

HOUSE BILL NO. 124  
INTRODUCED BY J. FRENCH  
BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING A TIME LIMIT ON CONTRACTS FOR STATE EMPLOYEE GROUP BENEFIT PLANS; AMENDING SECTIONS 2-18-811 AND 18-4-313, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

**Section 1.** Section 2-18-811, MCA, is amended to read:

**"2-18-811. General duties of the department.** The department shall:

- (1) adopt rules for the conduct of its business under this part and to carry out the purposes of this part;
- (2) negotiate and administer contracts for state employee group benefit plans for a period not to exceed 10 years;
- (3) design state employee group benefit plans, establish specifications for bids, and make recommendations for acceptance or rejection of bids;
- (4) prepare an annual report ~~which~~ that describes the state employee group benefit plans being administered, details the historical and projected program costs and the status of reserve funds, and makes recommendations, if any, for change in existing state employee group benefit plans;
- (5) prior to each legislative session, perform or obtain an analysis of rate adequacy of all state employee group benefit plans administered under this part; and
- (6) submit the report required in this section to the office of budget and program planning as a part of the information required by 17-7-111."

**Section 2.** Section 18-4-313, MCA, is amended to read:

**"18-4-313. Contracts -- terms, extensions, and time limits.** (1) Except as provided in subsection (2) or unless otherwise provided by law, a contract, lease, or rental agreement for supplies or services may not be made for a period of more than 7 years. A contract, lease, or rental agreement may be extended or renewed if the terms of the extension or renewal, if any, are included in the solicitation, if funds are available for the first fiscal period at the time of the agreement, and if the total contract period, including any extension or renewal, does not

exceed 7 years. Payment and performance obligations for succeeding fiscal periods are subject to the availability and appropriation of funds for the fiscal periods.

(2) The contract term limit specified in subsection (1) does not apply to:

(a) a contract for hardware, software, or other information technology resources, which may be made for a period not to exceed 10 years;

(b) a department of revenue liquor store contract governed by the term specified in 16-2-101; ~~and~~

(c) a department of corrections contract governed by the term specified in 53-1-203, 53-30-505, or 53-30-608-; and

(d) the department of administration state employee group benefit plans contracts governed by the term specified in 2-18-811, INCLUDING GROUP BENEFIT PLAN CONTRACTS MADE IN PARTNERSHIP WITH THE MONTANA UNIVERSITY SYSTEM GROUP BENEFIT PLAN.

(3) Prior to the issuance, extension, or renewal of a contract, it must be determined that:

(a) estimated requirements cover the period of the contract and are reasonably firm and continuing; and

(b) the contract will serve the best interests of the state by encouraging effective competition or otherwise promoting economies in state procurement.

(4) If funds are not appropriated or otherwise made available to support continuation of performance in a subsequent fiscal period, the contract must be canceled."

NEW SECTION. **Section 3. Effective date.** [This act] is effective July 1, 2007.

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