

**MINUTES**

**MONTANA SENATE  
59th LEGISLATURE - REGULAR SESSION**

**CONFERENCE COMMITTEE ON HOUSE AMENDMENTS TO SENATE BILL 154**

**Call to Order:** By **CHAIRMAN JOHN COBB**, on April 14, 2005 at 8:00  
A.M., in Room 422 Capitol.

**ROLL CALL**

**Members Present:**

Sen. John Cobb, Chairman (R)  
Rep. Mary Caferro, Chairman (D)  
Rep. Christine Kaufmann (D)  
Sen. Greg Lind (D)  
Rep. Mike Milburn (R)  
Rep. Don Roberts (R)  
Sen. Carol Williams (D)

**Members Excused:** None.

**Members Absent:** None.

**Staff Present:** Susan Fox, Legislative Branch  
Kyanne Kelly, Committee Secretary

**Please Note.** These are summary minutes. Testimony and discussion are paraphrased and condensed.

**Committee Business Summary:**

Hearing & Date Posted: SB 154, 4/13/2005  
Executive Action:

**SEN. COBB** opened the hearing on SB 154.

**Chuck Hunter, Department of Public Health and Human Services,** provided an amendment to SB 154.

**EXHIBIT(ccs80sb0154a01)**

**Mr. Hunter** explained the amendments one-by-one to the Conference Committee.

*{Tape: 1; Side: A; Approx. Time Counter: 0 - 7.3}*

**Tanya Ask, Blue Cross Blue Shield,** spoke about the CHIP program. She talked about the process an individual goes through to carry this policy. She provided the Committee with a document which outlined her testimony.

**EXHIBIT(ccs80sb0154a02)**

**Ms. Ask** commented that she is okay with Mr. Hunter's proposed amendments.

**SEN. LIND** inquired about the statement that any insurer can bid on this policy.

**Ms. Ask** asserted that is correct. She had some additional comments on fees and taxes that are involved with this program.

*{Tape: 1; Side: A; Approx. Time Counter: 7.3 - 16.1}*

**Frank Cote, Americas Health Insurance Plans,** spoke about his company and how they feel about this bill and amendments. He provided a document which outlines his testimony.

**EXHIBIT(ccs80sb0154a03)**

*{Tape: 1; Side: A; Approx. Time Counter: 16.1 - 25.3}*

**SEN. COBB** inquired about administrative costs that Blue Cross Blue Shield is currently paying.

**Mr. Cote** attested that Blue Cross Blue Shield is not required to pay a premium tax.

**REP. CAFERRO** wondered if the figure of 13.65% includes the assessment fee for MCHA.

**Ms. Ask** responded by saying that this percentage figure includes the assessment fee for MCHA as well as the Shodair Genetics Assessment.

**REP. CAFERRO** asked what the percentage is for the Shodair Genetics Assessment.

**Ms. Ask** stated that currently it is not a percentage; it is \$.70 today and will be raised to \$1. She commented that it is not a very big percentage.

**REP. CAFERRO** inquired when it will increase to \$1.

**Ms. Ask** asserted that will take place on the effective date.

**REP. CAFERRO** clarified that she wished to know what the figure of \$1 will be assessed on.

**Ms. Ask** replied that it is \$1 assessed per-person, per-year.

**REP. CAFERRO** inquired into the 10% of the funding that would be applicable to the cap and to the Department.

**Ms. Ask** responded by providing how much would go to Blue Cross Blue Shield, and how much would be applicable in other areas.

*{Tape: 1; Side: A; Approx. Time Counter: 25.3 - 29.1}*

**SEN. LIND** wondered if currently CHIP is subsidizing private payers due to some of the language.

**Ms. Ask** stated that is not correct and added that CHIP is carrying its own weight at this time.

**SEN. LIND** wondered how fenced in the CHIP program is in their entity.

**Ms. Ask** said that they are able to assess different aspects of the CHIP program due to the resources they have available.

**REP. MILBURN** wondered if what she wanted is that this is opened back up to the state and they would be able to compete on an equal basis.

**Ms. Ask** attested that if the state continues to purchase private insurance for the CHIP program, they want to see the percentage in the bill increased.

**REP. MILBURN** asked for clarification if they are also asking to remove the administrative taxes.

**Ms. Ask** responded by speaking about the amendments brought forward by Mr. Cote and Mr. Hunter.

*{Tape: 1; Side: A; Approx. Time Counter: 29.1 - 39.1}*

**SEN. WILLIAMS** inquired into the cap associated with MCHA and Shodair Genetics. She asked about the percentages involved.

**Ms. Ask** responded that she does not believe it can be done with 10%.

**SEN. WILLIAMS** proposed that if they excluded MCHA and the others were minimal it could possibly be accomplished.

**Ms. Ask** relayed that the problem they have is that if they adopt a program, they are completely responsible for all the risks involved with that program.

**REP. KAUFMANN** inquired if they are required to include the 1% for MCHA.

**Ms. Ask** reiterated that it is a requirement.

**SEN. COBB** asked about the administrative costs.

**Ms. Ask** responded by stating that they would be able to function on 12%.

**SEN. COBB** asked for clarification on different percentages and which is feasible for the Department.

**Ms. Ask** provided an explanation on what the state would be able to accomplish on different percentages.

**SEN. COBB** expressed confusion with the percentages in relation to the amendments.

**Ms. Ask** asked for clarification on his question. She believed he was asking why they couldn't just go to a fully self-insured program.

**SEN. COBB** reiterated that they would be saving approximately 7-8%.

**Susan Witte, Allegiance Benefit Plan Management**, stands in support of the Department's amendments. She provided a letter as well as a document titled, "Report on Changing Montana CHIP from an Indemnity Plan to a Self Insured Plan".

[EXHIBIT \(ccs80sb0154a04\)](#)

[EXHIBIT \(ccs80sb0154a05\)](#)

**SEN. COBB** asked her if she is stating that they would not be able to do the plan for less than 10%, assuming that this goes to a self-insured plan.

**Ms. Witte** asserted that they could do it for less than 10%.

**SEN. COBB** wished to clarify that if the employees are insured, they would not be able to.

**Ms. Witte** agreed to that.

**REP. ROBERTS** inquired if her organization owns other companies that could potentially contribute to this plan as well.

**Ms. Witte** asserted that they are a third-party administrator. She explained the types of service they provide.

**SEN. LIND** wondered if their intention is to perform these duties at the given rate without changing the benefits.

**Ms. Witte** stated that is correct.

**REP. KAUFMANN** hoped that Ms. Witte could clarify if she agrees with the proposed amendments or not.

**Ms. Witte** agreed that **REP. KAUFMANN** was correct in that assumption.

*{Tape: 1; Side: B; Approx. Time Counter: 0 - 4.5}*

**Janie McCall, Employee Benefit Management Services (EBMS)**, explained the history of EBMS, and discussed the processes they follow in their day-to-day activities.

**SEN. COBB** stated that the percentages go from 10%-12% and asked if they could operate with that amount.

**Ms. McCall** asserted that they could operate with less than 10%.

**SEN. COBB** asked if she was under-bidding everything.

**Ms. McCall** guaranteed that she is not under-bidding.

**SEN. COBB** confirmed that they could bid on this policy at 10%.

**Ms. McCall** agreed to that.

**SEN. LIND** asked if she could give them a similar plan and how that operates.

**Ms. McCall** asserted that she would not be able to; however, perhaps Ms. Witte could help him.

**Ms. Witte** provided the names of other corporations that they administer.

**SEN. LIND** asked about the reserve on that project.

**Ms. Witte** claimed that there is not a reserve on that.

**Ms. McCall** added that she could make a call and have an answer to him by the end of the day in regard to the reserve on the project.

**REP. CAFERRO** talked about **SEN. LIND**'s question about the group. She wondered if they group all of the individual groups together.

**Ms. McCall** stated that they do not do that. They carry out the administrative duties of each individual group.

*{Tape: 1; Side: B; Approx. Time Counter: 4.5 - 12.9}*

**Chuck Hunter, DPHHS**, further explained this amendment regarding the percentage of the cap. He provided two more documents to the Committee which support his testimony.

[EXHIBIT \(ccs80sb0154a06\)](#)

[EXHIBIT \(ccs80sb0154a07\)](#)

**REP. CAFERRO** proposed the idea of trying to get the congressional delegation to help them get some federal funding into a reserve for the CHIP program. She asked Mr. Hunter what he thought of that.

**Mr. Hunter** said he didn't believe they were going to lose \$11 million as she said.

**REP. CAFERRO** stated she had the data in front of her.

**Mr. Hunter** insisted that he did not believe that is so.

**REP. CAFERRO** asserted that they could discuss that matter at a later time. She wondered what he thought about the idea of forming a reserve for the company.

**Mr. Hunter** addressed the issue of what they would do to deal with a reserve and keep it going.

*{Tape: 1; Side: B; Approx. Time Counter: 12.9 - 26}*

**SEN. COBB** wondered if the passage of 12.5% would affect the new contract that was signed.

**Mr. Hunter** discussed the different kinds of reserves and how they are handled.

**SEN. COBB** addressed the issue of different companies competitively bidding on the reserves.

**Mr. Hunter** stated that currently they have a situation without competition due to the price. This is something they would like to change.

**REP. KAUFMANN** expressed concern about the funding being attributed to the administrative costs rather than the healthcare. The healthcare is where it is really needed.

**Mr. Hunter** stated that he concurs with **REP. KAUFMANN**. One way would be to look at the whole administrative structure and analyze how they can allocate the majority of the funds to actual healthcare.

**REP. ROBERTS** asked about the risks taken by other parties in regard to the administrative costs.

**Mr. Hunter** explained some of the risks and problems groups run into while approaching this.

**SEN. LIND** inquired into the Shodair Genetics Assessment fee.

**Mr. Hunter** stated that these fees are part of the premium that they are charged.

**SEN. LIND** inquired into the relationship of administrative costs and the number of enrollees.

**Ms. Ask** attested that the cost of administrative needs has increased both in state programs as well as private sectors over the past several years.

***{Tape: 1; Side: B; Approx. Time Counter: 26 - 43.8}***

**SEN. LIND** wondered if the cost of administrative needs has increased at a greater pace than that of healthcare.

**Ms. Ask** stated that is not necessarily so. However, the administrative costs have grown.

**SEN. LIND** asked if this was due to the increase of regulation standards.

**Ms. Ask** declared that is correct; they are administering more resources now than in the past.

**REP. MILBURN** asked if it is accurate to compare the CHIP program with the state program through Blue Cross Blue Shield.

**Ms. Ask** reiterated that there are some differences and some similarities in the two programs. She explained some of these similarities and differences in more detail.

**SEN. LIND** inquired into the idea of eliminating the premium tax to anyone participating in the CHIP program.

**Mr. Cote** stated that he would be thrilled with that idea.

**REP. CAFERRO** spoke about the House amendments and what they involve.

**SEN. COBB** asked about the reserve in relation to the amendments.

**Ms. Ask** stated that she did put something in the amendments about the rate of the reserve fund, if that is something they are interested in.

***{Tape: 2; Side: A; Approx. Time Counter: 0 - 3.1}***

**REP. CAFERRO** stressed the importance of addressing the reserve in the bill. This aspect is very important to her.

**Mr. Hunter** believed it was important to talk about the facts. He commented that some things said at the meeting may not in fact be factual. It is important to get these straight.

**REP. CAFERRO** wished to state that she had data from Blue Cross Blue Shield in front of her. That is the information she received.

**SEN. COBB** declared that they had some time to think about everything. They would reconvene at a later time and formally make a decision.

***{Tape: 2; Side: A; Approx. Time Counter: 3.1 - 9.7}***

**ADJOURNMENT**

Adjournment: 9:30 A.M.

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SEN. JOHN COBB, Chairman

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KYANNE KELLY, Secretary

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KIM LEIGHTON, Transcriber

JC/MC/kk

Additional Exhibits:

**EXHIBIT ([ccs80sb0154aad0.PDF](#))**