

1 SENATE BILL NO. 280

2 INTRODUCED BY T. BROWN

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4 A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING THE COMMISSIONER OF HIGHER EDUCATION
5 TO DEVELOP A SELF-INSURED STUDENT HEALTH PLAN FOR ENROLLED STUDENTS OF THE MONTANA
6 UNIVERSITY SYSTEM AND THEIR DEPENDENTS, INCLUDING STUDENTS OF A COMMUNITY COLLEGE
7 DISTRICT; AUTHORIZING CERTAIN METHODS BY WHICH THE COMMISSIONER MAY FINANCE THE
8 COSTS TO ESTABLISH THE PLAN; AND AMENDING SECTION 33-1-102, MCA."

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

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12 NEW SECTION. **Section 1. Purpose.** The purpose of this part is to establish the structure by which the
13 Montana university system may develop a self-insured student health plan, to work in conjunction with available
14 campus student health services for enrolled students of the Montana university system and their dependents,
15 including students of a community college district, and to clarify that the plan is not regulated by or subject to the
16 provisions of Title 33.

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18 NEW SECTION. **Section 2. Authorization to establish self-insured health plan for students --**
19 **requirements -- exemption.** (1) The commissioner may establish a self-insured student health plan for enrolled
20 students of the system and their dependents, including students of a community college district. In developing
21 a self-insured student health plan, the commissioner shall:

22 (a) maintain the plan on an actuarially sound basis;

23 (b) maintain reserves sufficient to liquidate the unrevealed claims liability and other liabilities of the plan;

24 and

25 (c) deposit all reserve funds, contributions and payments, interest earnings, and premiums paid to the
26 plan. The deposits must be expended for claims under the plan and for the costs of administering the plan,
27 including but not limited to the costs of hiring staff, consultants, actuaries, and auditors, purchasing necessary
28 reinsurance, and repaying debts.

29 (2) Prior to the implementation of a self-insured student health plan, the commissioner shall consult with
30 affected parties, including but not limited to the board of regents and representatives of enrolled students of the

1 system.

2 (3) A self-insured student health plan developed under this part is not responsible for and may not cover
3 any services or pay any expenses for which payment has been made or is due under an automobile, premises,
4 or other private or public medical payment coverage plan or provision or under a workers' compensation plan or
5 program, except when the other payor is required by federal law to be a payor of last resort. The term "services"
6 includes but is not limited to all medical services, procedures, supplies, medications, or other items or services
7 provided to treat an injury or medical condition sustained by a member of the plan.

8 (4) The provisions of Title 33 do not apply to the commissioner when exercising the duties provided for
9 in this part.

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11 **NEW SECTION. Section 3. Authorization to finance self-insured health plan for students.** The
12 commissioner may, subject to the approval of the board of regents, finance the initial costs to establish the plan
13 established pursuant to [section 1] by using any of the following methods:

14 (1) authorizing a long-term loan of university funds. The loan must bear interest at a rate equivalent to
15 the previous fiscal year's average rate of return on the board of investments' short-term investment pool.

16 (2) issuing and selling bonds and notes in whole or in part for this purpose; or

17 (3) using any other lawful means, including the assessment of student fees.

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19 **Section 4.** Section 33-1-102, MCA, is amended to read:

20 **"33-1-102. Compliance required -- exceptions -- health service corporations -- health maintenance**
21 **organizations -- governmental insurance programs -- service contracts.** (1) A person may not transact a
22 business of insurance in Montana or a business relative to a subject resident, located, or to be performed in
23 Montana without complying with the applicable provisions of this code.

24 (2) The provisions of this code do not apply with respect to:

25 (a) domestic farm mutual insurers as identified in chapter 4, except as stated in chapter 4;

26 (b) domestic benevolent associations as identified in chapter 6, except as stated in chapter 6; and

27 (c) fraternal benefit societies, except as stated in chapter 7.

28 (3) This code applies to health service corporations as prescribed in 33-30-102. The existence of the
29 corporations is governed by Title 35, chapter 2, and related sections of the Montana Code Annotated.

30 (4) This code does not apply to health maintenance organizations or to managed care community

1 networks, as defined in 53-6-702, to the extent that the existence and operations of those organizations are
2 governed by chapter 31 or to the extent that the existence and operations of those networks are governed by Title
3 53, chapter 6, part 7. The department of public health and human services is responsible to protect the interests
4 of consumers by providing complaint, appeal, and grievance procedures relating to managed care community
5 networks and health maintenance organizations under contract to provide services under Title 53, chapter 6.

6 (5) This code does not apply to workers' compensation insurance programs provided for in Title 39,
7 chapter 71, parts 21 and 23, and related sections.

8 (6) The department of public health and human services may limit the amount, scope, and duration of
9 services for programs established under Title 53 that are provided under contract by entities subject to this title.
10 The department of public health and human services may establish more restrictive eligibility requirements and
11 fewer services than may be required by this title.

12 (7) Except as otherwise provided in Title 33, chapter 22, this code does not apply to the state employee
13 group insurance program established in Title 2, chapter 18, part 8.

14 (8) This code does not apply to insurance funded through the state self-insurance reserve fund provided
15 for in 2-9-202.

16 (9) (a) Except as otherwise provided in Title 33, chapter 22, this code does not apply to any arrangement,
17 plan, or interlocal agreement between political subdivisions of this state in which the political subdivisions
18 undertake to separately or jointly indemnify one another by way of a pooling, joint retention, deductible, or
19 self-insurance plan.

20 (b) Except as otherwise provided in Title 33, chapter 22, this code does not apply to any arrangement,
21 plan, or interlocal agreement between political subdivisions of this state or any arrangement, plan, or program
22 of a single political subdivision of this state in which the political subdivision provides to its officers, elected
23 officials, or employees disability insurance or life insurance through a self-funded program.

24 (10) (a) This code does not apply to the marketing of, sale of, offering for sale of, issuance of, making
25 of, proposal to make, and administration of a service contract.

26 (b) A "service contract" means a contract or agreement for a separately stated consideration for a
27 specific duration to perform the repair, replacement, or maintenance of property or to indemnify for the repair,
28 replacement, or maintenance of property if an operational or structural failure is due to a defect in materials or
29 manufacturing or to normal wear and tear, with or without an additional provision for incidental payment or
30 indemnity under limited circumstances, including but not limited to towing, rental, and emergency road service.

1 A service contract may provide for the repair, replacement, or maintenance of property for damage resulting from
2 power surges or accidental damage from handling. A service contract does not include motor club service as
3 defined in 61-12-301.

4 (11) (a) Subject to 33-18-201 and 33-18-242, this code does not apply to insurance for ambulance
5 services sold by a county, city, or town or to insurance sold by a third party if the county, city, or town is liable for
6 the financial risk under the contract with the third party as provided in 7-34-103.

7 (b) If the financial risk for ambulance service insurance is with an entity other than the county, city, or
8 town, the entity is subject to the provisions of this code.

9 (12) This code does not apply to the self-insured student health plan established in [sections 1 through
10 3]."

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12 **NEW SECTION. Section 5. Codification instruction.** [Sections 1 through 3] are intended to be codified
13 as an integral part of Title 20, chapter 25, and the provisions of Title 20, chapter 25, apply to [sections 1 through
14 3].

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