a precedent would not be established and extended by passage of the bill. He said that no state contractor has the capability to build this kind of facility anyway.

Senator Towe asked if the bill applied to the continuous operation or only to the construction. Representative Brown said it was intended to cover only construction of this one facility. Senator Towe asked how this would be different from other government projects. Representative Brown responded that it was different because it dealt with research buildings. Senator Towe asked if it was the intent of the bill to exclude other taxes as well. Representataive Brown said that, no, it does not affect revenue and all taxes would be paid. Senator Towe asked of the Department of Energy would object to a bonding requirement. Mr. Sherick and Representative Brown agreed to look into the matter.

Senator Hirsch asked if the bill would affect the livestock experiment station in Miles City. Mr. Bucks felt that it might. Mr. Brown said smaller costs were exempt. Senator Hirsch said that they recently put in a $300,000 irrigation project.

Representative Brown closed saying that it was not a revenue bill and should not be in the Taxation Committee. He said that it will affect only one project and the bill should be passed.

Chairman Towe adjourned the committee at 10:55 am.

Thomas E. Towe

Chairman

ROLL CALL

SENATE TAXATION COMMITTEE

49th Legislative Session -- 1985

Date April 10, 1985

Location -- Room 413-415

Name	Present	Absent	Excused
Senator Brown	✓		
Senator Eck	✓		
Senator Goodover	✓		
Senator Hager	✓		
Senator Halligan	✓		
Senator Hirsch	✓		
Senator Lybeck	✓		
Senator Mazurek	✓		
Senator McCallum	✓		
Senator Neuman	✓		
Senator Severson	✓		
Senator Towe	✓		

DATE April 10, ~~1983~~ 1985

COMMITTEE ON [illegible]

VISITORS' REGISTER

NAME ([illegible])	REPRESENTING	BILL #	Check One: Support	Check One: Oppose
John M. Opitz	Self	430	✓	
Dan Yonak	Shodair Hospital	430	✓	
Rhonda Boyle	Self	430	✓	
G. Morris	MACo	870	✓	
Jackie Stonnell	Gallatin Co	430	✓	
Jeff Strickfaring	Am Acad of Pediatrics	430	✓	
[illegible]	MACO (Mt Assn Life Ind)	430		✓
George Allen	Mt. Retail Assn	870		✓
ARTHUR DANIEL	SELF	430	✓	
Bill Olson	Mt. Contractors Assn.	901		✓
BILL BERMINGHAM	MTN STATES ENERGY	901	✓	
JACK SHERICK	MSE INC	901	✓	
Joan [illegible]	Self	430	✓	
[illegible]	[illegible]	430	✓	
Bob McGee	Dept of Revenue	901		✓
Bill Verwolf	City of Helena	870	✓	
[illegible]	family	430	✓	
Jim Reynolds	Self	430	✓	
[illegible]	[illegible]	430	✓	
Suzy Holt	Self	430	✓	
Linda [illegible]	[illegible]	430	✓	
Virginia [illegible]	Self	430	✓	
Bud Irwin		430	✓	
Isabel McWhorter	Self	430	✓	
Melanie Watson	Self	430	✓	
Carlee Buckley	Self	430	✓	

(Please leave prepared statement with S[illegible]

DATE April 10, 1985 ~~1983~~

COMMITTEE ON [illegible]

VISITORS' REGISTER

NAME ([illegible])	REPRESENTING	BILL #	Check One: Support	Check One: Oppose
Jim Wysocki	City of Bozeman	HB 870	✓	
Judy Mathes	City of Bozeman	HB 870	✓	
Dennis Jordan	City of Bozeman	HB 870	X	
Ed McHugh	Helena	430	✓	
Sandra Phillips	Self	430	✓	
[illegible]	MT Nurses' Assoc	430	✓	
Carolyn [illegible]	Self	430	✓	
Jim Manion	MT AAA	870	~~[illegible]~~	✓
Jane Jelinski	Gallatin Co	870	✓	
Ken Eden MD.	Self	870	✓	
~~F.H. Burk Boles~~	~~Mc[illegible] Chamber~~			
Greg Jackson	Urban Coalition	870	✓	
Steve Brown	Blue Cross	430		✓
Elizabeth Gunderson	Self	430		
STAN RAVE	MONTANA RIGHT TO LIFE	430		✓
Ed McHugh	Helena Dairyman	870		✓
Bruce Lobig	~~HB~~ ACLI	430		✓
Chas Smith	Shodair Hospital	430	✓	
[illegible]	~~[illegible]~~ MT Medical Ass	430	✓	
Dennis Burr	MonTAX	HB 870	✓	
Phil Campbell	MEA	HB 870	✓	
Don Peoples	Butte Silver Bow	HB 870	✓	
Dave Brown	House Dist. #72 - Sponsor	HB 870	✓	
Dave Brown	" "	HB-901	✓	

(Please leave prepared statement with Secretary)

NAME Susan Capdeville BILL NO. 430

ADDRESS 1400 Ohio DATE

WHOM DO YOU REPRESENT SELF

SUPPORT ✓ OPPOSE AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

Statement regarding services utilized at Shodair Genetic Clinic and need to continue program.

NAME Elizabeth Anderson MC BILL NO. HB 430

ADDRESS 715 8th Ave, Helena DATE 4.10.85

WHOM DO YOU REPRESENT self

SUPPORT _____ OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

As a pediatrician, I have utilized genetics services with fair frequency in my practice, and am well aware of the importance of these services to the parents of a handicapped child.

As an older mother who required amniocentesis, I have utilized the services myself, and [illegible] the reassurance that comes from knowing my baby will be genetically normal.

I urge support for this bill.

E Anderson

Inherent Risks

Cracking the birth defect code

Exhibit 1 -- HB 430
April 10, 1985

JOHN REDDY

Helena's renowned genetics staff

by Chris McGonigle

Helena's Shodair Hospital enjoys a reputation far larger than some Montanans may realize. Its Department of Medical Genetics, under the direction of Dr. John Opitz, has developed a program recognized world-wide, while offering services to some 400 Montana families. Part of the program's thrust is to educate the state's residents to the real and potential dangers of having birth defective children.

Although the staff is frustrated at the discrepancy between the number of patients they are able to see and those who need genetic guidance, the range of services offered is remarkable.

About 20 families make the trip to Helena each month because of a physician preference, or because they feel their need is too urgent to wait for one of the outreach clinics held at intervals during the year. Twenty-nine clinics were held in five Montana towns during 1984. The Department began the outreach program because staff feel that in a state like Montana, where distances between towns are forbidding, it is their duty to take the services to the people. Most families seen at the hospital or in the outreach clinics are Montana residents who already have a birth defective child. They come seeking a diagnosis as to the child's specific defect or condition. What is the name for it? What caused it? And, most pressing of all, what does the future hold, for this child, as well as for their unborn children?

John Stuart* is tall, with boyish features and thick dark hair. His wife Sally is small and blond, a ready talker, with a quick sense of humor. No one, certainly not the Stuarts themselves, suspected the months of agony that awaited them at the birth of their first child. Because of her small pelvis, Sally was scheduled for a caesarean, but John was allowed to be present in the operating room as they lifted his son into the world. He looked perfect to both his parents. Only after a nurse had wiped his body of vernix, the cheesy substance that protects the newborn's skin in the womb, did she notice the opening, about the size of a thumbnail, at the base of his spine. For the first time, she realized that the baby's skull, instead of being evenly rounded, showed a trough-like depression that extended from his forehead the length of his skull. Alarmed, she called to the doctor, who hurried over to the incubator. To him, there was no doubt that the Stuarts' baby was the victim of one of the cruelest of all birth defects: spina bifida.

Opitz was initially optimistic about the Stuart baby's chances, as were the doctors at Children's Orthopedic Hospital in Seattle. The baby, whom the Stuarts decided to name Richard, after Sally's father, seemed to have little of the paralysis that affects all spina bifida babies to some degree. Early in fetal life, the spinal cord and brain are formed as a tube-like structure. As the fetus grows, the tube is covered with skin, as one would close a zipper. Depending on where the "zipper" gaps open, nerves are exposed and fail to grow properly. If the spinal opening had been his only

*Patient names have been changed.

defect, Richard Stuart might have grown into a healthy child. Unfortunately, his problems were more extensive and more lethal than anyone could foresee.

Four months later, the Stuarts had to face the fact that their baby was dying. He was increasingly plagued by respiratory problems arising from pressure inside his skull, pressure that five operations had failed to relieve. A meeting was held at Shodair, with Dr. Opitz, the Stuarts and their family doctor, who had delivered the baby. All agreed that prolonging Richard's suffering seemed pointless in the face of such overwhelming defects. Richard's nurses were instructed not to revive him if he went into respiratory arrest. That night, John rocked his son in his arms as the baby slipped peacefully from life.

Dr. Opitz told the Stuarts that spina bifida is a "multifactorial" birth defect. A couple may have inherited a genetic tendency toward the defect, but other elements combine to cause it to occur. Sally had been ill with a severe bout of flu soon after Richard's conception. Certain viruses are known to cause birth defects, but it was impossible to conclude later if Sally's flu had conspired in Richard's tragedy. She also recalled taking the anti-nausea drug Bendectin, whose manufacturer has been successfully sued over the drug's causing birth defects. Dr. Opitz theorized that any or all of these factors had played a role in Richard's birth defect. More telling, to him, was Sally's revelation that 10 years earlier her older sister had delivered a spina bifida baby which had died shortly after birth. Since her sister had contracted German measles early in the pregnancy, the family assumed that was the cause of the defect. Now, however, it seemed possible that a genetic tendency to spina bifida ran in Sally's family.

Spina bifida is one of the most severe in a range of hundreds of irregularities that can be as mild as color blindness or an extra finger.

JOHN REDDY

Left to right: Sandy Phillips, cytogenetics technologist; Dr. Art Daniel, cytogenetics laboratory director; and Linda Ekblom, cytogenetics technologist at Shodair. Preceding page: Dr. James Reynolds counsels patients.

Spina bifida is one of the most severe in a range of hundreds of irregularities that can be as mild as color blindness or an extra finger. The March of Dimes warns that no one is immune to genetic disease: each of us carries five to 10 genes that can cause inherited birth defects in our off-spring.

Shodair's Department of Medical Genetics plays a key role in educating parents to these risks.

This department had its beginnings when the Boulder River Hospital was deinstitutionalized in 1976. The Board of Trustees at Shodair asked Dr. Philip Pallister, head of Boulder's genetics program, to establish a similar program in Helena. For three years, the unit consisted solely of Pallister, who set up a small lab and provided clinical services. When the time drew near for Pallister's retirement, he suggested a long-time friend and associate, Dr. John Opitz, as his replacement (see accompanying article). Opitz, who taught genetics and pediatrics at the University of Wisconsin in Madison, agreed to come to Montana if Shodair would commit to expanding the department to include a library and counseling services, as well as an enlarged lab. The Board agreed, and Opitz arrived in 1979.

Shodair was able to establish the department with federal monies under the Maternal and Child Health Program and several other grants. The department's total grant funding over the past five years amounts to more than $1 million. Funding for genetic programs became more widely available during the 1970s, due to growing awareness of the substantial role played by heredity in producing illness. Federal laws such as the National Sickle Cell Anemia Act of 1972 and the Genetic Diseases Act of 1976 are evidence of this trend. According to the March of Dimes, the U.S. had fewer than 10 centers providing comprehensive genetic services at the beginning of the '70s. Today, there are more than 100.

As planned, Opitz organized the department into three sections: the lab, the library, and the clinical services. The department employs two physicians with training in genetics, Opitz and Dr. James Reynolds, who perform counseling duties as well as lab work. Dr. Arthur Daniel, a Ph.D. in cytogenetics, (the study of heredity and cell biology), heads the lab. The library is run by Suzy Holt, who holds an M.A. degree in library science. Joan FitzGerald has an M.S. in genetic counseling, and acts as clinic coordinator. The small group is unusually well-educated and well-trained for a sparsely populated state like Montana. In Opitz's opinion, Montanans owe a great debt of gratitude to Phil Pallister, who provided them 20 years of genetic services well before the importance of such programs was widely recognized. Certainly, Pallister deserves thanks for bringing Opitz, who has an international reputation as a geneticist, to Montana.

While birth defective children and their parents are the most frequent beneficiaries of Shodair's program, *would-be* parents are the second most-likely group to seek its services. Occasionally, the reason a couple is suffering repeated miscarriages and difficulty conceiving is that a genetic abnormality exists in either or both parents. By analyzing fetuses lost through miscarriage, doctors are able to eliminate genetic defects as the cause of infertility, or to analyze the degree and kind of the abnormality.

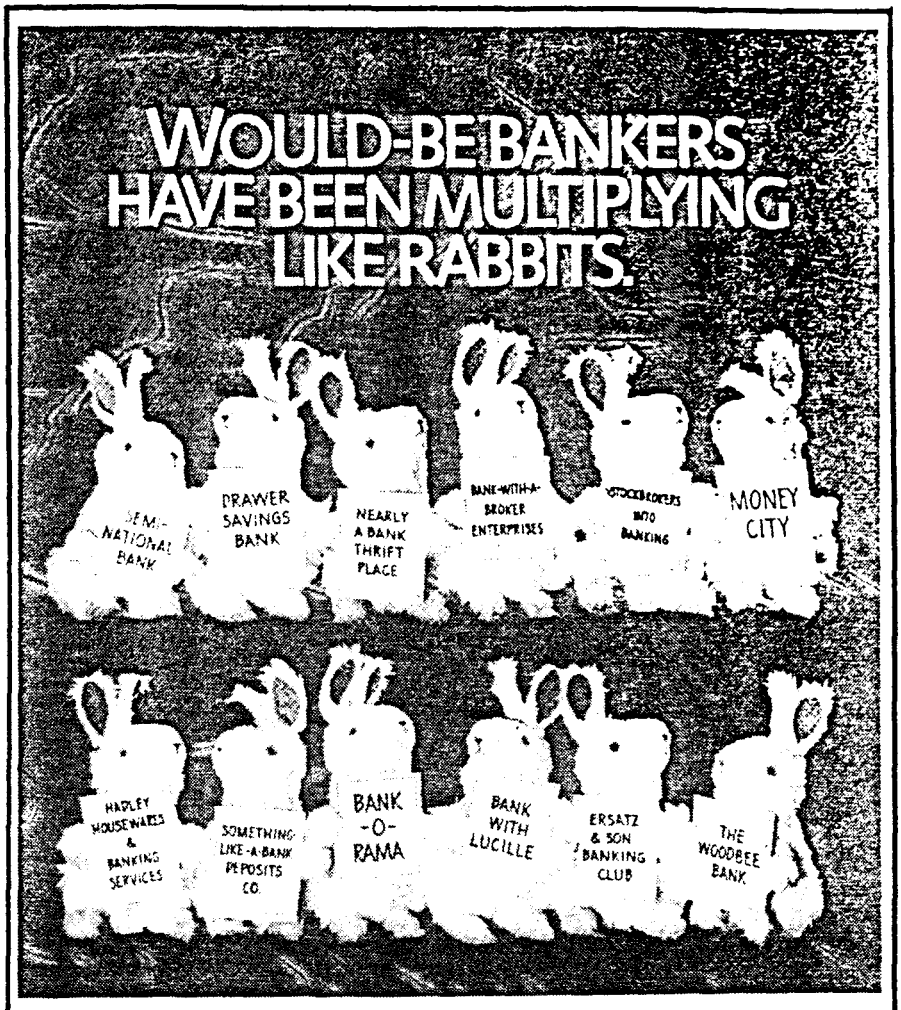
Opitz mentions a third group seeking counsel at Shodair: Increasing numbers of women want "prenatal" diagnosis. With the development of procedures such as amniocentesis, it is possible to detect more than 200 disorders that affect the unborn baby, and the list is growing. In this

procedure, a hollow needle is inserted into the woman's womb, and amniotic fluid is withdrawn. The growing fetus constantly sheds cells into the fluid, and by examining these cells, doctors can get an idea of the fetus's health. The procedure is done at the offices of certain physicians in Helena and around the state, who send fluid samples to Shodair for culture and analysis.

A serious drawback to amniocentesis is the time involved. The test cannot be done before the woman is four months pregnant, and obtaining results can take up to four weeks. Although abortion is never an easy decision in the best of circumstances, it can be especially traumatic for a woman so far along in pregnancy. A newer procedure, the chorion villus biopsy, in which a sample is taken from the placenta at eight to 10 weeks of pregnancy and can be analyzed much more quickly, should be available at Shodair in 1985.

Ninety-seven percent of women having amniocentesis are told that their fetuses are healthy. In the other cases, the decision whether to abort is left strictly to the parents. As Joan FitzGerald stresses, "All we're here to do is to provide information to people so that they can make a decision based on accurate information. Some women may become pregnant by accident and have an abortion because they feel they are at high risk, when in fact they may not be." She believes it is critical to inform high school, and even grade school, students of the potential for genetic defects, well in advance of conception. To this end, Shodair sends out brochures to public health nurses, school nurses, physicians and agencies that work with the handicapped and their families.

The efforts toward early education seem to be working. FitzGerald reports that more and more couples are inquiring about certain family conditions before they conceive. When a couple contacts her, the first order of business is to identify the condition or defect in the couple's relative. Sometimes this involves obtaining hospital records many years old. If the condition is determined to be hereditary, FitzGerald prepares a family pedigree, a visual representation of several generations of affected and healthy persons in the family. She then can advise the couple as to the likelihood of having a child with the condition. They may decide to risk conceiving, choosing to live with the consequences if the child is affected. Others decide to conceive, but make use of such techniques as sonography and amnio-



Don't allow yourself to be misled by apparent similarities. Just because so many others are hopping to include the word "bank" in their names doesn't mean that they are actually bankers. "Savings Banks," "Thrift Banks," stockbroker "bank" accounts, etc., try to blur the difference between themselves and real bankers. But they don't always offer you the experience or security of bankers. In fact, the only place you'll find a banker is The Bank, where your deposits are federally insured up to $100,000. As for multiplying, your Full Service Bank® is always ready and able to offer the newest ideas to help your money reproduce.

A FULL SERVICE BANK

THE ONLY PLACE YOU'LL FIND A BANKER IS THE BANK.

Montana Bankers Association

1 N. Last Chance Gulch, Helena, MT. 59601, (406)443-4121

centesis to guarantee a healthy outcome for the pregnancy. If the condition is not diagnosable prenatally, as in the case of cystic fibrosis and certain other disorders, and the couple finds the risk unacceptable, they may decide to adopt.

The department's library maintains an extensive file of literature written for lay people — available to anyone who is interested. Although the library was created to serve the needs of the medical community in Helena and the Shodair staff, the patients have been the ultimate beneficiaries. Patient care has improved, says Suzy Holt, because doctors no longer need to spend time leafing through volumes to find certain articles or references. The library's computer quite literally puts information at one's fingertips. The most useful database is provided by the National Library of Medicine, and indexes 3,000 medical journals in more than 70 countries. If Dr. Opitz is confronted by a child with gallstones, for example, he has only to request a check of the computer listings as to the latest publications on the subject. He can, and frequently does, phone foreign countries to consult with specialists. The library's Telefax machine is able to print an entire article from the holdings of any other agency that also has a Telefax. The material can be in the doctor's hands in a matter of hours. Such electronic wonders have banished the isolation that used to be the price of practicing medicine in a state like Montana. In fact, Opitz calls the library "the best I have ever worked with, bar none."

Such electronic wonders have banished the isolation that used to be the price of practicing medicine in Montana.

Opitz himself is the editor of the *American Journal of Medical Genetics*, a monthly publication that provides a suitable substitute for the classroom teaching he left behind in Madison. The *Journal* comprises the research of hundreds of geneticists around the world. Through it, Opitz is able to teach "the Shodair approach to genetics": first, the clinical relationship of doctor to patient, and the importance of remaining involved with the patient as long as the patient's needs demand it. Secondly, the *Journal* stresses to health professionals the value of keeping informed of the latest research findings. The patient benefits most when doctors maintain an "invisible college," exchanging ideas and theories in print or by telephone. Opitz admits that only in an environment like Shodair can he be free to devote time to the *Journal*. On the staff of a large university, he explains, his time would be parceled out in teaching duties and in serving on committees.

Along with Dr Daniel and several MSU faculty members, he has recently applied for a grant from MSU to study fetal alcohol syndrome on the Rosebud Indian Reservation. He estimates that nearly 20 percent of all Indian children are afflicted with the condition, which results when a pregnant woman abuses alcohol. Since most Indians handle alcohol in

JOHN REDDY

John Opitz

"Wipe your glasses with what you know"

by Chris McGonigle

John Marius Opitz's mother had to drag him from Germany in 1950, but America proved to be his salvation. He had been expelled, in Germany, as a "dangerous social element," by a school system that did not know what to make of such brilliance, especially when it turned up in the wrong social class. By the age of 15, he had already embarked on his future career, jotting observations on natural history in a small notebook, and trying to induce fetal alcohol syndrome in hooded rats. He smiles at the memory. The hooded rat, he says, is "virtually resistant to alcohol." A second experiment which involved putting uranium acetate into the drinking water of pregnant rats was "spectacularly successful," producing offspring with a host of cranial defects and brain tumors.

In 1951, his mother brought him to Iowa City. On the second day after their arrival, his uncle took him to the zoology department at the University of Iowa to meet a neighbor. Dr. Emil Witschi, having heard of the boy's promise, dispensed with the chitchat. "Do you know the fundamental biogenetic law?" he asked. When Opitz admitted his ignorance, Witschi led him into the lab, thus beginning a long and mutually rewarding friendship. They collaborated on several genetic experiments, and Witschi encouraged Opitz to go to medical school. Opitz's father had died when he was small, and Witschi filled a spiritual as well as intellectual void in the young man's life. "Everything I am, as to attitudes and standards, in the field of genetics, I owe to him." Opitz graduated from the State University of Iowa School of Medicine in 1959, one of the youngest men ever to do so. After a residency in pediatrics, he was drawn to the University of Wisconsin in Madison. These were heady days for the fledgling science of genetics. In the late '50s it had become possible to observe chromosomes under the microscope. Every day, it seemed, brought new discoveries as to the mechanism of human reproduction, and most of these were coming from Madison.

After a fellowship in genetics, Opitz himself joined the Wisconsin faculty. During the summer of 1963, Dr. Phil Pallister, director of the Boulder River Hospital, who had come to Madison to take Opitz's course in the genetic causes of mental retardation, asked him if he would come to the minuscule town to teach and examine patients. Thereafter, Opitz made the trip annually each summer, staying several weeks. He and Pallister became close friends, and Opitz fell in love with the state's natural beauty. Eventually, he bought a cabin near Basin.

Now a permanent resident, Opitz says that it is possible to enjoy Montana "if one is culturally highly autonomous." He depends on his tapes of the Metropolitan Opera, public television and books. He is very satisfied with the library and laboratory equipment he has at Shodair, especially since the absence of teaching

a metabolically different manner than non-Indians, their infants may be at higher risk of damage from alcohol. The high rate of alcoholism in Indians (up to 80% in some groups) is of extreme concern to involved professionals, including geneticists.

Surprisingly, the Crow Indians show a higher incidence of Huntington's Disease, a degenerative disorder of the nervous system, and cleft lip and cleft palate are much higher among Plains Indians than in the general population. There are no other birth defects that affect Montanans in greater proportion than occur nationally. One of the most often seen defects at Shodair among white residents is cystic fibrosis, a disorder of the mucus-producing glands. Opitz says that the recently developed prenatal test for CF needs perfecting, but as soon as it becomes available, Shodair will have it.

He is distressed that out of the 156,000 Montanans who need genetic services (15 to 20 percent of the total population, about the same as nationally), his staff is able to reach only about 1,000 per year.

Opitz points out that Montana spends millions on developing better strains of hogs and wheat; surely human beings deserve matching funds.

There is a need, first, to inform people of the value of such counseling, and second, to change the apathy many people exhibit toward disease. "People have the attitude, especially if it's a chronic disorder, that you can live with it." Education could accomplish both goals, but is costly. The department's federal grants have, for the most part, dried up. The U.S. government has been generous with seed money for genetics programs, but after four years looks to the individual states to support them. In the past, Shodair has matched federal funds by as much as four to one, but cannot continue to do so indefinitely. The March of Dimes has been contributing $18,000 per year to Shodair, and patient fees generate another $200,000. Still, when running the department costs a half million dollars per year, the resulting deficit is one-third to one-quarter of a million dollars.

According to a fact sheet put out by the department, genetic medicine is the most cost-effective form of preventive medicine. This is because many illnesses are the result of chronic genetic disorders, the treatment of which places an enormous burden on taxpayers. Opitz believes we will see the day when most chronic human illness will show a genetic influence. In recent years, science has shown that many cancers result when the oncogene, which is responsible for growth in fetal life, turns on its host later in life and multiplies out of control. Heart disease, the leading cause of death in this country, is now thought to arise from the body's abnormal handling of fats, as an inherited tendency.

Opitz points out the fact that Montana spends millions on developing better strains of hogs and wheat; surely human beings deserve matching funds. He has no grandiose plans for the department; at stake is merely the continuation of its present services. Each member is being stretched to the limit, and he sighs that he may have to "clone Joan" one of these days.

Joan FitzGerald told John and Sally Stuart that their chance of having another spina bifida baby was one in 25, a steep increase from the one in 1,000 normal couples face. They decided to conceive, and Sally had amniocentesis in her fourth month of pregnancy. A new test has become available since Richard's birth, one that detects levels of a certain protein in the amniotic fluid. If the baby is affected, the protein level is higher. The results showed that Sally and John's baby did not have spina bifida. Two hours after his delivery, Sally was handed her second son. She tore off his blankets and examined him from head to toe. This time, her baby was truly perfect. **M**

Chris McGonigle is a free-lance editor in Helena.

duties offers him plenty of freedom for research and editing. So far in his career, he has written more than 400 papers, abstracts, editorial items and book reviews.

To Opitz, a Catholic, "improving the human species" refers to the quality of life: eliminating mutagens and agents that cause birth defects, and preventing the conception of afflicted children. He has no ethical concerns that are not shared by people of conscience everywhere. He is troubled about the misuse of genetic knowledge for germ warfare, but, as with nuclear energy, he feels we have more to fear from our governments than from our scientists.

He speaks of his coming to the United States as an "interesting, internally controlled experiment," but as such, it has not been a total success. His marriage has been a casualty of his passion for science, and at the moment none of his five children shares his Old World commitment to hard work and service. His eyes cloud as he says that none of them seems deeply interested in continuing the work he began.

Above his desk is a quotation from Goethe: "We see only what we know" — a reminder that unless a researcher has encountered a particular bit of matter in the past, he will not recognize it. James Joyce said it this way: "Wipe your glasses with what you know." John Opitz seems unlikely ever to do anything else. **M**

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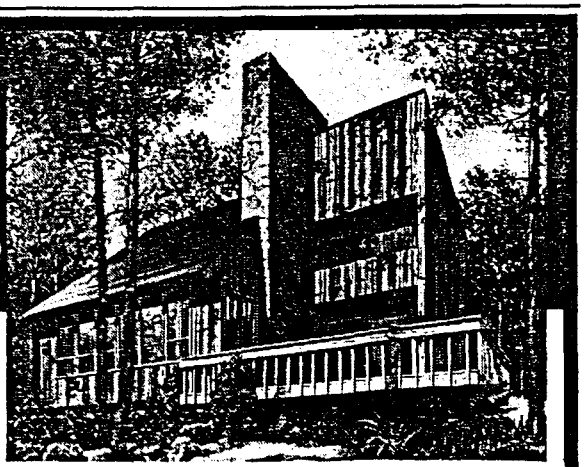

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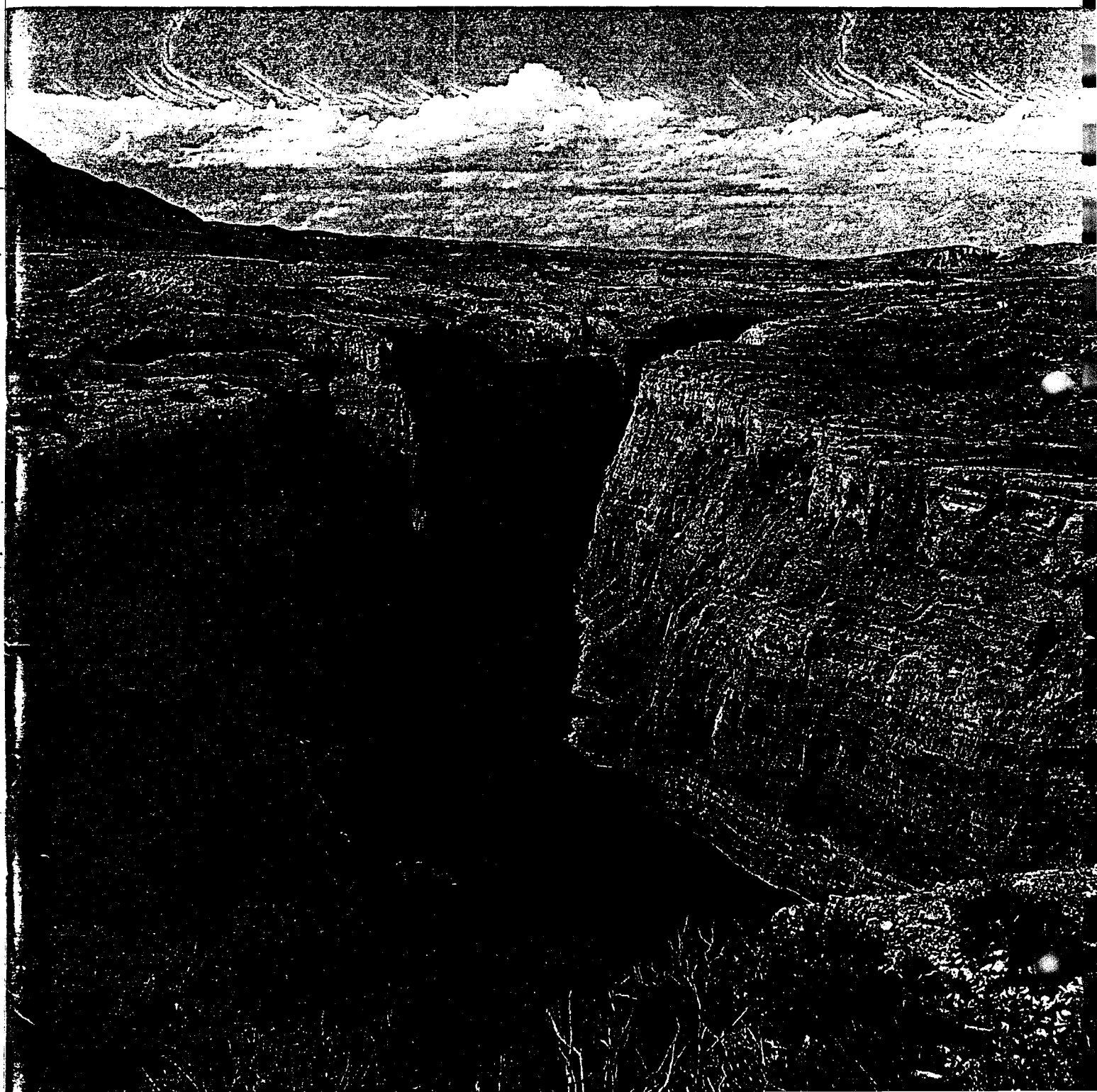

Exhibit 2 -- HB 430
April 10, 1985

Table 1.7
Number of Persons under Age 65 Protected by Hospital and Surgical Expense Coverage in the United States by State and Type of Insurer, December 31, 1980
(000 omitted)

State	Hospital Expense: All insurers*	Hospital Expense: Insurance companies	Hospital Expense: Blue Cross/ Blue Shield and medical society plans	Surgical Expense: All insurers*	Surgical Expense: Insurance companies	Surgical Expense: Blue Cross/ Blue Shield and medical society plans
Alabama	2,575	1,511	1,387	2,374	1,369	1,305
Alaska	322	169	176	288	167	152
Arizona	1,451	1,132	447	1,335	1,091	384
Arkansas	1,292	796	694	1,220	750	646
California	17,878	11,067	9,856	17,552	11,144	9,716
Colorado	1,978	1,262	1,052	1,810	1,230	884
Connecticut	2,685	1,641	1,530	2,685	1,744	1,382
Delaware	511	215	376	511	227	373
District of Columbia	567	401	1,661	567	432	1,532
Florida	5,394	4,742	1,355	5,042	4,389	1,174
Georgia	3,714	2,835	1,257	3,490	2,714	1,075
Hawaii	767	114	862	719	69	826
Idaho	533	220	376	436	195	282
Illinois	9,741	7,450	4,075	9,741	7,502	3,913
Indiana	4,412	2,929	2,014	4,251	2,863	2,002
Iowa	2,331	1,278	1,284	2,094	1,210	1,090
Kansas	1,507	857	831	1,435	817	772
Kentucky	2,727	1,220	1,785	2,506	1,176	1,618
Louisiana	2,749	2,273	896	2,550	1,860	849
Maine	772	319	475	741	319	464
Maryland	2,769	1,497	1,653	2,593	1,460	1,467
Massachusetts	4,923	2,075	3,527	4,882	2,087	3,299
Michigan	8,098	4,362	5,097	8,098	4,083	5,024
Minnesota	2,717	2,027	1,154	2,545	1,910	1,165
Mississippi	1,410	1,056	572	1,349	963	546
Missouri	4,119	2,980	1,721	3,770	2,697	1,450
Montana	583	314	323	530	301	286
Nebraska	1,192	856	540	1,091	746	490
Nevada	395	387	86	403	356	115
New Hampshire	738	338	412	694	342	398
New Jersey	6,315	2,253	4,795	5,851	2,667	3,688
New Mexico	934	607	518	896	600	479
New York	15,116	5,684	16,380	15,116	6,583	15,831
North Carolina	4,566	2,751	1,988	4,262	2,479	1,861
North Dakota	469	150	353	450	131	352
Ohio	9,333	5,440	6,437	9,333	6,226	5,610
Oklahoma	1,719	1,261	670	1,501	1,147	507
Oregon	1,803	804	1,222	1,514	756	968
Pennsylvania	9,967	4,264	9,169	9,967	4,483	7,325
Rhode Island	784	178	682	784	169	743
South Carolina	2,423	1,452	1,040	2,319	1,420	986
South Dakota	450	418	150	434	335	171
Tennessee	3,623	2,146	1,788	3,290	1,863	1,659
Texas	9,072	6,535	3,037	8,485	6,147	2,799
Utah	753	485	367	707	438	328
Vermont	403	150	268	371	147	254
Virginia	3,736	1,967	2,052	3,451	1,779	1,937
Washington	3,118	1,268	2,246	2,720	1,224	1,913
West Virginia	1,608	887	1,213	1,566	873	1,084
Wisconsin	3,290	1,662	2,116	3,167	1,508	2,174
Wyoming	373	236	181	355	227	170
Total	170,703	98,901	104,146	163,841	97,415	95,518
Puerto Rico and U.S. Territories and Possessions	893	543	443	902	485	478
Total United States	171,596	99,444	104,589	164,743	97,900	95,996

*The data refer to the net total of people protected, i.e., duplication among persons protected by more than one kind of insuring organization or more than one insurance company policy providing the same type of coverage has been eliminated. The estimated distribution by states essentially reflects coverage by employment rather than residence with adjustment to take into account the population of the states.

SOURCES: Health Insurance Association of America, Blue Cross Association, Blue Shield Association and the U.S. Department of Health and Human Services.

Number of Persons under Age 65 Protected by Physician's Expense and Major Medical Expense Coverage in the United States, by State and Type of Insurer, December 31, 1980
(000 omitted)

State	Physician's Expense: All insurers*	Physician's Expense: Insurance companies	Physician's Expense: Blue Cross/ Blue Shield and medical society plans	Major Medical Expense: Insurance companies only
Alabama	2,211	1,225	1,390	1,358
Alaska	277	171	141	189
Arizona	1,272	1,056	390	1,137
Arkansas	1,094	663	621	682
California	16,747	10,978	9,668	11,772
Colorado	1,808	1,280	903	1,298
Connecticut	2,685	1,601	1,386	2,424
Delaware	511	201	362	205
District of Columbia	567	430	1,435	563
Florida	4,792	4,229	1,175	4,092
Georgia	3,150	2,365	978	2,721
Hawaii	676	58	816	71
Idaho	413	187	286	197
Illinois	9,511	7,259	3,701	7,260
Indiana	4,048	2,786	1,935	2,616
Iowa	1,884	1,158	1,105	1,223
Kansas	1,340	764	781	821
Kentucky	2,288	1,040	1,578	1,198
Louisiana	2,391	1,860	828	1,985
Maine	706	316	453	329
Maryland	2,473	1,466	1,394	1,772
Massachusetts	4,509	1,992	3,103	2,107
Michigan	7,788	3,683	4,941	4,374
Minnesota	2,489	1,822	1,196	1,924
Mississippi	1,196	840	505	844
Missouri	3,655	2,806	1,416	2,826
Montana	498	292	274	282
Nebraska	994	691	473	731
Nevada	369	329	121	369
New Hampshire	725	411	378	311
New Jersey	5,353	2,357	3,529	5,103
New Mexico	872	607	467	632
New York	14,624	5,746	14,382	10,825
North Carolina	3,983	2,217	1,844	2,314
North Dakota	433	144	336	132
Ohio	9,228	5,403	5,338	5,848
Oklahoma	1,410	1,086	521	1,181
Oregon	1,633	932	984	724
Pennsylvania	9,365	4,428	6,394	4,775
Rhode Island	784	156	699	163
South Carolina	2,087	1,243	936	1,197
South Dakota	402	309	179	320
Tennessee	2,948	1,756	1,519	1,885
Texas	7,838	5,737	2,743	6,368
Utah	711	450	366	449
Vermont	369	168	239	165
Virginia	3,216	1,685	1,873	1,763
Washington	2,613	1,213	1,925	1,[illegible]64
West Virginia	1,485	809	1,133	872
Wisconsin	2,950	1,464	2,064	1,506
Wyoming	380	270	159	223
Total	155,751	92,137	91,363	10[illegible]38
Puerto Rico and U.S. Territories and Possessions	888	492	454	482
Total United States	156,639	92,629	91,817	105,870

*The data refer to the net total of people protected, i.e., duplication among persons protected by more than one kind of insuring organization or more than one insurance company policy providing the same type of coverage has been eliminated. The estimated distribution by states essentially reflects coverage by employment rather than residence with adjustment to take into account the population of the states.

SOURCES: Health Insurance Association of America, Blue Cross Association, Blue Shield Association and the U.S. Department of Health and Human Services.

Statewide Health Coordinating Council Data

STATE OF MONTANA

Office of the Legislative Fiscal Analyst

STATE CAPITOL
HELENA, MONTANA 59620
406/449-2986

JUDY RIPPINGALE
LEGISLATIVE FISCAL ANALYST

February 5, 1985

Representative Dorothy Bradley
Montana House of Representatives
State Capitol
Helena, MT 59620

Dear Representative Bradley:

Per your request for a rough estimate of the number of individuals covered under health insurance policies, I contacted Mr. Tom Mulhaney at Blue Shield and he provided the following information.

1. Approximately 85 percent of all insurable individuals in Montana are covered under a health policy. Tom defined insurable as everyone except native Americans (covered under federal health insurance) and those individuals who are under the medicare or medicaid program.

Insurable Population

Montana Population	820,000
Native Americans	-36,000
Medicaid	-30,000
Medicare	-96,000
Insurable Population	658,000

If, according to Mr. Mulhaney, 85 percent of the insurable population is covered, then approximately 559,300 Montanans have health insurance.

2. Blue Cross and Blue Shield issue approximately one-half of all insurance policies. Blue Shield has 158,000 policy members so Blue Cross must have about 120,000 members. The balance, or 281,300 are covered by commercial insurance companies.

3. To give you an idea of the ratio of policies to members covered, Blue Shield has 53,874 group contracts (policies) that cover 133,944 members, and 18,084 non-group contracts that cover 24,015 members.

I hope this information will assist you in determining the funding for the genetics program and I will be happy to assist you during the next phase if you so desire.

Sincerely,

Exhibit 3 -- HB 430
April 10, 1985

CONCERNING THE PROPOSED MONTANA GENETIC

SERVICES PROGRAM

1. Genetic disorders and birth defects are very common (commonest cause of death before birth; 2nd commonest cause of infant deaths; commonest cause of death of adults - some 20% of the population need a genetic service, i.e. over 160,000 Montanans).

2. Genetic disorders and birth defects impose a great burden of suffering on the population (they not only kill, but frequently produce chronic disabling, handicapping, and painful disorders.

3. Genetic disorders and birth defects impose an enormous burden of cost on society (1983: estimated $180 billion nationally; $67,000.- per year for one patient at Boulder).

4. Genetic disorders and birth defects can be prevented (through a statewide service program provided by a team of experts - offering counseling, carrier detection, genetic laboratory, prenatal diagnosis, fetal pathology, and information/educational services).

Exhibit 4 -- HB 430
April 10, 1985

5. Genetic medicine is, without question, the most cost-effective form of preventive medicine (published benefit-to-cost ratios: PKU detection and management 9:1; prenatal diagnosis services in a muscular dystrophy prevention program 14:1 to 21:1. Calculations for Montana: Prenatal diagnosis program for women over 35 years 4.3:1; a prenatal diagnosis and counseling program concerning 8 potentially affected men with mental retardation residing each for 20 years at Boulder 354.6:1 (without inflationary correction: i.e. $10,720,000.- cost prevented vs. $30,233.- cost for services; with inflationary correction benefit to cost ratio is almost 400:1. In other words: $260,000.- invested now will ultimately save the State hundreds of millions of dollars and the population untold suffering!)

6. Genetic services are a strong pro-life activity (since they encourage conception and birth of normal individuals, and in over 96% of time, reassure pregnant women after amniocentesis that they are carrying a normal child).

7. An excellent genetic fetal pathology and information services program is a necessary adjunct to the statewide Perinatal Program proposed by Dr. Drynan (to replace the old federal IPO - Improved Pregnancy Outcome - Program).

8. Such a program is presently operating at Shodair and providing services in

Helena, and on field clinics to Missoula, Kalispell, Great Falls, Billings, and Miles City (staff is experienced, highly qualified, program has set national standards and has an international reputation through the American Journal of Medical Genetics and its scholarly work).

9. No clinical genetic services program anywhere can break even on the basis of clinical income (Shodair genetics budget is almost $½ million, over ½ of that is deficit. Clinical fees generate $31,000.-, lab fees $110,000.-, March of Dimes $18,000.-, Shodair Genetics is ineligible for further federal support or other Foundation grants).

10. Unless funds are found to offset its operating deficits, Shodair Genetics will close in less than one year (Funding the program through the mechanism proposed in HB 430 makes good sense since prevention of birth defects and early treatment will ultimately greatly reduce the number of claims insurance companies have to pay - especially since, by law, no Montana child born with a birth defect may be excluded from insurance coverage. Also, this may serve as an incentive to the insurance industry to increase coverage for preventive genetic services; at the moment less than 80% of plans cover any outpatient genetic services).

11. Endorsements: HB 430 is strongly endorsed by the Montana Department of

Health and Environmental Sciences (Drs. Drynan and Espelin), the Montana Chapters of the American Academy of Pediatrics, Academy of Obstetrics and Gynecology, Academy of Family Practice; the American Hospital Association, the American Nursing Association, the American Public Health Association, the Montana Perinatal Association, and the March of Dimes-Birth Defects Foundation.

American Academy of Pediatrics

Montana Chapter
Chairman
Jeffrey H. Strickler, M.D.
1930 9th Avenue
Helena, MT 59601
(406) 442-9523
Alternate Chairman
James Feist, M.D.
7 East Beall
Bozeman, MT 59715
(406) 587-5123
Secretary-Treasurer
Ralph Campbell
#4 Third Avenue W.
Polson, MT 59860
(406) 883-2232

April 9, 1985

To: Senator Towe
Members of the Senate Taxation Committee

From: Jeffrey H. Strickler, M.D., F.A.A.P.
Chairman, Montana Academy of Pediatrics

Re: HB 430

The Montana Academy of Pediatrics, at its last meeting, voted unanimously to support the Shodair Genetics Unit.

We, the physicians who care for children, feel that this is a state resource, and that every effort should be made to maintain its viability and availability here in Montana.

To this end, we recommend passage of HB 430

Exhibit 5 -- HB 430
April 10, 1985

ANNUAL

HB 430 BUDGET REVIEW

Personnel 5 FTE's Secretarial Support Administrative, Overhead	$343,613.58
Travel Augmenting MOD Other clinical travel	$13,588.64
Equipment Clinical Replacement	$3,200
Supplies Educational Fetal Path Clinical	$20,416.00
Library Support	$17,878.00
Fetal Pathology	$70,000.20
Total	$468,696.42

Total cost - $468,696.42
- 208,696.42 Shodair + MofD
$260,000.00 By appropriation

Exhibit 6 -- HB 430
April 10, 1985

Source Book of Health Insurance Data 1981-1982

PLEASE RETURN:

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HELENA, MT 59620

Exhibit 7 -- HB 430
April 10, 1985

Prepared by the
Public Relations Division
of the
HEALTH INSURANCE ASSOCIATION OF AMERICA
1850 K St., N.W.
Washington, D.C. 20006

1220

33-22-301. Coverage of newborn under family policy. (1) Each policy of disability insurance or certificate issued thereunder shall contain a provision granting immediate accident and sickness coverage, from and after the moment of birth, to each newborn infant of any insured.

(2) The coverage for newborn infants shall be the same as provided by the policy for the other covered persons; provided, however, that for newborn infants there shall be no waiting or elimination periods. A deductible or reduction in benefits applicable to the coverage for newborn infants is not permissible unless it conforms and is consistent with the deductible or reduction in benefits applicable to all other covered persons.

(3) No policy or certificate of insurance may be issued or amended in this state if it contains any disclaimer, waiver, or other limitation of coverage relative to the accident and sickness coverage or insurability of newborn infants of an insured from and after the moment of birth.

(4) If payment of a specific premium or subscription fee is required to provide coverage for a child, the policy or contract may require that notification of birth of a newly born child and payment of the required premium or fees must be furnished to the insurer or nonprofit service or indemnity corporation within 31 days after the date of birth in order to have the coverage continue beyond such 31-day period.

History: (1), (2)En. 40-4002.1 by Sec. 2, Ch. 74, L. 1973; amd. Sec. 2, Ch. 83, L. 1974; Sec. 40-4002.1, R.C.M. 1947; (3)En. Sec. 352, Ch. 286, L. 1959; amd. Sec. 1, Ch. 74, L. 1973; amd. Sec. 1, Ch. 83, L. 1974; Sec. 40-4002, R.C.M. 1947; R.C.M. 1947, 40-4002.1, 40-4002(4); (4)En. Sec. 23, Ch. 303, L. 1981.

Compiler's Comments

1981 Amendment: Deleted "which in addition to covering the insured also covers members of the insured's family" after "issued thereunder" in (1) and after "certificate of insurance" in (3); added subsection (4).

33-30-1001. Newborn infants covered by insurance by health service corporation. No disability insurance plan or group disability insurance plan issued by a health service corporation may be issued or amended in this state if it contains any disclaimer, waiver, or other limitation of coverage relative to the accident and sickness coverage or insurability of newborn infants of the persons insured from and after the moment of birth. Each such policy shall contain a provision granting immediate accident and sickness coverage, from and after the moment of birth, to each newborn infant of any insured person. If payment of a specific premium or subscription fee is required to provide coverage for a child, the policy or contract may require that notification of birth of a newly born child and payment of the required premium or fees must be furnished to the insurer or nonprofit service or indemnity corporation within 31 days after the date of birth in order to have the coverage continue beyond such 31-day period.

History: En. Sec. 5, Ch. 74, L. 1973; R.C.M. 1947, 15-2304.1; amd. Sec. 28, Ch. 303, L. 1981.

Compiler's Comments

1981 Amendment: Deleted "which in addition to covering the persons insured also covers members of such a person's family" after "health service corporation" in the first sentence; added the last sentence.

Exhibit 8 -- HB 430
April 10, 1985

(4) If the insurer is subject to delinquency proceedings, as defined in part 13 of this chapter, upon the order of a court of competent jurisdiction, the commissioner shall yield the assets and securities held on deposit to the receiver, conservator, rehabilitator, or liquidator of the insurer or to any other properly designated official or officials who succeed to the management and control of the insurer's assets.

(5) No release of deposited assets shall be made except upon application to and the written order of the commissioner. The commissioner shall have no personal liability for any release of any such deposit or part thereof so made by him in good faith.

History: En. Sec. 144, Ch. 286, L. 1959; R.C.M. 1947, 40-3213; amd. Sec. 141, Ch. 575, L. 1981.

Compiler's Comments

1981 Amendment: Substituted "part 13" for "part 9" in (4).

Cross-References

State subject to suit, Art. II, sec. 18, Mont. Const.; 2-9-102.

Immunization and indemnification of public officers, 2-9-305.

Part 7

Reports, Fees, and Taxes

Part Cross-References

Report of surplus line agent, 33-2-310.

33-2-701. Annual statement — revocation for failure to file — penalty for perjury. (1) Each authorized insurer shall annually on or before March 1 file with the commissioner a full and true statement of its financial condition, transactions, and affairs as of the December 31 preceding. The statement shall be in such general form and context as is required or not disapproved by the commissioner, as is in current use for similar reports to states in general with respect to the type of insurer and kinds of insurance to be reported upon, and as supplemented for additional information required by the commissioner. The statement shall be verified by the oath of the insurer's president or vice-president and secretary or, if a reciprocal insurer, by the oath of the attorney-in-fact or its like officers if a corporation. The commissioner may, in his discretion, waive any such verification under oath.

(2) The statement of an alien insurer shall relate only to its transactions and affairs in the United States unless the commissioner requires otherwise. If the commissioner requires a statement as to an alien insurer's affairs throughout the world, the insurer shall file such statement with the commissioner as soon as reasonably possible. The statement shall be verified by the insurer's United States manager or other officer duly authorized.

(3) The commissioner may refuse to accept the fee for continuance of the insurer's certificate of authority, as provided in 33-2-117, or may in his discretion suspend or revoke the certificate of authority of any insurer failing to file its annual statement when due.

(4) Any director, officer or agent, or employee of any company who subscribes to, makes, or concurs in making or publishing any annual statement or any other statement required by law knowing the same to contain any material statement which is false shall be punished by a fine of not more than $1,000.

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(5) At time of filing, the insurer shall pay to the commissioner the fee for filing its statement as prescribed in 33-2-708.

History: En. Sec. 65, Ch. 286, L. 1959; amd. Sec. 1, Ch. 27, L. 1967; R.C.M. 1947, 40-2820.

Cross-References — Benevolent associations — additional requirements, 33-6-304.
Suspension or revocation of certificate of authority, 33-2-118, 33-2-119.

33-2-702 through 33-2-704 reserved.

33-2-705. Report on premiums and other consideration — tax. (1) Each authorized insurer and each formerly authorized insurer with respect to premiums so received while an authorized insurer in this state shall file with the commissioner, on or before March 1 each year, a report (except as to wet marine and transportation insurance taxed under subsection (4) below) in form as prescribed by the commissioner showing total direct premium income, including policy, membership, and other fees, premiums paid by application of dividends, refunds, savings, savings coupons, and similar returns or credits to payment of premiums for new or additional or extended or renewed insurance, charges for payment of premium in installments, and all other consideration for insurance from all kinds and classes of insurance, whether designated as a premium or otherwise, received by it during the preceding calendar year on account of policies covering property, subjects, or risks located, resident, or to be performed in Montana, with proper proportionate allocation of premium as to such property, subjects, or risks in Montana insured under policies or contracts covering property, subjects, or risks located or resident in more than one state, after deducting from such total direct premium income applicable cancellations, returned premiums, the unabsorbed portion of any deposit premium, the amount of reduction in or refund of premiums allowed to industrial life policyholders for payment of premiums direct to an office of the insurer, all policy dividends, refunds, savings, savings coupons, and other similar returns paid or credited to policyholders with respect to such policies. As to title insurance, "premium" includes the total charge for such insurance. No deduction shall be made of the cash surrender values of policies. Considerations received on annuity contracts shall not be included in total direct premium income and shall not be subject to tax.

(2) Coincident with the filing of the tax report referred to in subsection (1) above, each such insurer shall pay to the commissioner a tax upon such net premiums. This tax may be computed in either of the following ways:

(a) (i) A domestic insurer may choose to compute its tax based on the percentage of its admitted assets invested in Montana securities according to the following schedule:

(A) 2¾% of net premiums if the insurer has 0% of its admitted assets invested in Montana securities;

(B) 2¼% of net premiums if the insurer has at least 25% of its admitted assets invested in Montana securities;

(C) 1¾% of net premiums if the insurer has at least 50% of its admitted assets invested in Montana securities;

(D) 1¼% of net premiums if the insurer has at least 75% of its admitted assets invested in Montana securities; and

(E) ¾% of net premiums if the insurer has 100% of its admitted assets invested in Montana securities.

(ii) "Admitted assets" are those assets allowed in 33-2-501.

(iii) An insurer choosing this method of computation must itemize its Montana securities on a detailed schedule attached to its annual tax report.

(b) (i) If the method provided for in subsection (2)(a) is not used, the insurer shall compute its tax at the rate of 2¾% of the net premiums.

(ii) An insurer choosing this method and having not less than 50% of its paid-in capital stock invested in Montana securities is allowed to deduct whatever tax it may have already paid to the state of Montana and its political subdivisions, during the same calendar year as to which premium tax is being paid, from the amount otherwise due under this section.

(3) For the purpose of subsection (2):

(a) "paid-in capital stock" as to a mutual or reciprocal insurer shall be deemed to be an amount equal to 10% of the insurer's assets; and

(b) "Montana securities" shall be deemed to include only general obligations of the state of Montana or of its political subdivisions, mortgage loans secured by a first lien upon real estate located in Montana, funds invested in certificates of deposit in a bank or building and loan association located in Montana and whose deposits are insured by an agency of the United States or an insurer approved by the department of commerce, and real estate located in Montana owned by the insurer, all if otherwise lawful investments of the insurer under this code.

(4) (a) On or before March 1 of each year each insurer shall file with the commissioner, on forms as prescribed and furnished or accepted by him, a report of its gross underwriting profit on wet marine and transportation insurance, authorized in 33-1-209, written in this state during the calendar year next preceding and shall at the same time pay to the commissioner a tax of ¾ of 1% of such gross underwriting profit.

(b) Such gross underwriting profit shall be ascertained by deducting from the net premiums (i.e., gross premiums less all return premiums and premiums for reinsurance) on such wet marine and transportation insurance contracts the net losses paid (i.e., gross losses paid less salvage and recoveries on reinsurance ceded) during such calendar year under such contracts. In the case of insurers issuing participating contracts, such gross underwriting profit shall not include for computation of the tax prescribed by this subsection (4) the amounts refunded, credited, or paid as participation dividends or savings by such insurers to the holders of such contracts.

(5) That portion of the tax paid hereunder by an insurer on account of premiums received for fire insurance shall be separately specified in the report as required by the commissioner, for apportionment as provided by law. Where insurance against fire is included with insurance of property against other perils at an undivided premium, the insurer shall make such reasonable allocation from such entire premium to the fire portion of the coverage as shall be stated in such report and as may be approved or accepted by the commissioner.

(6) With respect to authorized insurers the premium tax provided by this section shall be payment in full and in lieu of all other demands for any and all state, county, city, district, municipal, and school taxes, licenses, fees, and excises of whatever kind or character, excepting only those prescribed by this

code, taxes on real and tangible personal property located in this state, and taxes payable under 50-3-109.

(7) The commissioner may suspend or revoke the certificate of authority of any insurer which fails to pay its taxes as required under this section.

History: En. Sec. 66, Ch. 286, L. 1959; amd. Sec. 1, Ch. 160, L. 1961; amd. Sec. 1, Ch. 78, L. 1963; amd. Sec. 1, Ch. 26, L. 1965; amd. Sec. 1, Ch. 71, L. 1967; amd. Sec. 1, Ch. 358, L. 1969; amd. Sec. 1, Ch. 237, L. 1971; R.C.M. 1947, 40-2821(part); amd. Sec. 1, Ch. 664, L. 1979; amd. Sec. 7, Ch. 303, L. 1981; amd. Sec. 12, Ch. 467, L. 1981; amd. Sec. 1, Ch. 295, L. 1983; amd. Sec. 3, Ch. 518, L. 1983.

Compiler's Comments

1983 Amendments: Chapter 295, in middle of (3)(b), inserted "funds invested in certificates of deposit in a bank or building and loan association located in Montana and whose deposits are insured by an agency of the United States or an insurer approved by the department of commerce".

Chapter 518, in (4)(a), deleted "inland marine" after "wet marine" and after "33-1-209" deleted "and 33-1-221 through 33-1-229".

1981 Amendments: Chapter 303 substituted "the total charge" for "only the risk portion of the charge" in the third sentence from the end of (1).

Chapter 467, in (1), substituted reference to "subsection (4)" for "subsection (3)"; in (4)(a), inserted "inland marine," after "wet marine," and substituted "authorized in 33-1-209 and 33-1-221 through 33-1-229" for "as defined in 33-1-209".

Cross-References

Not subject to corporate license tax, 15-31-101.

Allocation of certain casualty insurance tax — Municipal Police Officers' Retirement System, 19-10-305.

Allocation of certain casualty insurance tax — firefighters' pension and compensation, 19-11-512, 19-12-301.

Revocation of certificate of authority, 33-2-118, 33-2-119.

Tax on surplus lines, 33-2-311.

Not applicable to health service corporations, 33-30-203.

Tax on fire insurance premiums — Fire Marshal Bureau, 50-3-109.

33-2-706. Report and tax of independently procured coverages. (1) Every insured who in this state procures or causes to be procured or continues or renews insurance in an unauthorized foreign insurer or any self-insurer who in this state so procures or continues excess loss, catastrophe, or other insurance upon a subject of insurance resident, located, or to be performed within this state, other than insurance procured through a surplus line agent pursuant to The Surplus Line Insurance Law or exempted from such law under 33-2-317, shall, within 30 days after the date such insurance was so procured, continued, or renewed, file a written report of the same with the commissioner on forms designated by the commissioner and furnished to such an insured upon request. The report shall show the name and address of the insured or insureds, name and address of the insurer, the subject of the insurance, a general description of the coverage, the amount of premium currently charged therefor, and such additional pertinent information as is reasonably requested by the commissioner. If any such insurance covers also a subject of insurance resident, located, or to be performed outside this state, a proper pro rata portion of the entire premium payable for all such insurance shall be allocated as to the subjects of insurance resident, located, or to be performed in this state, for the purposes of this section.

(2) Any insurance in an unauthorized insurer procured through negotiations or an application in whole or in part occurring or made within or from within this state or for which premiums in whole or in part are remitted directly or indirectly from within this state shall be deemed to be insurance procured or continued or renewed in this state within the intent of subsection (1) above.

Part 3 — Operations

33-30-301. Forms — filing, approval, hearing on disapproval, appeal.
33-30-302. Allowed contracts.
33-30-303. Grievance procedure for members.
33-30-304. Nonliability for injuries caused by contractees.
33-30-305. Prohibited trade practices.
33-30-306. Discrimination between individuals — restrictions — ratesetting by commissioner prohibited.
33-30-307. Notice of rate increases — comment to commissioner.
33-30-308 through 33-30-310 reserved.
33-30-311. Enrollment representative.
33-30-312. Enrollment representative — filing with and approval by commissioner — license.
33-30-313. Licenses — refusal to issue — suspension — revocation — hearing.

Parts 4 through 9 reserved

Part 10 — Health Service Corporation Plans

33-30-1001. Newborn infants covered by insurance by health service corporation.
33-30-1002. Disability coverage of services received in state institutions — coverage of persons eligible for public medical assistance.
33-30-1003. Continuation of coverage for handicapped — individual contracts.
33-30-1004. Continuation of coverage for handicapped — group contracts.
33-30-1005. Right of rescission.
33-30-1006. Continuing group coverage after termination.
33-30-1007. Conversion on termination of eligibility.
33-30-1008. Preexisting conditions.
33-30-1009. Insured's family — conversion entitlement.
33-30-1010. Renumbered 33-30-1021 by Code Commissioner, 1983.
33-30-1011. Dentists performing services common to both medicine and dentistry.
33-30-1012 through 33-30-1020 reserved.
33-30-1021. Applicability.

Chapter Cross-References
Jurisdiction of providers of health care benefits, Title 33, ch. 1, part 11.

Part 1

General Provisions

33-30-101. Definitions. As used in this chapter, the following definitions apply:

(1) "Health service corporation" means a nonprofit corporation organized or operating for the purposes of establishing and operating a nonprofit plan or plans under which prepaid hospital care, medical-surgical care, and other health care and services, or reimbursement therefor, may be furnished to a member or beneficiary.

(2) "Health services" means the health care and services provided by hospitals or other health care institutions, organizations, associations, or groups and by doctors of medicine, osteopathy, dentistry, chiropractic, optometry, and podiatry; nursing services; licensed social worker or psychologist; medical appliances, equipment, and supplies; drugs, medicines, ambulance services, and other therapeutic services and supplies.

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(b) an amount equal to 1 month's average income from dues or fees paid to the corporation by its members or beneficiaries, based on an average of the preceding 12 months, whichever is less.

(3) If the reserves are not equal to the average in subsection (2)(b), they must have been increased during the preceding 12 months by an amount equal to 1% of the gross dues or fee income during that period.

(4) The determination of minimum reserves is subject, as to amounts payable to participating providers of the health services, to any right of the corporation to prorate the amounts under the terms of its health service contracts with providers.

(5) The commissioner may decrease or suspend the requirements of this section if he finds that the action is in the best interest of the members of the corporation.

History: En. 40-5905 by Sec. 5, Ch. 319, L. 1975; R.C.M. 1947, 40-5905.

33-30-202. Annual report. All corporations subject to the provisions of this chapter shall make and file annually with the commissioner, on or before March 1 of each year, a report under oath setting forth:

(1) the name of the corporation;

(2) the address of its registered office in this state and the name of its registered agent at that address;

(3) the names and addresses of its directors and officers;

(4) a brief statement of the character of the affairs which the corporation is actually conducting;

(5) the amount of all dues or fees collected from members in the last fiscal year, the amounts actually paid during that year for health services for the members or beneficiaries, and the amounts placed in reserves;

(6) a balance sheet and statement of income and expenditures for the most recent fiscal year of the corporation, prepared and verified by two officers of the corporation and certified by a certified public accountant;

(7) a statement of any other facts or information concerning the financial affairs of the health service corporation which may be reasonably required by the commissioner.

History: En. 40-5911 by Sec. 11, Ch. 319, L. 1975; R.C.M. 1947, 40-5911.

Cross-References

Registered agents — nonprofit corporations, 35-2-302.

33-30-203. Premium tax exemption. A health service corporation is exempt from all premium taxes.

History: En. 40-5915 by Sec. 15, Ch. 319, L. 1975; R.C.M. 1947, 40-5915.

Cross-References

Premium taxes, 33-2-705.

33-30-204. Fees. (1) Every health service corporation subject to the provisions of this chapter shall pay the following fees to the commissioner for enforcement of the provisions of this chapter:

(a) enrollment representative's license:

(i) application for original license including examination and issuance of license $10

(ii) annual renewal ..... $ 5

(b) filing any other statement or report ..... $ 1

(c) for a certified copy of any document or other paper filed in the office of the commissioner, per page ..... $.50

(d) for the certificate and for affixing the seal thereto ..... $ 1

(e) filing of a membership contract $10

(f) filing of a membership contract package $25

(g) filing annual report, a fee of 50 cents for each individual or family unit the corporation covered at the close of the year to which the annual report is applicable, except that the minimum fee payable upon filing of an annual report is $100.

(2) The commissioner shall promptly deposit with the state treasurer to the credit of the general fund all fees and license fees received by him under this section.

History: En. 40-5917 by Sec. 17, Ch. 319, L. 1975; R.C.M. 1947, 40-5917; amd. Sec. 1, Ch. 452, L. 1981.

Compiler's Comments

1981 Amendment: Increased the filing fee in subsection (1)(g) from 20 cents to 50 cents.

Part 3

Operations

33-30-301. Forms — filing, approval, hearing on disapproval, appeal. (1) A copy of all forms of the membership contract or any type of endorsement or rider shall be filed with the commissioner at least 30 days before that form is first used. When a form does not comply with the requirements of this chapter, the commissioner shall notify the corporation in writing of that failure and include the reasons for his opinion. Unless the corporation requests a hearing within 10 days, notice by the commissioner disallows use of this form by the corporation. If the corporation challenges the commissioner's disallowance of a form it shall request a hearing on that issue. The commissioner shall schedule a hearing as soon as practicable but not less than 15 days from the date of the request. If the commissioner finds, after the hearing, that the form is not in compliance with this chapter, he may disapprove the form and issue a final order to that effect. Notice of disapproval, including the grounds for disapproval, shall be presented to the corporation not less than 30 days after the hearing. The final order is effective 30 days after the hearing.

(2) A corporation whose forms have been ordered discontinued by the commissioner may appeal, within 15 days after an order, to a district court of the state. The court, upon filing of the proper petition, shall cause the forms and orders of the commissioner to be brought before it, and upon hearing of the case, the court shall either affirm or reverse and vacate the order of the commissioner.

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TESTIMONY

My name is Joan FitzGerald. I am the genetic counselor and clinical coordinator for the Shodair Department of Medical Genetics. I would like to address the specifics of our genetics services to, hopefully, demonstrate 1) the need in the State filled by our presence 2) the impact of the service on the financial, temporal and psychologic cost of genetic conditions and 3) the value of a local, by that I mean, available in the State, genetics service. There are 4 clinical specialty services offered:

1. General clinical diagnosis and genetic counseling
2. Prenatal diagnosis and testing
3. Fetal pathology
4. Counseling after an environmental exposure during pregnancy.

Rather than waste time describing each service in detail, I would rather concentrate on 3 areas that function in every case and illustrate the benefits and cost saving aspects of a clinical genetics program.

ACCESS AND AVAILABILITY:

There is no question that easy access to a genetics service is foremost in reducing cost. For individuals needing a genetic service, travel out of state to large universities involves enormous expense in actual travel costs like gasoline, airline tickets, motel room, etc as well as requiring work absences, arrangements for daycare for other family members, and other loss of valuable time. Many individuals needing services will not travel great distances because of financial considerations and will not, therefore, receive the genetic information they need. Also, a number of families we serve depend on public assistance and will ask for State travel money to finance their trips out of State for required medical genetic care. Traditionally, cases seen in a large university setting are subjected to many "routine" tests and see numerous doctors due to the teaching requirement of university based programs. Many families will not seek services from these large institutions because of this "guinea pig" reputation.

We currently hold 29 clinics per year in 5 locations around the State: Missoula, Kalispell, Great Falls, Billings, and Miles City. The map shows the geographic distribution of clients we have seen for an initial visit. Each red pin represents 10 new cases for a total number of 2263 as of December, 1984. This does not account for additional family members seen or follow-up visits. The geographic distribution of our clinic sites and Helena's centralized location allows driving access from anywhere in the State. For those cases requiring immediate care, an instate long distance phone call puts any physician or agency immediately in touch for consultation. All cases can then be managed in the local community and local MD's know our personnel are available as needed.

Miscarried embryos and fetuses are easily transmitted by the established bus routes as are laboratory samples for chromosome analysis. Shipment of these specimens out of State would prevent or inhibit reliable diagnosis since travel time and shipping costs are greater. For example, a stillborn baby delivered in Kalispell on Monday reaches us Monday evening, the autopsy is performed Tuesday AM and the body can be returned by Tuesday PM allowing the family to have a burial service for their baby soon after the death. Again, families are reluctant to have the baby studied if there are long delays due to restricted access and availability.

EXPERTISE:

The personal qualifications of our staff are well recognized but I would like to address the need and value of genetic expertise for the people of Montana. The individual expertise of our staff provides current, up to date information about genetic and birth defect conditions, including data on new methods of prenatal diagnosis and testing, an awareness of national and international experts for excellent consultation, and familiarity of new treatment regimens. We recently saw a Billings family referred because of painful joints. The local physician had counseled the family that the condition was rare and diet modification would help the pain in the joints. The family was referred to us by a physical therapist and through our experience and study of the condition, the family was found to be at

high risk of early coronary disease and we are now working with the local physician to help prevent early heart problems in this family. Each affected individual has a 50% chance of passing the condition on to their children, information which was not provided to them by the local doctor.

Because of specialized training, we are able to diagnose rare genetic conditions, identify high risk individuals or groups that may be unaware of their genetic risk, and provide accurate recurrence risk data as people make reproductive decisions. By providing this expertise, the local care providers are not required to spend valuable time educating themselves about hereditary and handicapping conditions.

When a family is seen, we can discuss all issues of genetic import, including the chances of affected children, the associated risks of pregnancy in affected individuals like required C-section delivery, questions of voluntary sterilization in retarded adults, and the benefits of early diagnosis for the prevention of future medical complications.

The importance of the counseling aspects cannot be underestimated or overlooked. Complicated medical diagnoses and explanations must be presented with a minimum of jargon in terms understandable by a lay person. Misinformation or data presented in a confusing manner may make a considerable difference in the way the actual risk is perceived. For example, a 10% risk means a 90% chance that a particular problem won't occur and both issues must be presented for total understanding. The psychological reaction to 1) a diagnosis of a handicapping condition and 2) that this condition may reoccur can be very intense and must be addressed by someone educated in the field. We can explore these reactions with people and often clarify those areas of confusion or misunderstanding during the genetic counseling process. Private physicians and other mental health professionals are not aware of the psychological effects of genetic risk and are unwilling and/or unprepared to deal with these issues. An hour spent with us exploring the ramifications of genetic information can prevent unneeded mental health consultation and the costs accompany-

ing those services. For those individuals needing additional input, we can refer for appropriate services.

Expertise in the area of teratology counseling has allowed the continuation of pregnancies that may have been terminated otherwise due to misinformation about the risk of drug or other environmental exposure. In cases of substantial risk, we are able to provide recommendations for prenatal monitoring during the pregnancy.

FOLLOW-UP:

The availability of follow-up is vital for effective genetic services. We evaluate the outcome of pregnancies monitored by prenatal diagnosis for accuracy of our predictive result, are available to examine all at risk newborns after delivery, and follow-up on subsequent deliveries of couples delivering stillborn infants with congenital abnormalities. If Montana families did not have this service available in the State, they would receive diagnosis, counseling, etc. in another State and would then be lost to follow-up. After an initial evaluation, many families have additional questions and concerns and contact us routinely for more information. Because of our permanent residence in the State, we can offer ongoing support for families in crisis after the death of a child, provide follow-up for critically ill newborns transported out of State and subsequently returned to their local community, provide consultation and counseling in cases of prenatal diagnosis where an abnormality is identified, continue to reassure expectant parents of the normality of their babies, and facilitate adjustment and acceptance of a genetic condition in an individual or family. We have extensive written information for lay and professional people and can involve our clients with local and national support and information organizations. Much genetic information is not heard by individuals in crisis and follow-up is vital to their understanding. Additionally, other family members, unaware of their risk, must be contacted and counseled. We also continue to follow undiagnosed cases as knowledge is gained in the field and to learn more about the effects of a particular condition.

An often overlooked aspect of follow-up has to do with the difficulties experienced by families attempting to secure medical and life insurance or employ-

ment. Individuals who are not familiar with genetic conditions may be hesitant to hire someone and we often write letters on behalf of our families to educate prospective employers or insurers. An adolescent girl in Billings was being forced to participate in PE in school and was flunking the course because she physically wasn't able to perform. She is now exempt from this requirement because her condition prevents her from meeting the requirements of the course.

In summary, we are able to provide exemplary genetic services for the people of Montana because the services are available and accessible to all of the Montana population, our program provides information not available through the local physician community, and, because of our residence within the State, we can routinely provide the quality follow-up required. The service prevents unnecessary travel for services, long delays in obtaining results, wasted time and finances on unproven treatments, and allows money spent for genetic health care to remain in Montana. I am hopeful the benefits of this program for the people of Montana will convince you to retain the established genetic services in this State.

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April 9, 1985

Senator Thomas Towe
Chairman, Senate Taxation Committee
Capitol Building
Helena, MT 59620

Dear Chairman Towe:

I am writing this letter to you on behalf of Montana Physicians' Service-Blue Shield (MPS), a non-profit health service corporation providing health insurance-type benefits to over 125,000 Montanans. MPS would like to take this opportunity to advise you it has absolutely no objection to House Bill 430 as originally introduced, which was a bill to appropriate from the general fund $520,000 to fund the genetics program run by Dr. Opitz at the Shodair Hospital in Helena, Montana. I am sure your Committee learned a great deal about the genetics program when it dined at Shodair Hospital, Monday, April 8, as Dr. Opitz is not only a fine doctor but a good speaker.

However, the issue before this body does not relate to the merits of the Shodair genetics unit. The issue facing this body relates to the amendments made to HB 430 after its hearing before one of the House Appropriation subcommittees. During that hearing, the chief sponsor of the bill proposed amendments which levy a tax upon health disability insurers and health service corporations at the rate of $.50 per resident insured. For example, a family of six would pay an additional $3 for their health insurance. These amendments, which turned HB 430 into a tax bill in midstream, had nothing to do with the purpose of the original bill, which was simply to appropriate money from the general fund. As a result, the House amendments were made in violation of Article V, Section 11(1) of the Montana Constitution which provides in pertinent part:

> A law shall be passed by bill which shall not be so altered or amended on its passage through the legislature as to change its original purpose. . . .

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The purpose of this constitutional provision is to prevent the very thing that happened in the House. The bill was proposed, sponsors were obtained, the bill was introduced, and noticed for hearing as an appropriations bill. No Montana legislator or Montana citizen knew or had reason to know that there was a hidden agenda, a premium tax which would increase the already high cost of health insurance. Article V, Section 11, was specifically intended to prevent such hidden agendas from catching the public unawares, Morrison-Maierle, Inc. v. City of Forsyth, 160 Mont. 69, 72, 500 P.2d 395 (1972):

> Article V, Sec. 23 clearly voids as unconstitutional that deletion of the final paragraph of section 11-1202, relating to the exception of professional services, since the title of the amendment does not reflect any intent to make such omission. See City of Helena v. Omholt, 155 Mont. 212, 468 P.2d 764, in which we recently noted the purpose of Article V, Sec. 23; to prevent both legislators and the public from being misled by false or deceptive bill titles. Surely in this instance, the title of Senate Bill 288 would mislead all concerned as to the full extent of its amending effect upon section 11-1202, R.C.M. 1947. Such is violative of Article V, Sec. 23 of the Montana Constitution.

In accord, City of Helena v. Omholt, 155 Mont. 212, 468 P.2d 764 (1970); State v. Driscoll, 101 Mont. 348, 54 P.2d 571 (1936); Arps v. State Highway Commission, 90 Mont. 152, 300 P. 549 (1931). The integrity of the legislative process depends on the public being fully informed so that it can intelligently participate in the legislative process, City of Helena v. Omholt, supra, at page 220:

> What were the purposes of section 23 of Article V of the Constitution? "Stated briefly, those purposes are to restrict the Legislature to the enactment of laws the subjects of which are made known to lawmakers and to the public, to the end that any one interested may follow intelligently the course of pending bills to prevent the legislators and the people generally being misled by false or deceptive titles, and to guard against the fraud which might result from incorporating in the body of a bill provisions foreign to its general purpose and concerning which no information is given by the title".

In accord, Johnson v. Meagher County, 116 Mont. 565, 165 P.2d 750 (1945); State ex rel. Foote v. Burr, 73 Mont. 586, 238 P. 585 (1925). No rational or intelligent member of the public would have known the purpose of HB 430 was to levy a premium tax on health insurance. In

fact, I am sure that the chief sponsor of the bill will admit that she did not intend such a tax. The tax was an afterthought after it became apparent that the current budget crisis would make an appropriation from the general fund somewhat difficult. HB 430 was not a tax bill when it started its way through the legislative process. It cannot be turned into a tax bill in midstream. The Legislature cannot unring the bell once rung.

I respectfully request that this bill be sent to the Senate Rules Committee for a determination of its compliance with Article V, Section 11(1) of the Montana Constitution. Alternatively, the house amendments should be stripped from the bill. Thank you for your consideration of this matter.

Very truly yours,

John Alke

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WITNESS STATEMENT

NAME ELMER HAUSKEN BILL NO. HB430

ADDRESS 1400 Highland Street, Helena DATE 10 Apr 85

WHOM DO YOU REPRESENT? MALU (Montana Assn Life Underwriters)

SUPPORT _____ OPPOSE X AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments: The Montana Assn of Life Underwriters is in opposition to HB430 on the basis of double taxation. The United States was created with a war of revolution due to double taxation. History is repeating itself.

The insurance industry already pays a sales tax of .0275 percent on all premium dollars collected in Montana for Helath Insurance and all other types of insurance also. This 2 3/4 % tax generated $17,107,089 in GENERAL FUND DOLLARS IN 1984. Why the money for Genetic Research cannot be used from that amount has not been answered.

Now the Legislative body proposed an additional sales tax of .50¢ per head per policy of all Health insurance policies. Some families may have more than one policy, which would double up again. It should be noted the State of Montana will have to increase the budgets of the various departments to pay the increased cost of Group Coverage.

It seems there has not been very much thought given to how this will impact on the Health Insurance buying public. It will be punitive to older people who retired many years ago on a very small pension that had no cost of living allowances built in, and those same people had a small Social Security payment that even with COLA increases has not increased that much. They need every dollar they can find to maintain a dignified life. It will be very punitive to young low income families and single parent families who need every penny they can scrape up.

The fact there is not even known facts put forth in the Fiscal Note to define exactly HOW MANY WILL BE ELIGIBLE TO PAY THIS makes one wonder about the considered thought.

We as agents, take an oath to always do what is in the best interest for the client we service.

THIS BILL IS NOT IN THE BEST INTEREST OF THE INSURANCE BUYING PUBLIC. IT IS MAKING A FEW PAY FOR SOMETHING NEEDED BY EVERYONE. THE MONEY SHOULD COME FROM THE GENERAL FUND!

Exhibit 13 -- HB 430
April 10, 1985

NAME C. BRUCE LOBLE BILL NO. HOUSE BILL 430

ADDRESS P.O. Box 176, Helena, Montana DATE 4/10/85

WHOM DO YOU REPRESENT AMERICAN COUNCIL OF LIFE INSURANCE (ACLI)

SUPPORT _____ OPPOSE X AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments: SEE ATTACHED STATEMENT

Exhibit 14 -- HB 430
April 10, 1985

ACLI TESTIMONY
IN OPPOSITION TO HB 430
SENATE TAXATION COMMITTEE
APRIL 10, 1985

Mr. Chairman, members of the committee, my name is Bruce Loble representing American Council of Life Insurance (ACLI). In attempting to prepare for this hearing, I also talked with representatives from the Health Insurance Association of America (HIAA). ACLI represents the interests of approximately 611 life insurance companies including most of the life insurance companies doing business in this country. Many of these life insurance companies also offer health insurance. The Health Insurance Association of America represents the interests of approximately 327 health insurance companies and HIAA writes approximately 85 percent of the health insurance written by the health insurance industry. The combined membership of ACLI and HIAA represent over 90 percent of the health insurance coverage written by insurance companies in the United States today. ACLI and HIAA have many members who will be impacted by this bill.

LACK OF NOTICE

The first problem with this bill is the complete lack of notice the health insurance industry received in the House of Representatives. ACLI subscribes to the Montana legislative bill service (DATA DISTRIBUTION) and one of its attorneys reads at least the title of every bill that is introduced into this legislature as they are received. Any bills of interest which should be followed by his association are noted. The Health Insurance Association subscribes to another legislative service which forwards bills impacting the health insurance industry to HIAA.

However, House Bill 430 was introduced as an appropriation bill to establish a voluntary genetics program without any reference in the bill or its title to a 50 cent head tax on the health insurance industry. As a consequence, neither ACLI nor the Health Insurance Association of America which represent the interests of companies writing 90 percent of the health insurance in this country were advised of the impact that this bill would have on their industry until last week at which time it was too late to act in the House.

According to the computer terminal a hearing was held on this bill on February 13 but the amendments to place a tax on Montana residents did not occur until Friday, March 29, 1985. Shortly after that date ACLI and the Health Insurance Association were advised of the head tax being proposed on this bill and this past Thursday, April 4, we were requested to appear and oppose this bill.

Such limited notice precludes the health insurance industry from effective participation in the legislative process and we submit that such action, if not actually unlawful, is bad public policy.

Article V, Section 11 of the Montana Constitution states that a bill shall not be altered or amended on its passage so as to change its original purpose and that each bill should contain only one subject which shall be clearly expressed in the title. The purpose behind this constitutional provision was expressed by the Montana Supreme Court in State v. Driscoll, 101 Mont. 348, 54 P.2d 571, 573 (1936) among other reasons

> ". . . to fairly apprise the people, through such publications of legislative proceedings as is usually made, of the subjects of legislation that are being considered, in order that they may have opportunity of being heard thereon, by petition or otherwise, if they shall so desire."

This bill for all intents and purposes was an appropriation bill until March 29. Suddenly, 13 days ago, it became a tax bill affecting those health insurance companies which do business in Montana. These companies have been precluded from testifying as to the adverse effects of this bill in the House of Representatives and do not have sufficient time to prepare for this hearing.

THE FAIRNESS ISSUE

A voluntary genetics program sounds good on the surface but if it is such a good idea it should be funded by an appropriation from the general fund. One segment of Montana's population should not be responsible for paying for this program by means of a hidden tax. This tax apparently does not cover self-insurance plans used by many cities, counties and other employers. I am advised by the Health Insurance Association that in 1980 approximately 19 percent of companies having health insurance plans were self-insured but that in 1984, 54 percent are now self-insured and the number is increasing every year. What rational reason is there to single out state employees through the state group health self-insurance plan, health service corporations and health insurance companies to pay for this voluntary program but leave out of the payment thousands of people who participate under self-insured health plans?

ADMINISTRATIVE BURDENS

Because of the shortage of time, my association has not been able to contact its member companies to ascertain the administrative burdens which would be generated by this tax. However, from what we have been able to find so far, there would be circumstances in

which retrieving the data of the number of Montana residents insured by certain health insurance companies would be quite difficult. Although we have not been able to put a monetary figure on the administrative costs of complying with this law, for some companies and in some circumstances, we think it would cost more than 50 cents per Montana resident which would, in effect, double the tax. This would be particularly true with those insurance plans which cover multi-state employers.

House Bill 430 should be defeated.

Bruce Loble
P. O. Box 176
Helena, Montana 59624

AMENDMENTS TO HOUSE BILL 870

1. PAGE 3, LINE 6.
STRIKE: "$7.50"
INSERT: "$14.00
STRIKE: "$6.00"
INSERT: "$12.00"

2. PAGE 3, LINE 10.
STRIKE: "$4.00"
INSERT: "$7.00"
STRIKE: "$3.00"
INSERT: "$6.00"

WITH THESE AMENDMENTS, HB-870 WILL GENERATE APPROXIMATELY $7.06-MILLION FOR THE BIENNIUM. THE BILL AS IT PASSED THE HOUSE WOULD HAVE PROVIDED ABOUT $4-MILLION IN SUPPLEMENTAL FUNDING FOR THE BLOCK GRANT PROGRAM. THE AMENDMENTS WILL ADD ABOUT $3-MILLION TO SET UP THE FOLLOWING FINANCING PACKAGE:

BLOCK GRANT FUNDING (1986/87)

ONE THIRD OIL SEVERANCE TAX	$24-MILLION
GENERAL FUND APPROPRIATION	3-MILLION
HB-870 (WITH AMENDMENTS)	7-MILLION
TOTAL	34-MILLION

THE ESTIMATED COST TO FUND THE MOTOR VEHCILE TAX REPLACEMENT ACCOUNT FOR THE BIENNIUM IS $34-MILLION.

THE AMENDMENTS WILL ADD AN AVERAGE OF APPROXIMATELY $2.00 TO THE LICENSE FEE. THIS WILL BRING THE AVERTAGE INCREASE TO $5.35 PER VEHICLE.

Exhibit 15 -- HB 870
April 10, 1985

MONTANA
ASSOCIATION OF
COUNTIES

1802 11th Avenue
Helena, Montana 59601
(406) 442-5209

HOUSE BILL 870

LIGHT VEHICLE FEE SCHEDULE COMPARISONS

SENATE TAXATION

April 10. 1985

GENERAL PURPOSE BLOCK GRANT REIMBURSEMENT
vs OIL SEVERENCE TAX AVAILABLE

	FISCAL 1986	FISCAL 1987
Estimated Cost of Local Government Reimbursement	$17,278,000	$17,975,000
Oil Severence Tax	12,250,000	11,917,000
General Fund	1,500,000	1,500,000
TOTAL	13,750,000	13,417,000
SHORTFALL	3,528,000	4,558,000
TOTAL BIENNIUM SHORTFALL		8,086,000
HB 870		
MV FEE REVENUE	2,210,555	2,210,555
PROJECTED SHORTFALL	1,317,445	2,347,445
TOTAL BIENNIUM SHORTFALL		3,664,890

* Source: HB 500
Budget Analysis 1987 Biennium, Volume I, January 1985

Exhibit 16 -- HB 870
April 10, 1985

MA

MONTANA
ASSOCIATION OF
COUNTIES

1802 11th Avenue
Helena, Montana 59601
(406) 442-5209

HOUSE BILL 870

LIGHT VEHICLE FEE SCHEDULE COMPARISONS

SENATE TAXATION

April 10, 1985

MONTANA MOTOR VEHICLE FEE SCHEDULE

ADJUSTED FOR "IMPLICIT PRICE DEFLATOR - 1984"

	2,850 POUNDS OR LESS	ADDITIONAL FEE	TOTAL FEE	MORE THAN 2,850 POUNDS	ADDITIONAL FEE	TOTAL FEE
Less than or equal to 4 years	$80.00	$6.00	$86.00	$102.00	$7.50	$109.50
More than 4 years and less than 8 years	$46.00	$3.00	$49.00	$57.00	$4.00	$61.00
8 years old and over	$11.00	$1.50	$12.50	$17.00	$2.00	$19.00

EXAMPLE:

1 year old car, 2,800 pounds, Cost new 9,800

	WA	ND	SD	ID	WY	MT
	$250.79	$44.00	$30.00	$36.00	$163.76	$86.00
SALES TAX %	7.8	4	6	4	4	1.5
SALES TAX $	($764.40)	($392.00)	($588.00)	($392.00)	($392.00)	($147.00)

5 year old car, 3,200 pounds, cost new $9,800/used $4,800

	$123.04	$52.00	$30.00	$33.00	$67.92	$61.00
SALES TAX %	7.8	4	6	4	4	0
SALES TAX $	($374.00)	($192.00)	($288.00)	($192.00)	($192.00)	

Exhibit 17 -- HB 870
April 10, 1985

MA

THOUGHTS ON HOUSE BILL 901

"A BILL TO EXEMPT PUBLIC CONTRACTORS FROM ADDITIONAL LICENSE FEES" WHEN WORKING ON FEDERAL RESEARCH PROJECTS.

I. THIS IS A BILL ABOUT CREATING AND MAINTAINING JOBS. IT IS NOT A BILL ABOUT REVENUE.

II. THE STATE, COUNTIES, AND CITIES REQUIRE PUBLIC CONTRACTORS TO BE LICENSED FOR THEIR PROTECTION; THE FEDERAL GOVERNMENT DOES NOT REQUIRE THIS PROTECTION.

III. THE STATE, COUNTIES, AND CITES ARE SPENDING THEIR MONEY. THEREFORE, AN ADDITIONAL LICENSE FEE IS HELD BY THE STATE TO ENSURE THE PAYMENT OF PERSONAL PROPERTY TAXES, ETC. BY THE PUBLIC CONTRACTOR DOING THE PROJECT. THE CONTRACTOR IS THEN ALLOWED CREDIT AGAINST THE MONEY HELD FOR THE OTHER TAXES THEY PAY. IT SHOULD COME OUT AT ABOUT A WASH.

IV. WHETHER OR NOT THE ADDITIONAL LICENSE FEE IS WITHHELD, THE PUBLIC CONTRACTOR IS STILL OBLIGATED TO PAY HIS PERSONAL PROPERTY AND OTHER TAXES BASED ON THE SAME FORMULA AS ALL OTHER CONTRACTORS.

V. THE FEDERAL GOVERNMENT WHEN SPENDING ITS MONEY ON PROJECTS IN OUR STATE, COULD CHOOSE TO SPEND THAT MONEY IN ANY STATE. THEY MAY WELL CHOOSE TO FINANCE PROJECTS IN OTHER STATES IF 1% OF THE COST OF THE PROJECT IS WITHHELD.

VI. THE REAL LOSS IS IN THE FORM OF JOBS AND TAXES IF A FEDERAL RESEARCH PROJECT IS LOCATED IN ANOTHER STATE.

Exhibit 18 -- HB 901
April 10, 1985