

Program Budget Comparison

The following table summarizes the total executive budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	58.00	58.00	55.00	51.00	58.00	51.00	(7.00)	(12.07%)
Personal Services	3,542,103	3,528,621	3,458,047	3,257,858	7,070,724	6,715,905	(354,819)	(5.02%)
Operating Expenses	2,032,708	1,786,288	2,990,904	3,128,094	3,818,996	6,118,998	2,300,002	60.23%
Equipment & Intangible Assets	5,810	9,057	5,109	5,109	14,867	10,218	(4,649)	(31.27%)
Benefits & Claims	10,448,099	10,678,166	5,686,832	925,563	21,126,265	6,612,395	(14,513,870)	(68.70%)
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	\$16,028,720	\$16,002,132	\$12,140,892	\$7,316,624	\$32,030,852	\$19,457,516	(\$12,573,336)	(39.25%)
State Special	16,028,720	16,002,132	12,140,892	7,316,624	32,030,852	19,457,516	(12,573,336)	(39.25%)
Federal Special	0	0	0	0	0	0	0	n/a
Total Funds	\$16,028,720	\$16,002,132	\$12,140,892	\$7,316,624	\$32,030,852	\$19,457,516	(\$12,573,336)	(39.25%)

Program Description

The Insurance Division regulates the insurance industry in Montana. The Policyholder Services Unit is responsible for resolving insurance consumer inquiries and complaints involving agents, coverage, and companies. The Examinations Bureau is responsible for monitoring the financial solvency of insurance companies, collecting premium taxes and company fees, and auditing insurance company annual statements. Also housed in this bureau is the captive insurance program, which promotes Montana as a captive domicile and regulates captive insurers in the state. The Rates Bureau and the Forms Bureau are responsible for reviewing rate and form filings, respectively, to ensure compliance with the applicable insurance code. The Licensing Bureau is responsible for licensing and providing continuing education to insurance agents, agencies, and adjustors. The Insure Montana program administers the Small Business Health Insurance Purchasing Pool and Tax Credit programs. The Legal Bureau, which serves both the Insurance and Securities Divisions, provides legal support to the divisions. The Investigations Bureau, which is under the Legal Bureau, investigates code and rule violations, including possible criminal violations, and recommends referral of cases to county attorneys for prosecution.

Program Highlights

Insurance Division Major Budget Highlights
<ul style="list-style-type: none"> ◆ The Governor’s recommendation for the Insurance Division 2015 biennium budget declines a net of \$12.6 million as compared to the 2013 biennium budget due to: <ul style="list-style-type: none"> • Elimination of funding for the Insure Montana program • \$2.1 million for market conduct and traditional insurance firm examinations • \$0.1 million for administration of the captive insurance program, including funds for 1.00 new FTE ◆ The State Auditor has submitted several elected official budget requests including: <ul style="list-style-type: none"> • Restoration of the Insure Montana program • Reduction of a present law adjustment for market conduct examinations

Major LFD Issues
<ul style="list-style-type: none"> ◆ The legislature may wish to consider whether to continue the state high risk pool program – the Montana Comprehensive Health Association – contingent on health insurance changes being implemented January 1, 2014 by the Patient Protection and Affordable Care Act (ACA)

Division Budget

The Insurance Division 2015 biennium budget request declines \$12.6 million and 7.00 FTE compared to the 2013 biennium due to elimination of the Insure Montana program in the Governor’s budget. Part of the reduction is offset by an increase of \$1.6 million for examination of insurance companies.

Elected Official Proposals

As a courtesy to each elected official, the LFD Budget Analysis includes any proposals they intend to bring to the legislature that are different and/or excluded from the executive budget. These requests are generally listed without LFD comment. However, because the State Auditor will make a proposal, primarily in the Insure Montana program, that is significantly different from the one included in the executive budget it is discussed in more detail for this analysis.

Figure 3

Figure 3 shows the State Auditor’s elected official requests for the Insurance Division - \$14.8 million of state special revenue over the biennium. These requests are in addition to those included in the Governor’s budget. The total increase is partially offset by a \$1.0 million reduction in PL 3012 Biennial Market Conduct Exams. Each of these proposals is explained.

State Auditor's Office - Insurance Program Elected Official Requests not Included in Governor's Budget			
Proposal	FTE	FY 2014	FY 2015
Restore Insure Montana Program Funding*	6.00	5,090,001	10,206,715
Insure Montana 5% Limitation Restoration*		156,181	156,181
Market Conduct Staff Continuing Education*		18,800	11,900
Insurance Agent Outreach*		15,000	15,000
Captive Insurance FTE*	1.00	64,736	60,091
Biennial Market Conduct Exams		<u>(336,000)</u>	<u>(650,000)</u>
Total	<u>7.00</u>	<u>5,008,718</u>	<u>9,799,887</u>
Biennial Total			<u>\$14,808,605</u>

*These items were included in the State Auditor's budget request submitted to the Governor's budget office, but were not included in the Governor's budget.

Insure Montana Program Funding

As discussed earlier, the Governor’s budget would discontinue the Insure Montana program. There are two elected official requests that fund the Insure Montana program:

- Reinstate funding to continue the program - \$15.3 million and 7.00 FTE
- Reinstate funding to bring program expenditures up to the level appropriated in the base year due to the statutory 5% expenditure limit – \$0.3 million

Insure Montana Program Characteristics

The Insure Montana program has two components: 1) a tax credit for small employers that provide insurance for their employees; and 2) a purchasing pool program that provides an incentive payment to small employers that provide health insurance and premium assistance for employees who purchase that insurance.

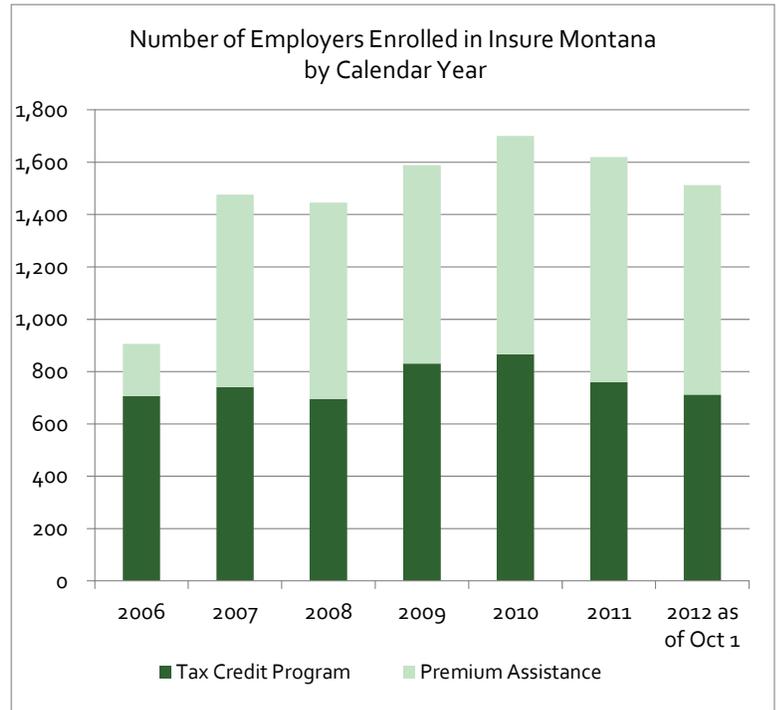
Figure 4 shows the number of small employers enrolled in the two program components of Insure Montana since its inception, by calendar year. The legislature approved a one-time appropriation to expand enrollment in 2009 and 2010. There were 1,513 small employers participating in Insure Montana as of October 1, 2012 and another 600 on the waiting list. The elected official request to fund the waiting list would fund all employers on the list.

Figure 4

Elected Official Requests to Continue the Insure Montana Program

There are several issues related to the legislative decisions regarding Insure Montana program:

- The Patient Protection and Affordable Care Act (ACA):
 - Would tax credits and premium subsidies authorized by ACA replace or offset the state funded subsidies provided by Insure Montana,?
 - If the legislature continues funding for Insure Montana, would it choose to make changes to the program to eliminate potential areas of duplication with ACA?
 - Depending on the legislature’s decision regarding the executive budget proposal to expand Medicaid as allowed by ACA, would the legislature:
 - If the expansion is not approved, continue funding for Insure Montana and potentially structure Insure Montana to target assistance to low income individuals or
 - If the expansion is approved, reorient premium assistance payments to persons who would not be eligible for Medicaid?
- Funding:
 - The state special revenue account that funds Insure Montana and other programs, which are administered by the Department of Public Health and Human Services (DPHHS), does not have sufficient revenue to fund the Governor’s budget and continue the Insure Montana program
 - If the legislature opts to continue the Insure Montana program, how would the legislature balance spending priorities from the account?



Additional Information

The legislature may wish to ask the State Auditor:

- How many small employers and employees receiving premium assistance from Insure Montana in FY 2012 would be able to purchase health insurance on the individual exchange and receive a subsidy under ACA (assuming small employers continue to offer insurance)?
- How many small employers participating in the tax credit program in tax year 2012 would not be eligible for tax credits under ACA?
- If the legislature opts to continue Insure Montana, how would the program be integrated with ACA?

Funding to Continue the Program

Insure Montana is funded from the health and Medicaid initiatives state special revenue account. Other programs funded from the account are administered by the Department of Public Health and Human Services (DPHHS).

Figure 5 shows the health and Medicaid initiatives fund balance. The account balance is not adequate to support the 2015 biennium budget request when the State Auditor elected official requests are included. Revenues will be short by \$2.2 million in FY 2014 and by \$13.4 million in FY 2015.

Figure 5

Health and Medicaid Initiatives Fund Balance - 2013 Biennium Compared to 2015 Biennium Request Including Elected Official Proposals Tobacco Tax Revenue Dedicated to Health Initiatives					
Fund Balance Revenue/Expenditures/Elected Official Request	Actual FY 2012	Estimated FY 2013	Budget Request FY 2014 FY 215		% of Total
Beginning Fund Balance	\$29,199,806	\$23,070,266	\$10,148,571	\$3,074,737	8.1%
Revenue - Cigarette and Tobacco Tax*	37,383,560	36,580,000	35,927,000	35,105,000	91.9%
Transfer from Older Montanans' Trust (HB 604)	<u>3,166,502</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0%</u>
Total Revenue	69,749,868	59,650,266	46,075,571	38,179,737	100%
Interest Earnings	<u>638,211</u>	<u>59,650</u>	<u>92,151</u>	<u>190,899</u>	
Total Funds Available	70,388,079	59,709,917	46,167,722	38,370,636	
Expenditures					
<u>Medicaid Services</u>					
State Plan Services - Hospitals, Physicians, Prescription Drugs, Dental**	7,869,907	8,058,130	7,869,907	7,869,907	20.6%
Nursing Home Services	5,746,948	6,844,244	5,746,948	5,746,948	15.0%
HIFA Waiver - Adult Mental Health Services	2,402,403	1,843,997	3,918,397	3,965,871	10.4%
Senior/Physically Disabled Waiver	3,092,008	3,476,576	3,092,008	3,092,008	8.1%
Developmental Disability Benefits	2,942,130	2,942,130	2,942,130	2,942,130	7.7%
Mental Health and Chemical Dependency	2,045,955	2,055,711	2,045,955	2,045,955	5.3%
Home-based Services	1,857,206	2,106,888	1,857,206	1,857,206	4.9%
Children's Mental Health Services	1,741,003	1,741,003	1,741,003	1,741,003	4.5%
Adult Mental Health Community Svcs Waiver	1,090,044	1,035,744	1,222,624	1,237,560	3.2%
<u>Other Programs</u>					
Insure Montana Premium Assistance***	7,274,373	6,298,152	3,622,283	(64,037)	-0.2%
Insure Montana Health Insurance Tax Credits*	2,917,736	4,159,099	1,498,190	64,037	0.2%
Big Sky Rx/PharmAssist	4,268,759	4,003,223	4,283,303	4,282,634	11.2%
Healthy Montana Kids/CHIP	3,453,921	3,403,921	3,453,921	3,453,921	9.0%
Insure Montana 95% Restriction/Other Adj.***	523,248	(522,863)	(256,024)	0	0.0%
Mental Health Services Plan	0	2,060,256	0	0	0.0%
Other Services/Administration	<u>92,172</u>	<u>55,134</u>	<u>55,134</u>	<u>55,134</u>	<u>0.1%</u>
Subtotal Expenditures	<u>47,317,813</u>	<u>49,561,345</u>	<u>43,092,985</u>	<u>38,290,277</u>	100.0%
Annual Change	2.4%	4.7%	-13.1%	-11.1%	
Ending Fund Balance	<u>\$23,070,266</u>	<u>\$10,148,571</u>	<u>\$3,074,737</u>	<u>\$80,359</u>	
<u>State Auditor Elected Official Requests</u>					
Reinstate Base Level Funding for Insure Montana			\$5,090,001	\$10,206,715	
Restore 5% Spending Restriction			<u>156,181</u>	<u>156,181</u>	
Subtotal Elected Official Requests			<u>\$5,246,182</u>	<u>\$10,362,896</u>	
Ending Fund Balance With Elected Official Requests***			<u>(\$2,171,445)</u>	<u>(\$13,357,274)</u>	
*Revenue based on estimates developed by LFD staff and presented to the Revenue and Transportation on November 19, 2012.					
**FY 2013 estimated costs are based on HB 2 appropriations.					
***Insure Montana is eliminated in the Governor's budget. However, the State Auditor has requested continuation and expansion of the program in elected official budget proposals. The Insure Montana 95% Restriction/Other Adjustments account for the 95% statutory spending restriction from Insure Montana appropriations. In the base year, more is transferred to the Insure Montana appropriations than can be expended. In other years, the negative amounts account for the statutorily required reversion from the full appropriation.					

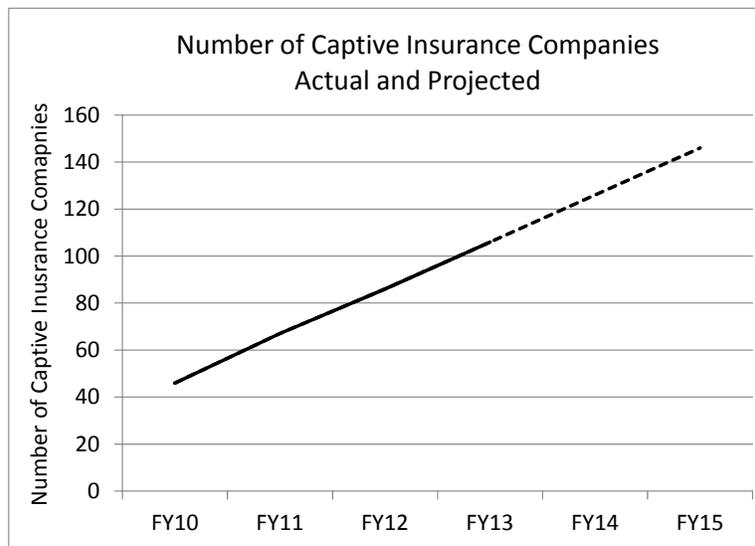
For a further discussion of the health and Medicaid initiatives account see the summary section of the DPHHS narrative.

Other Elected Official Requests

In addition to budget requests associated with Insure Montana, the State Auditor requested:

- o Market Conduct Staff Continuing Education - This request would add \$30,700 in state special revenue over the biennium for training for market conduct examiners. As a result of a long-time employee's retirement, the Market Conduct Examination Bureau is in the process of hiring a new employee. This proposal funds training for the new employee including online courses from the National Association of Insurance Commissioners (NAIC) and some NAIC training, which is usually conducted in Kansas City, MO.
- o Insurance Agent Outreach - This elected official request adds \$30,000 state special revenue over the biennium for outreach travel. This program requires the outreach agent to travel extensive distances and requires overnight hotel stays as well. The anticipated travel for this position is nine days out of each month.
- o Reduction in Market Conduct Exams – This request reduces the amount of funding included in DP 3012 - Biennial Market Conduct Exams by about \$1.0 million over the biennium.
- o Captives Insurance - This request adds about \$124,000 state special revenue over the biennium to fund an analyst examiner due to growth in the number of captive insurance companies in Montana. Figure 6 shows the actual and projected number of captive insurance companies through FY 2015. The number of companies is expected to increase by about 20 per year. There are currently 4.00 FTE examiners and this proposal would fund an additional position. The average workload would be about 29 companies per examiner by 2015.

Figure 6



Funding

The following table shows program funding, by source for the 2015 biennium as recommended by the Governor.

Total State Auditor's Office Funding by Source of Authority 2015 Biennium Budget - Insurance							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
State Special Total	\$19,457,516	\$0	\$0	\$19,457,516	100.0%		
02235 Insurance Fee Account	\$12,213,582	\$0	\$0	\$12,213,582	62.8%		
02528 Captive Account	\$233,310	\$0	\$0	\$233,310	1.2%		
02769 Health Insurance Premium Assistance	\$3,558,246	\$0	\$0	\$3,558,246	18.3%		
02770 Health Insurance Tax Credits	\$1,562,227	\$0	\$0	\$1,562,227	8.0%		
02789 6901-chip/mcha Tobacco Sett Fd	\$1,890,151	\$0	\$0	\$1,890,151	9.7%		
Total All Funds	\$19,457,516	\$0	\$0	\$19,457,516	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

The Insurance Division is funded with state special revenue. The following sources support the following functions:

- Insurance licensure fees, examination fees, and penalties, which fund program functions related to insurance regulation
- Health and Medicaid initiatives (tobacco taxes), which fund the Insure Montana program
- Tobacco settlement revenues, which support premium subsidies for the state high risk insurance pool through the Montana Comprehensive Health Association (MCHA)

Montana Comprehensive Health Association

The Montana Legislature created the MCHA in 1985 to provide access to health insurance benefits to Montana residents who were otherwise considered uninsurable due to medical conditions. MCHA operations are funded through the premiums paid by those insured in the program and through assessments on all disability (accident and health) benefit policies written in the state of Montana. MCHA also receives an allocation from the tobacco settlement revenue - about \$925,000 in FY 2012.

LFD ISSUE	<u>Patient Protection and Affordable Care Act</u>
<p>If ACA health insurance changes are implemented without significant changes and if the legislature approves the optional Medicaid expansion provided for in the act, the legislature could consider eliminating the appropriation from tobacco settlement proceeds that funds MCHA. Persons currently receiving insurance through MCHA could purchase health insurance through the health insurance exchange and receive premium and copay assistance if their household income is between 100% and 400% of the federal poverty level, or they could be eligible for Medicaid if their income is below 138% of the federal poverty level. However, if the legislature does not expand Medicaid, it may want to review the MCHA to target health insurance premium subsidies to persons who have incomes below 100% of the federal poverty level, but above current Montana Medicaid eligibility standards.</p>	

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	16,028,720	16,028,720	32,057,440	164.76%
Statewide PL Adjustments	0	0	0	0.00%	150,102	128,948	279,050	1.43%
Other PL Adjustments	0	0	0	0.00%	1,050,908	1,364,508	2,415,416	12.41%
New Proposals	0	0	0	0.00%	(5,088,838)	(10,205,552)	(15,294,390)	(78.60%)
Total Budget	\$0	\$0	\$0		\$12,140,892	\$7,316,624	\$19,457,516	

The Governor’s budget reduces the Insurance Division including a new proposal to eliminate funding for the Insure Montana program, reducing spending by \$15.3 million. Present law adjustments are more than offset by the reduction.

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the executive. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2014-----					-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					245,798					252,827
Vacancy Savings					(151,513)					(151,801)
Inflation/Deflation					985					2,210
Fixed Costs					54,832					25,712
Total Statewide Present Law Adjustments		\$0	\$150,102	\$0	\$150,102		\$0	\$128,948	\$0	\$128,948
DP 3004 - Actuarial Review	0.00	0	75,000	0	75,000	0.00	0	75,000	0	75,000
DP 3005 - Traditional Insurance In-House Examinations	0.00	0	33,700	0	33,700	0.00	0	33,700	0	33,700
DP 3007 - In-House Captives Insurance Exams	0.00	0	20,300	0	20,300	0.00	0	20,300	0	20,300
DP 3008 - Captive Regulatory and Supervision	0.00	0	85,000	0	85,000	0.00	0	95,000	0	95,000
DP 3009 - Biennial Financial Exams	0.00	0	367,500	0	367,500	0.00	0	365,000	0	365,000
DP 3011 - In-house Market Conduct Exams	0.00	0	26,400	0	26,400	0.00	0	18,500	0	18,500
DP 3012 - Biennial Market Conduct Exams	0.00	0	436,000	0	436,000	0.00	0	750,000	0	750,000
DP 3013 - Rent	0.00	0	7,008	0	7,008	0.00	0	7,008	0	7,008
Total Other Present Law Adjustments	0.00	\$0	\$1,050,908	\$0	\$1,050,908	0.00	\$0	\$1,364,508	\$0	\$1,364,508
Grand Total All Present Law Adjustments	0.00	\$0	\$1,201,010	\$0	\$1,201,010	0.00	\$0	\$1,493,456	\$0	\$1,493,456

Program Personal Services Narrative

The statewide present law adjustment for personal services is split about equally between pay and other types of increases and the amount required to fully fund positions that were vacant during part of the FY 2012. Salary increases implemented in the 2013 biennium are discussed in the agency overview.

DP 3004 - Actuarial Review - This request adds state special revenue to fulfill the requirements of HB 334 passed by the 2011 Legislature, which requires the financial and compliance audit and rate review of the State Fund. The CSI must report any concerns or recommendations based on the review to the Governor, the Legislative Audit Committee, and the Economic Affairs Interim Committee (EAIC).

This is a new responsibility, but the legislature did not allocate any additional funds or FTE for the actuarial review of the rates and reserves. The agency currently employs one full time property and casualty actuary, but due to the position's heavy workload, the CSI actuary is unable to conduct the review as required by the law. Estimates obtained for the reviews are about \$75,000 to contract with an independent actuary to review the rates and reserves of the State Fund. For the 2012 report to the EAIC, the CSI contracted with an independent consulting actuary to do the actuarial reviews, but the CSI contractor could only conduct a partial review due to the limited funds available. Base expenditures were \$10,000.

DP 3005 - Traditional Insurance In-House Examinations - This request adds insurance license fee state special revenue each fiscal year for insurance examinations and training performed by division staff. Additional examination travel would be required to perform 3 farm mutual exams, which will require 2 examiners. Additionally, for contracted exams it may be necessary for the examiner supervising contract examiners to make periodic field visits.

The request also includes funds for training to ensure examiners are accredited for performing exams. This request would support 3 employees' attendance at the National Association of Insurance Commissioners (NAIC) Financial

summit and the Society of Financial Examiners (SOFE) and 1 employee attendance at 3 NAIC national meetings and 2 other NAIC related trainings.

DP 3007 - In-House Captives Insurance Exams - This request adds insurance premium tax state special revenue for examination of captive firms performed by division staff. The cost of the exam is reimbursed by the companies being examined. Base level expenditures totaled \$3,410.

In both FY 2014 and FY 2015, 20 pure captive exams and four risk retention group exams would be completed. Each risk retention group exam would require a two week period of travel by an in-house examiner. For the pure exams, funds would support for 5 week long trips out of state and 10 in-state, week long trips.

Captive insurance companies (captives) are insurance companies formed and wholly owned by the businesses, associations, and groups that they insure. Captives are formed as risk management tools and as alternatives to the traditional insurance market. Captive insurers domiciled in Montana provide insurance to rural hospitals, nursing homes, doctors, commercial trucking companies, contractors, and others. The legislature passed enacting legislation in 2001.

DP 3008 - Captive Regulatory and Supervision - This request funds promotion and administration of the captive insurance industry. This program is funded with 5% of the premium tax and all fees and assessments received by the Commissioner.

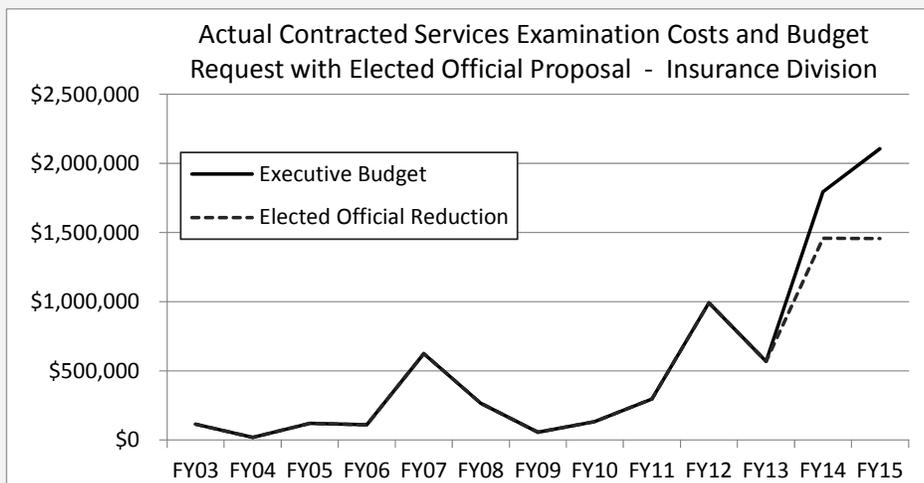
DP 3009 - Biennial Financial Exams – This request adds a biennial appropriation for examination of insurance companies. These expenditures are reimbursed by the companies examined.

According to MCA 33-1-401, "The commissioner shall examine the affairs, transactions, accounts, records, and assets of each authorized insurer as often as the commissioner considers advisable. The commissioner shall examine each authorized insurer not less frequently than every 5 years."

**LFD
ISSUE**

Appropriation for Contract Insurance Firm Examinations

The figure below shows the last 10 years of contracted services for examinations of insurance companies for financial issues and market conduct and the executive budget compared to changes included in an elected official request, which reduces the amount of funds requested. The figure below shows includes present law adjustments from DP 3009 Biennial Financial Exams and DP 3012 Biennial Market Conduct. Base expenditures for contracted services for both types of examinations were \$991,727, the highest expenditure level over the last 10 years.



LFD ISSUE CONT. The average cost of a financial examination over the last three years was \$54,726 and the average cost of a market conduct examination was \$115,828. The number of examinations conducted in the last 3 years was 4 in FY 2010 and FY 2012 and 3 in FY 2011. The amount requested in the 2015 biennium would fund 15 examinations per year based on the average costs for the last 3 years.

The division anticipates that it will examine two of the largest insurers in Montana in the 2015 biennium. One of those insurers was examined in FY 2012, contributing to the highest ever costs in the base year. The State Auditor included an elected official request to reduce funding for contract examinations by \$1.0 million over the biennium (see DP 3012 - Biennial Market Conduct Exams).

DP 3011 – In-house Market Conduct Exams - In accordance with 33-1-401, MCA, "The commissioner shall examine the affairs, transactions, accounts, records, and assets of each authorized insurer as often as the commissioner considers advisable. The commissioner shall examine each authorized insurer not less frequently than every 5 years." These market conduct exams will be examined internally and the requested funds will be used for travel to perform the examinations.

DP 3012 - Biennial Market Conduct Exams – This present law adjustment adds funds for contracted services to perform insurance company market conduct examinations. The cost of the exam is billed to the companies being examined.

LFD COMMENT The level of contracted services requested for the 2015 biennium is discussed previously in conjunction with DP 3009 Biennial Financial Exams. The legislature may want to review information provided in that discussion before establishing the level of appropriation for the 2015 biennium. As noted in the division overview, the State Auditor included an elected official request to reduce this present law adjustment by \$1.0 million over the biennium.

DP 3013 – Rent - This adjustment adds state special revenue for increased office rent. The current lease does not include inflationary adjustments for rent. When the lease expires the agency anticipates a 5% increase on January 2015 for the last half of FY 2015.

New Proposals

Program	FTE	Fiscal 2014				Fiscal 2015				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 3014 - Insure Montana										
03	(3.00)	0	(5,090,001)	0	(5,090,001)	(7.00)	0	(10,206,715)	0	(10,206,715)
DP 6101 - Professional Development Center Fee Allocation										
03	0.00	0	1,163	0	1,163	0.00	0	1,163	0	1,163
Total	(3.00)	\$0	(\$5,088,838)	\$0	(\$5,088,838)	(7.00)	\$0	(\$10,205,552)	\$0	(\$10,205,552)

DP 3014 - Insure Montana - The State Auditor’s Office operates the Insure Montana program, which offers health insurance premium subsidies and tax credits to small employers offering health insurance to employees. The Patient Protection and Affordable Care Act (ACA) provides insurance premium subsidies and tax credits beginning January 1, 2014. Some small employers and their employees may be able to receive tax credits and premium assistance through ACA.

Insure Montana is funded from the health and Medicaid initiatives state special revenue account which has been structurally imbalanced for several years. Without significant budgetary changes, the account would be out of funds to cover existing services in FY 2014. Therefore, the Executive has eliminated funding for the Insure Montana program beginning January 1, 2014.

DP 6101 - Professional Development Center Fee Allocation - The executive requests an increase for training services purchased from the Professional Development Center (PDC) of the Department of Administration. This request reflects the difference between the amount paid in the base for PDC services and a fixed cost allocation based on agency FTE counts. Starting in the 2015 biennium and beyond, the executive recommends funding the PDC as a fixed cost item. For a further discussion, see the narrative for the Department of Administration .