

HOUSE BILL NO. 399  
INTRODUCED BY D. VILLA

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING LOCAL ECONOMIC DEVELOPMENT ORGANIZATIONS TO PARTICIPATE IN THE STATE EMPLOYEE GROUP BENEFITS PLAN; REQUIRING THE DEPARTMENT OF ADMINISTRATION TO ADOPT PROCEDURES FOR ENROLLING LOCAL ECONOMIC DEVELOPMENT ORGANIZATION EMPLOYEES IN THE STATE GROUP BENEFITS PROGRAM; AMENDING SECTIONS 2-18-701, 2-18-702, 2-18-703, 2-18-808, 2-18-809, AND 2-18-811, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

**Section 1.** Section 2-18-701, MCA, is amended to read:

**"2-18-701. Definition.** ~~In As used in this part, as it applies to a person employed in the executive, judicial, or legislative branches of state government~~ the following definitions apply:

(1) "Local economic development organization" means:

(a) (i) a private, nonprofit corporation, as provided in Title 35, chapter 2, that is exempt from taxation under section 501(c)(3) or 501(c)(6) of the Internal Revenue Code, 26 U.S.C. 501(c)(3) or 501(c)(6);

(ii) an entity certified by the department of commerce under 90-1-116; or

(iii) an entity established by a local government; and

(b) an entity actively engaged in economic development and business assistance work.

(2) "Local economic development organization employee" means a person employed by a local economic development organization who is regularly scheduled to work 20 hours or more a week and is not an elected state, county, or city official, an independent contractor, a student intern, or hired under a personal services contract.

~~(1)(3)~~ (a) ~~"employee"~~ "State employee" means:

~~(a)~~(i) a permanent full-time employee, as provided in 2-18-601;

~~(b)~~(ii) a permanent part-time employee, as provided in 2-18-601, who is regularly scheduled to work 20 hours or more a week;

~~(c)~~(iii) a seasonal full-time employee, as provided in 2-18-601, who is regularly scheduled to work 6 months or more a year or who works for a continuous period of more than 6 months a year although not regularly

scheduled to do so;

~~(d)~~(iv) a seasonal part-time employee, as provided in 2-18-601, who is regularly scheduled to work 20 hours or more a week for 6 months or more a year or who works 20 hours or more a week for a continuous period of more than 6 months a year although not regularly scheduled to do so;

~~(e)~~(v) elected officials;

~~(f)~~(vi) officers and permanent employees of the legislative branch;

~~(g)~~(vii) judges and permanent employees of the judicial branch;

~~(h)~~(viii) academic, professional, and administrative personnel having individual contracts under the authority of the board of regents of higher education or the state board of public education;

~~(i)~~(ix) a temporary full-time employee, as provided in 2-18-601:

~~(i)~~(A) who is regularly scheduled to work more than 6 months a year;

~~(i)~~(B) who works for a continuous period of more than 6 months a year although not regularly scheduled to do so; or

~~(iii)~~(C) whose temporary status is defined through collective bargaining;

~~(j)~~(x) a temporary part-time employee, as provided in 2-18-601:

~~(j)~~(A) who is regularly scheduled to work 20 hours or more a week for 6 months or more a year;

~~(j)~~(B) who works 20 hours or more a week for a continuous period of more than 6 months a year although not regularly scheduled to do so; or

~~(iii)~~(C) whose temporary status is defined through collective bargaining; and

~~(k)~~(xi) a part-time or full-time employee of the state compensation insurance fund. As used in this subsection, "part-time or full-time employee of the state compensation insurance fund" means an employee eligible for inclusion in the state employee group benefit plans under the rules of the department of administration.

~~(2)~~(b) "employee" The term does not include a student intern, as defined in 2-18-101."

**Section 2.** Section 2-18-702, MCA, is amended to read:

**"2-18-702. Group insurance for public employees and officers local economic development organization employees.** (1) (a) Except as provided in subsection (1)(c), all counties, cities, towns, school districts, and the board of regents shall upon approval by two-thirds vote of their respective officers and employees enter into group hospitalization, medical, health, including long-term disability, accident, or group life insurance contracts or plans for the benefit of their officers and employees and their dependents. The laws prohibiting discrimination on the basis of marital status in Title 49 do not prohibit bona fide group insurance plans

from providing greater or additional contributions for insurance benefits to employees with dependents than to employees without dependents or with fewer dependents.

(b) The governing body of a county, city, or town may, at its discretion, consider the employees of private, nonprofit economic development organizations to be employees of the county, city, or town solely for the purpose of participation in group hospitalization, medical, health, including long-term disability, accident, or group life insurance contracts or plans as provided in subsection (1)(a). The governing body of the county, city, or town may require an employee or organization to pay the actual cost of coverage required for participation or may, at its discretion and subject to any restriction on who may be a member of a group, pay all or part of the cost of coverage of the employee of the organization.

(c) The governing body of a third, fourth, fifth, sixth, or seventh class county or the board of trustees of a hospital district may, at its discretion, exempt employees of a county hospital, county rest home, or hospital district from participation in group hospitalization, medical, health, including long-term disability, accident, or group life insurance contracts or plans provided pursuant to subsection (1)(a) or (1)(b).

(2) State employees and ~~elected officials~~ local economic development organization employees, as defined in 2-18-701, may participate in state employee group benefit plans as are provided for under part 8 of this chapter.

(3) (a) For state ~~officers and~~ employees, the premiums required from time to time to maintain the insurance in force must be paid by the insured ~~officers and~~ state employees, and the state treasurer shall deduct the premiums from the salary or wages of each ~~officer or~~ state employee who elects to become insured, on the ~~officer's or~~ state employee's written order, and issue a warrant for the premiums to the insurer.

(b) For local economic development organization employees, the premiums required from time to time to maintain the insurance in force must be paid by the insured local economic development organization employee, and the local economic development organization shall deduct the premiums from the salary or wages of each employee who elects to become insured, on the employee's written order, and pay the total for the premiums to the insurer.

(4) For ~~the purpose~~ purposes of this section, the plans of health service corporations for defraying or assuming the cost of professional services of ~~licentiates~~ licensees in the field of health or the services of hospitals, clinics, or sanitariums or both professional and hospital services must be construed as group insurance and the dues payable under the plans must be construed as premiums for group insurance.

(5) If the board of trustees of a school district implements a self-insured group health plan or if the board of regents implements an alternative to conventional insurance to provide group benefits to its employees, the

board shall maintain the alternative plan on an actuarially sound basis."

**Section 3.** Section 2-18-703, MCA, is amended to read:

**"2-18-703. Contributions.** (1) Each agency, as defined in 2-18-601, ~~and the state compensation insurance fund, and each local economic development organization~~ shall contribute the amount specified in this section toward the group benefits cost.

(2) (a) For state employees defined in 2-18-701 and for members of the legislature, the employer contribution for group benefits is ~~\$460 a month for the period from July 2005 through December 2005, \$506 a month for the period from January 2006 through December 2006, and \$557 a month for January 2007 and for each succeeding month.~~ For employees of the Montana university system, the employer contribution for group benefits is ~~\$506 a month for the period from July 2005 through June 2006 and \$557 a month for July 2006 and for each succeeding month.~~

(b) If a state employee is terminated to achieve a reduction in force, the continuation of contributions for group benefits beyond the termination date is subject to negotiation under 39-31-305.

(c) Permanent part-time, seasonal part-time, and temporary part-time employees who are regularly scheduled to work less than 20 hours a week are not eligible for the group ~~benefit~~ benefits contribution.

(d) ~~An~~ A state employee who elects not to be covered by a state-sponsored group benefit plan may not receive the state contribution. A portion of the employer contribution for group benefits may be applied to an employee's costs for participation in Part B of medicare under Title XVIII of the Social Security Act, as amended, if the state group benefit plan is the secondary payer and medicare the primary payer.

(3) For employees of elementary and high school districts and of local government units, the employer's premium contributions may exceed but may not be less than \$10 a month. Subject to the public hearing requirement provided in 2-9-212(2)(b), the increase in a local government's property tax levy for premium contributions for group benefits beyond the amount of contributions in effect on the first day of the last fiscal year is not subject to the mill levy calculation limitation provided for in 15-10-420.

(4) For local economic development organization employees, the employer's premium contribution may exceed but may not be less than \$10 a month.

~~(4)~~(5) Unused employer contributions for any state employee or local economic development organization employee must be transferred to an account established for this purpose by the department of administration and upon transfer may be used to offset losses occurring to the group of which the employee is eligible to be a member.

~~(5)~~(6) Unused employer contributions for any government employee or local economic development organization employee may be transferred to an account established for this purpose by a self-insured government and upon transfer may be used to offset losses occurring to the group of which the employee is eligible to be a member or to increase the reserves of the group.

~~(6)~~(7) The laws prohibiting discrimination on the basis of marital status in Title 49 do not prohibit bona fide group insurance plans from providing greater or additional contributions for insurance benefits to employees with dependents than to employees without dependents or with fewer dependents."

**Section 4.** Section 2-18-808, MCA, is amended to read:

**"2-18-808. Purpose.** The purpose of this part is to establish a program under which the state may provide state employees and local economic development organization employees with adequate group hospitalization, health, medical, disability, life, and other related group benefits in an efficient manner and at an affordable cost."

**Section 5.** Section 2-18-809, MCA, is amended to read:

**"2-18-809. Definitions.** As used in this part, the following definitions apply:

(1) "Advisory council" means the state employee group benefits advisory council provided for in 2-15-1016.

(2) "Department" means the department of administration provided for in 2-15-1001.

(3) "Flexible spending account" means a funding and accounting arrangement allowed by federal law that:

(a) gives a state employee a choice between receiving taxable salary or having a part of the employee's salary withheld; and

(b) provides for depositing any portion of the state employee's salary withheld and any employer contribution designated by the employee into an account and receiving from that account nontaxable reimbursement for certain out-of-pocket medical expenses of the state employee or a dependent of the employee.

(4) (a) "Group benefits" means:

(i) group hospitalization, health, medical, surgical, disability, life, and other similar and related group benefits provided to ~~officers and employees of the state~~ employees and local economic development organization employees, including; and

(ii) for state employees, flexible spending account benefits.

(b) The term "group benefits" does not include:

- (i) casualty insurance, defined in 33-1-206;
- (ii) marine insurance, authorized in 33-1-209 and 33-1-221 through 33-1-229;
- (iii) property insurance, defined in 33-1-210;
- (iv) surety insurance, defined in 33-1-211; and
- (v) title insurance, defined in 33-1-212.

(5) "Local economic development organization" means:

(a) (i) a private, nonprofit corporation, as provided in Title 35, chapter 2, that is exempt from taxation under section 501(c)(3) or 501(c)(6) of the Internal Revenue Code, 26 U.S.C. 501(c)(3) or 501(c)(6);

(ii) an entity certified by the department of commerce under 90-1-116; or

(iii) an entity established by a local government; and

(b) an entity actively engaged in economic development and business assistance work.

(6) "Local economic development organization employee" means a person employed by a local economic development organization who is regularly scheduled to work 20 hours or more a week and is not an elected state county or city official, an independent contractor, a student intern, or hired under a personal services contract.

~~(5)(7)~~ (a) "State employee" means an employee of the state, specifically including a member or employee of the legislative branch of state government.

(b) The term "state employee" does not include employees of counties, cities, towns, school districts, or the Montana university system or a student intern, as defined in 2-18-101."

**Section 6.** 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;
- (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; ~~and~~

(7) adopt procedures for enrolling local economic development organization employees in the plans provided for in this part and for the payment and collection of employer and employee contributions required under Title 2, chapter 18, part 7."

NEW SECTION. Section 7. Saving clause. [This act] does not affect rights and duties that matured, penalties that were incurred, or proceedings that were begun before [the effective date of this act].

NEW SECTION. Section 8. Effective date. [This act] is effective July 1, 2007.

NEW SECTION. Section 9. Applicability. [This act] applies to group benefits offered under Title 2, chapter 18, part 8, after December 31, 2007.

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