

SENATE BILL NO. 309

INTRODUCED BY C. KAUFMANN

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A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING THE DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES TO STUDY CREATION OF A BASIC HEALTH PROGRAM TO PROVIDE INSURANCE COVERAGE TO PEOPLE WHO WOULD OTHERWISE BE ELIGIBLE FOR SUBSIDIZED HEALTH INSURANCE COVERAGE IN 2014; REQUIRING A REPORT TO THE LEGISLATURE; AND PROVIDING AN EFFECTIVE DATE."

WHEREAS, the federal government allows states to design a new health insurance coverage, known as a basic health program, for individuals and families with incomes between 133% and 200% of the federal poverty level; and

WHEREAS, the state would receive federal funds to operate its basic health program equal to 95% of the costs of the premium and cost-sharing subsidies that would otherwise be provided to purchase insurance for these individuals and families through a health insurance exchange; and

WHEREAS, if properly designed, a state basic health program could provide more affordable and comprehensive coverage than coverage offered through an insurance exchange; and

WHEREAS, Montana potentially could provide Medicaid, Children's Health Insurance Program, and basic health coverage through the same plans in order to keep family coverage in one program, resulting in greater enrollment, more stable coverage, and fewer coverage gaps; and

WHEREAS, basic health program payments from the federal government may exceed on average the Medicaid costs for an adult, allowing the state to accrue funds while providing good coverage for a significant portion of its residents; and

WHEREAS, the accrued funds may allow Montana to increase reimbursements to providers who serve the entire Medicaid population or provide other health benefits with potential general fund savings.

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

**NEW SECTION. Section 1. Report to legislature -- purpose -- requirements.** (1) The department of public health and human services provided for in 2-15-2201 shall study the provisions of Public Law 111-148



1 that allow states to create a basic health program for low-income individuals who are not eligible for medicaid as  
2 an alternative to the purchase of health insurance coverage through an American health benefit exchange. The  
3 department shall prepare a report and recommendations for the legislature and provide the information to the  
4 appropriate interim committee no later than July 1, 2012.

5 (2) The review must take into consideration:

6 (a) the requirements the state must meet if it offers a basic health program as an alternative for  
7 individuals up to 200% of the federal poverty level who would otherwise be eligible for subsidized coverage  
8 through an American health benefit exchange in 2014 or later under the provisions of Public Law 111-148;

9 (b) the costs the state would incur in offering the alternative program; and

10 (c) the savings, if any, to the state for offering a basic health program.

11 (3) The report to the interim committee must include:

12 (a) a summary of the study findings on each of the items in subsection (2) and any other information  
13 considered relevant to the study;

14 (b) a recommendation on whether the state should create a basic health program; and

15 (c) if creation of a basic health program is recommended, the way in which the program should be  
16 structured to achieve the highest level of cost savings to the state while providing appropriate coverage to people  
17 who would be eligible for the program.

18 (4) The study and report must be completed within the budget approved for the department of public  
19 health and human services for the biennium beginning July 1, 2011.

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21 NEW SECTION. **Section 2. Effective date.** [This act] is effective July 1, 2011.

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