HOUSE BILL NO. 394

INTRODUCED BY W. JONES

A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING A PROGRAM TO PROVIDE DENTAL CARE TO UNDERINSURED CHILDREN; CREATING A SPECIAL REVENUE ACCOUNT; APPROPRIATING FUNDS; AND PROVIDING AN EFFECTIVE DATE."

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

NEW SECTION. **Section 1. Short Title.** [Sections 1 through 11] may be cited as the "Underinsured Children's Dental Care Program Act."

NEW SECTION. **Section 2. Purpose.** The purpose of [sections 1 through 11] is to create a program to cover basic dental care expenses for underinsured children who are not eligible for health care services under the Montana medicaid program or the children's health insurance program.

NEW SECTION. **Section 3. Definitions.** As used in [sections 1 through 11], the following definitions apply:

(1) "Child" means a child 18 years of age or younger.

(2) "Department" means the department of public health and human services provided for in 2-15-2201.

(3) "Program" means the underinsured children's dental care program.

(4) "Underinsured" means a person whose health insurance plan covers only limited, catastrophic costs.

NEW SECTION. **Section 4. Establishment and administration of program.** The department may establish, administer, and monitor a program to provide dental health care to underinsured children.

NEW SECTION. **Section 5. Eligibility for program -- rulemaking.** (1) To be considered eligible for the program, a child must:

(a) be a United States citizen or qualified alien and a Montana resident;

(b) have a combined family income equivalent to the level set for the children's health insurance program in 53-4-1004; and

(c) be underinsured.

(2) The department may adopt rules that establish the program's criteria for residency. The criteria must conform as nearly as practicable with the residency requirements for medicaid eligibility.

(3) Rules governing eligibility may also include financial standards and criteria for income and resources and treatment of resources.

NEW SECTION. **Section 6. Benefits provided.** Benefits provided to participants of the program may include:

(1) preventive dental services; and

(2) diagnosis and treatment of:

(a) dental caries;

(b) periodontal disease;

(c) oral pain; and

(d) oral infection.

NEW SECTION. **Section 7. Department may contract for services.** (1) The department may administer the program directly or contract with insurance companies or other entities to provide services for a fee for service, as established by the department, or for a set monthly or yearly fee based on the number of participants in the program and the types of services provided.

(2) The department may contract for a dental service based on a fee for service when the department does not contract for the service through an insurance plan, a health maintenance organization, or a managed care plan. In operating the program, the department may:

(a) pay providers on a fee-for-service basis in a self-funded program and contract with an insurance company, third-party administrator, or other entity to provide administrative services, including but not limited to processing and payment of claims with program funds;

(b) purchase dental coverage for eligible children from an insurance company or other entity through premiums, capitated payments, or other appropriate methods;

(c) purchase dental coverage, as provided in subsection (2)(b), for some types of dental services and contract directly with providers for other types of dental services on a fee-for-service basis; or

(d) pay providers on a fee-for-service basis and directly provide administrative services in a self-funded program.

(3) If the department contracts with an insurance company or other entity to administer the program as provided in subsection (2)(b) or (2)(c), not more than 12% of the contract payment may be used for administrative expenses, including:

(a) direct and indirect expenses as specified in 33-22-1514;

(b) risk charges; and

(c) any applicable assessments, fees, and taxes.

(4) If the department operates the program by providing administrative services under subsection (2)(a), (2)(c), or (2)(d), the department's administrative expense may not exceed the lesser of 10% or the applicable federal limitation.

(5) (a) An insurance company or other entity that contracts with the department for a fully insured contract, as provided in subsection (2)(b), shall calculate the surplus account balance at the end of each contract year and may retain an amount equal to 50% of the risk charge allowed under the contract. The remainder of the surplus account balance must be deposited in the state special revenue account provided for in [section 11].

(b) For the purposes of this subsection (5):

(i) "risk charge" means the percentage of the administrative expense allowed in the contract for assuming the risk; and

(ii) "surplus account balance" means funds that remain after all claims and all administrative expenses have been paid for a claim period.

NEW SECTION. **Section 8. Participant cost-sharing.** The department may charge fees to participants in the program. The fees may include:

(1) monthly or yearly enrollment fees;

(2) minimum charges to be incurred or spent before benefits are paid;

(3) cost-sharing for individual benefits; and

(4) other types of charges assessed as part of the program.

NEW SECTION. **Section 9. Rulemaking authority.** (1) The department shall adopt rules necessary for the administration of the program, including rules governing the application process and confidentiality.

(2) The rules may include, as necessary:

(a) the amount, scope, and duration of the preventive dental services provided;

(b) a process to ensure that services are medically necessary and cost-effective;

(c) provisions for participant cost-sharing, including, at the department's discretion:

(i) the establishment of enrollment fees, premiums, deductibles, and copayments; and

(ii) the process for setting the amounts of enrollment fees, premiums, deductibles, and copayments, taking into account a participant's family income and resources; and

(d) the types of professionals who may deliver services or direct the delivery of services and the qualifications required of those professionals.

NEW SECTION. **Section 10. Sharing of information.** The department, health care providers, insurance companies, and other entities may share only health care information, medical records, income, and other participant eligibility information for the purposes of administering the program. The limitations on disclosure of information provided in 33-19-306 do not apply if they conflict with [sections 1 through 11]. To the extent possible, the information may not be disclosed in a manner that would violate the privacy of an individual or be released to any entity that does not require the information for the administration of the program.

NEW SECTION. **Section 11. State special revenue account.** (1) There is an account in the state special revenue fund to the credit of the department.

(2) Money deposited in the account must be used by the department to cover the costs of providing allowable dental services to eligible children.

(3) Money must be deposited into the account according to the biennial funding provided by the legislature.

NEW SECTION. **Section 12. Fund transfers -- appropriation.** There is transferred to the account established in [section 11] $75,000 from the state general fund in each year of the biennium beginning July 1, 2007. The fund transfers are appropriated to the department of public health and human services to implement [sections 1 through 11].

NEW SECTION. **Section 13. Codification instruction.** [Sections 1 through 11] are intended to be codified as an integral part of Title 53, chapter 4, and the provisions of Title 53, chapter 4, apply to [sections 1 through 11].

NEW SECTION. **Section 14. Effective date.** [This act] is effective July 1, 2007.

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