



Protecting Montana's consumers through insurance and securities regulation

**Revise Insure Montana Program – SB135**

Sponsored by Senator Cliff Larsen at the request of the State Auditor's Office

EXHIBIT 5  
DATE 3-6-09  
SB 135

**What does this bill do?**

Insure Montana is a program administered by the State Auditor's Office that is designed to assist small businesses with the cost of health insurance. The revisions requested are intended to give the governing board and the Auditor's office more flexibility to expend the appropriation allotted to the program and the opportunity to continue to look for ways to serve the appropriate population.

There are four major changes requested in the Insure Montana bill:

1. **33-22-2004(2)(g)** - Allows funds to flow from one side of the program to the other. The Insure Montana Board can request to move funds from the tax credit program to the purchasing pool program, if there are unused funds that could be utilized to serve a waiting list in other program. Currently, funds can be transferred from the purchasing pool program to the tax credit program, but not vice versa.
2. **33-22-2006(2)** - Tightens eligibility income restrictions by preventing a business owner from receiving a premium assistance subsidy payment for his or her own coverage, or claiming a tax credit for a premium paid by the owner for his or her own coverage, when the business owner earns gross income of \$75,000+ annually. The owner's employees will continue to be eligible for premium assistance payments, and the owner will continue to receive premium incentive payments for his or her share of the employee's premium. For the tax credit program, this change would allow the business to claim the contribution toward the employees' insurance premiums as a tax credit, excluding any owners earning \$75,000 annually from the business.
3. **33-22-2006(3)** - Ensures that there is no duplication of benefits with other public programs by encouraging applicants and participants in the program to apply for and accept federally-funded health insurance assistance such as Medicaid and the Children's Health Insurance Program (CHIP), as a prior resource to Insure Montana assistance.
4. **33-22-2007(1)(b)** – Allows businesses on the purchasing pool waiting list to purchase group health coverage that is not considered "creditable coverage" (described as "excepted benefits" coverage) to remain eligible for the program when funds become available.

**Why do we need this legislation?**

1. **33-22-2004(2)(g)** - This change will provide more flexibility to maximize the appropriation allotted to this program and assist the greatest number of businesses.

2. **33-22-2006(2)** – Eliminating subsidy payments and tax credits to business owners who earn more than \$75,000 annually would allow more businesses to participate in the Insure Montana program, thus allowing the program to insure more lives. More importantly, this change ensures that subsidies are being paid to lower income individuals only and not to people who can afford to pay for their own coverage.
3. **33-22-2006(3)** – Moving eligible participants to Medicaid or CHIP programs would allow program participation for approximately 85 additional businesses, and insure approximately 250 previously uninsured lives, without any increased funding for this program.
4. **33-22-2007(1)(b)** – Businesses would be able to purchase a limited benefit plan, not considered to be creditable health insurance coverage for HIPAA purposes, in order to afford their employees a limited amount of coverage while they are on the waiting list.

**The Amendments do the following:**

1. The amendment in 33-22-1816 clarifies that an exemption, if granted, would only apply to the annual report referenced in subsection (3) that purchasing pools must file with the SAO. This report may be unnecessary because the information required for the Insure MT purchasing pool is currently housed at the SAO and can be accessed at any time by the commissioner or any other interested party.

2. The amendment in 33-22-2006(1)(e) and (2) refines the definition of wages by referencing a legal definition for wages found in the workers compensation statutes at 39-71-123, MCA.

3. The amendment in 33-22-2006(3) regarding moving individuals who are eligible for CHIP or Medicaid into those programs, changes the requirement from mandatory to permissive. This was necessary in order for the Insure MT program to work effectively and flexibly with the CHIP and Medicaid programs, so that individuals will only be transferred when it actually saves state dollars and only when it makes sense, taking into consideration the personal circumstances of the individual in question.

4. A second amendment in 33-22-2006(3) removes Medicare from the list of programs that Insure MT participants may be transferred to. The complexities of Medicare eligibility make this proposal unworkable.

5. The amendment to 53-4-1004 clarifies that the 3-month break in coverage now required by the CHIP program when an individual transfers to CHIP from private employer health insurance, does not apply to individuals who are transferring from the Insure Montana program because of the requirements of 33-22-2006.