

MINUTES

MONTANA SENATE 53rd LEGISLATURE - REGULAR SESSION

CONFERENCE COMMITTEE ON SENATE BILL 285

Call to Order: By Eve Franklin, Chair, on April 16, 1993, at 11:00 a.m.

ROLL CALL

Members Present:

Senator Eve Franklin, Chair (D)
Senator Robert "Bob" Brown (R)
Senator Dorothy Eck (D)
Representative Thomas Nelson (R)
Representative Sheila Rice (D)
Representative Bruce Simon (R)

Members Excused: None.

Members Absent: None.

Staff Present: Kristie Wolter, Committee Secretary
David Niss, Legislative Council

Discussion:

Senator Franklin opened the floor to discussion on amendments to SB 285. She stated the first amendment to be addressed would be the amendment offered by the Auditor (Exhibit #1).

Frank Cote, Deputy Insurance Commissioner, stated the amendment was offered by the Montana Bankers Association (MBA) and would allow the Bankers Association to exclude themselves from the small group reform. He stated the amendment would allow the MBA to continue to exclude themselves from small group reform as long as they do not deny benefits to any individual who applies for coverage. He stated if there is a small group who applies to the MBA for group insurance, the MBA must take the group and would not be able to exclude a non-healthy person from coverage.

Senator Franklin asked Mr. Cote if the amendment would be consistent with the small group parameters. Mr. Cote stated it would be.

John Cadby, MBA, stated he had no knowledge of the amendments. He stated he would like to know if the MBA could reject a bank in its totality. He stated he had no objection to taking all of the employees, but he would like the ability to reject a bank with high risk employees. He stated he would like the amendment to be

changed to say "we cannot deny coverage to any employee of the members who apply for coverage".

Representative Simon asked Mr. Cadby why the MBA would deny an association employee membership is a health care group. Mr. Cadby stated a member of the association would be denied for risk management and underwriting control reasons and to protect the participants already in the group. Mr. Cadby stated the policy of the MBA as a group must meet underwriting provisions before entering into the health care group. He stated if a group chooses to leave the plan, they are not allowed to rejoin for 18 months. He stated the reason for the 18 month limitation is to limit employers from jumping from one plan to another. Mr. Cadby stated the purpose of a group health plan is to provide stability for the group. He stated a group may be denied if one of the members has a very serious medical problem or history.

Frank Cote stated the Committee has the right to allow for exclusion of groups. He stated the Auditors office was concerned with people being excluded from coverage if they apply with a group.

Motion/Vote:

Senator Franklin moved HB 285 be AMENDED (Exhibit #1). The motion FAILED by Roll Call Vote.

Discussion:

Senator Franklin stated the Committee would consider the second amendment (Exhibit #2). She stated the amendment would remove the amendments dealing with market control language. She stated she had a concern with this amendment because it would be outside of the scope of what the original text intended. She stated there was some confusion as to the meaning of the text.

Peter Blouke, Department of Social and Rehabilitative Services, stated he had concern with the language as it relates to the Medicaid program. He stated his department is currently instituting a "Passport to Health" program which is a managed care system for Medicaid recipients. He stated under the new program, the Medicaid clients must identify a primary care physician and stay with that physician. He stated the new system would prevent "doctor shopping" which would help keep health care costs down. Mr. Blouke stated the language in this amendment may create problems with the federal regulations which relate to Medicaid. He stated the discussion with the Clinton Administration plan will have a "fee for service" component and will allow for freedom of choice. He stated SB 285 would be "cleaner" without the language.

Senator Eck stated she did not understand the amendment and she did not see any advantage to having the language in SB 285.

Motion:

Senator Brown moved HB 285 be AMENDED (Exhibit #2).

Discussion:

Representative Simon stated the amendment was offered for the purpose of ensuring a market-based system. He stated he did not feel certain the amendments would provide for a market-based system.

Vote:

The motion CARRIED by Roll Call Vote.

Discussion:

Senator Franklin stated the Committee would address the amendment which dealt with the assessment formula (Exhibit #3). She stated the non-profit, self-insured had to be included in the assessment formula. She supplied copies from the Billings Education Association and Billings Public Schools (Exhibits #4 and #5). She stated this amendment would exclude public entities from assessment.

Tom Bilodeau, Research Director, Montana Education Association, stated government entities do not have access to alternative revenue beyond what they are budgeted. He stated the school systems are capped in the current budget. Mr. Bilodeau stated the amendment would allow the public entities which do not currently have budgeted monies available for a potential assessment to be exempted from the assessment.

Tanya Ask, Blue Cross/Blue Shield, stated she opposed the proposed amendment. She stated the assessment formula was to allow a broad base for assessment. Ms. Ask stated the assessment would affect people whose insured product is covered by the Montana Insurance Code. She stated the assessment would be against all insured products and would also be against governmental subdivisions of the State of Montana which may be self-funded. She stated the assessment would also cover individual products. Ms. Ask stated the idea behind the assessment is to spread the assessment to help individuals who do not have access to health care.

Representative Simon asked Larry Akey, Montana Association of Life Underwriters, how the assessment formula works and what affect it may have on the state groups. Mr. Akey stated there was no actuarial estimate of what the maximum net program loss would be if the assessment formula were applied. Mr. Akey stated the numbers run by Blue Cross/Blue Shield were based on experience rating. He stated the maximum number of net program loss which might be seen would be around \$500,000. He stated the

\$500,000 loss was covered by a federal fund appropriation. Mr. Akey stated 300,000 lives would be covered by the \$500,000. He stated the net loss per each life insured would be \$1.67. He stated the loss to each entity would be figured by multiplying the number of lives insured by \$1.67 per life. He stated Montana has 28,000 lives insured and the loss would be around \$45,000, half of which would be covered by the General Fund.

Senator Franklin asked Mr. Akey to place the \$1.67 in context. Mr. Akey stated the \$1.67 is what would occur if the reinsurance pool does not get enough money from premiums to meet all the risks associated with the policies. Mr. Akey stated the assessments would be made against the people who are defined as assessable carriers. He stated there are approximately 300,000 people insured by the assessable carriers. He then stated the maximum likely net-program loss is \$500,000 upon assessment of the assessable carriers. Mr. Akey stated the \$1.67 is derived from the process of dividing 300,000 lives into \$500,000 of total net-program loss, and the \$1.67 is a per year figure.

Representative Simon asked Mr. Akey if there would be an increase from the \$1.67 if the assessable carriers were to be excluded. Mr. Akey stated he had no figures on which to base an estimate. He stated the narrower the base is, the greater the increase in the cost to the remaining members.

Senator Eck asked Mr. Akey if all of the self-insured who are going to be excluded would insure everyone who is an employee and if they could exclude anyone drawing on the reinsurance pool. Mr. Akey stated the exclusions vary from plan to plan.

Representative Scott McCulloch stated the contract negotiations with the school system employees mandate the insurance coverage as a condition of employment. He stated the reinsurance pool is inaccessible to the employees of the school system because the contract negotiated was for a two year period. He stated because the reinsurance pool was inaccessible to his group, they should not have to be subject to assessment. He stated only the employed are mandated to have the insurance coverage.

Representative Nelson asked Mr. McCulloch if additional parties to the insurance policies must supply health evidence. Mr. McCulloch stated he did not believe they did. He stated the policies were supplemented by employee contributions and the addition of dependents on the policies was optional. He stated the employer pays 100% of the employees premium but any additional dependents were paid for through employee contribution.

Representative Rice asked Tom Hopgood if not only the large group plans, but also the individual plans, would be covered by the proposed amendment. Mr. Hopgood stated she was correct.

Senator Franklin stated there is no place in the amendment for the non-profit, self-insured groups to absorb the costs.

Motion/Vote:

Senator Eck moved HB 285 be AMENDED (Exhibit #3). The motion CARRIED by Roll Call Vote.

Discussion:

Senator Franklin stated amendment SB02825.adn (Exhibit #6) was intended to address application of mandated benefits to the basic health benefit package. She stated the House had deleted the inclusion of the mandate for the basic package and this amendment would reverse the deletion.

Representative Nelson clarified there were two plans which would be prepared by the commission, one of which was a basic plan and the other was a more inclusive plan with greater benefits.

Mary McCue, Montana Clinical Health Council, stated her support of the proposed amendment. She stated the amendment would allow for the sale of a basic health plan without the mandates at a lower cost. She stated her group would like the issue of mandates be addressed by the health care authority over a period of a couple of years.

Jim Smith, Montana Psychological Association, stated his support of the amendment. He stated 47% of all the people with health insurance in Montana have small group health insurance plans through their employers. He stated the exclusion of people with mandated benefits would exclude almost half of the people in Montana.

Representative Simon stated the proposed amendment would create options and allow for review of the options available.

Senator Eck stated there will be two levels of care established: a basic plan and a standard plan. She stated the intention was the levels of care would not be inferior to one another. She stated the amendment would give the direction and possibility of keeping the levels of care even.

Motion/Vote:

Senator Eck moved HB 285 be AMENDED (Exhibit #6). The motion FAILED on Roll Call Vote.

Motion:

Representative Nelson moved HB 285 be AMENDED (Exhibit #7).

Discussion:

Jim Ahrens, President, Montana Hospital Association, stated the proposed amendment (Exhibit #7) would strike a reference to the certificate of need as a standard to determine how the authority would view capital expenditures. He stated the amendment would say "the authority shall consider adopting a system to control capital expenditures". He stated there are many ways to consider capital expenditures and certificate of need is not necessary.

Senator Franklin stated she had to resist the amendment because there were other factors outside of the certificate of need process. She stated the amendment was added in the House and it was sensible to include all of the major facilities in examination.

Senator Eck stated the Governor had not made specific recommendations as to how to address the examinations for cost control. She stated there was a lot of support for the cost control measures to not include the certificate of need because the process did not work.

Jim Ahrens stated Section 16 of SB 285 addressed the study of certificate of need. Mr. Ahrens stated the section would include hospitals. He stated the study would be done, but the certificate of need process did not have to be a standard for the process.

Representative Nelson stated the adoption of the amendment would still allow the Commission to apply the certificate of need as a standard if it chose to or would allow them to use some other means to measure the standards.

Representative Simon stated the certificate of need was no different than the language which makes for the consideration of a system to control capital expenditures. He stated the amendment did not hold any water and would not change SB 285 one way or the other.

Senator Brown stated there would be no harm in adopting the amendment because all it would do would be to give a level of comfort to the hospitals.

Representative Rice stated the certificate of need process had enough negative connotations and the amendment would allow for the adoption of a procedure to control capital expenditures without specifying one kind of capital expenditure control mechanism.

Senator Eck stated the certificate of need is a red flag.

Vote:

The motion CARRIED on Roll Call Vote.

Motion/Vote:

Senator Brown the first amendment (Exhibit #1) be RECONSIDERED.

Motion/Vote:

Senator Brown moved HB 285 be AMENDED (Exhibit #1). The motion CARRIED on Roll Call Vote.

Motion/Vote:

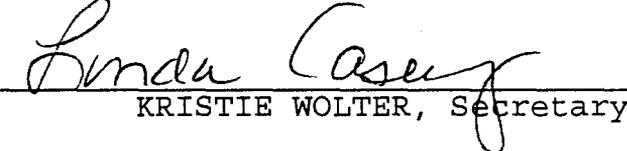
Representative Simon moved the COMMITTEE REPORT be ADOPTED. The motion CARRIED UNANIMOUSLY.

ADJOURNMENT

Adjournment: 11:55 a.m.



SENATOR EVE FRANKLIN, Chair



KRISTIE WOLTER, Secretary

EF/klw

Mr. President and Mr. Speaker:

We, your Conference Committee on Senate Bill No. 285, met and considered House amendments to Senate Bill No. 285. We recommend that Senate Bill No. 285 (reference copy - salmon) be amended as follows:

1. Page 7, lines 9 and 10.
Strike: "SIMILAR TO THE CERTIFICATE OF NEED SYSTEM BY WHICH"
Insert: "to control"
Strike: "ARE CONTROLLED"
2. Page 7, lines 16 through 21.
Strike: subsection (F) in its entirety
3. Page 15, lines 19 and 20.
Strike: "EACH STATEWIDE PLAN MUST INCLUDE INCENTIVES FOR MARKET CONTROL."
4. Page 17, lines 14 and 15.
Strike: " PROVIDE MARKET CONTROL."
5. Page 17, line 22.
Strike: "(P) INCENTIVES FOR MARKET CONTROL."
Renumber: subsequent subsections
6. Page 19, line 9.
Strike: "AND AN INDIVIDUAL'S CHOICE OF SERVICES"
7. Page 40, line 8.
Following: "INSURANCE."
Insert: "excluding"
8. Page 46, line 22.
Following: "OR"
Insert: "(a)"
9. Page 46, line 24.
Following: "36]"
Insert: " ; (b) does not deny coverage to any member of its association or any employee of its members who applies for coverage as part of a group;"
Following: "AND"
Insert: " (c)"

ADOPT
REJECT

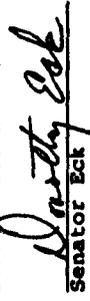
10. Page 47, line 1.
Following: "GROUP"
Insert: " , "

And that this Conference Committee report be adopted.

For the Senate:


Senator Franklin, Chair


Senator Brown


Senator Eck

For the House:


Representative Simon, Chair


Representative F. Nelson


Representative S. Rice


M-
Amd. Coord.


Sec. of Senate