

1 _____ BILL NO. _____

2 INTRODUCED BY _____
3 (Primary Sponsor)

4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING PROVISIONS RELATED TO ALTERNATIVES FOR
5 PROVIDING STATE EMPLOYEE GROUP HEALTH BENEFITS; REQUIRING THAT STATE EMPLOYEE
6 HEALTH BENEFIT EXPENDITURES BE SUBJECT TO BIENNIAL APPROPRIATION; REQUIRING A
7 COMPETITIVE BID PROCESS FOR PROVIDING HEALTH CARE SERVICES TO STATE EMPLOYEES;
8 REQUIRING THAT A CONTRACTED HEALTH CARE PROVIDER FOR STATE EMPLOYEES ALSO ACCEPT
9 MEDICAID PATIENTS THAT ARE NOT STATE EMPLOYEES; REQUIRING SUBCONTRACTING WITH LOCAL
10 PROVIDERS OF HEALTH CARE SERVICES FOR STATE EMPLOYEE HEALTH CARE IF COST-EFFECTIVE;
11 REQUIRING REPORTING TO THE LEGISLATIVE FINANCE COMMITTEE; AMENDING SECTION 2-18-812,
12 MCA; AND PROVIDING AN EFFECTIVE DATE."

13
14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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16 **Section 1.** Section 2-18-812, MCA, is amended to read:

17 **"2-18-812. Alternatives to conventional insurance for providing state employee group benefits**
18 **authorized -- requirements.** The Subject to the provisions of this section, the department may establish
19 alternatives to conventional insurance for providing state employee group benefits. The requirements for providing
20 alternatives to conventional insurance are as follows:

- 21 (1) The department shall maintain state employee group benefit plans on an actuarially sound basis.
- 22 (2) The department shall maintain reserves sufficient to liquidate the unrevealed claims liability and other
23 liabilities of state employee group benefit plans.
- 24 (3) The department shall deposit all reserve funds and premiums paid to a state employee group benefit
25 plan account within the state self-insurance reserve fund, and the deposits must be expended for claims under
26 the plan.
- 27 (4) The department shall deposit income earned from the investment of a state employee group benefit
28 plan's reserve fund into the account established under subsection (3) in order to offset the costs of administering
29 the plan. ~~Expenditures for actual and necessary expenses required for the efficient administration of the plan must~~
30 ~~be made from temporary appropriations, as described in 17-7-501(1) or (2), made for that purpose.~~

1 (5) The department shall deposit into the account provided for in subsection (3) all portions of a state
2 employee's salary designated by the employee to be withheld for the purposes of flexible spending account
3 benefits as well as any employee-designated portion of the employer contribution for group benefits provided for
4 in 2-18-703 that is not required to be used for mandatory or elected benefits. Income earned on the deposits must
5 be retained within the account and used for the purposes provided in this subsection. The Expenditures of money
6 deposited and income earned on the deposits in the account provided for in subsection (3) must be made from
7 temporary appropriations, as described in 17-7-501(1) or (2), and must be used for:

- 8 (a) payment of claims made by the employee;
9 (b) payment of reasonable costs of administration of the flexible spending account program;
10 (c) offsetting losses of the flexible spending account program; ~~and~~
11 (d) reducing administration fees collected from participants in the program; and
12 (e) any other state employee group benefits plan cost.

13 (6) The department shall, prior to implementation of any alternative to conventional insurance, present
14 to the advisory council and the legislative finance committee the evidence upon which the department has
15 concluded that the alternative method will be more efficient, less costly, or otherwise superior to contracting for
16 conventional insurance. The department shall also report to the advisory council and the legislative finance
17 committee data on the income and expenditures of any health care provider the department has contracted with
18 to provide health care services under this section, including what services have been provided to how many
19 clients at what cost and any other information requested by the advisory council or legislative finance committee.

20 (7) Except as otherwise provided in Title 33, chapter 18, part 9, the provisions of Title 33 do not apply
21 to the department when exercising the powers and duties provided for in this section.

22 (8) The department may not contract with a health care provider without first issuing a request for
23 proposals that would allow a local health care provider to compete for the contract.

24 (9) The department shall ensure that any health care provider the department has contracted with to
25 provide health care services under this section:

26 (a) provides health care services to anyone enrolled in medicaid even if the individual is not a state
27 employee; and

28 (b) subcontracts with local health care providers for health care services if the local provider can provide
29 the services for a cost equal to or lower than the cost if provided by the contracted provider."

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1 NEW SECTION. **Section 2. Saving clause.** [This act] does not affect rights and duties that matured,
2 penalties that were incurred, or proceedings that were begun before [the effective date of this act].

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4 NEW SECTION. **Section 3. Effective date.** [This act] is effective July 1, 2015.

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