

HOUSE BILL NO. 604

INTRODUCED BY C. SMITH

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A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR A SELECT COMMITTEE ON MEDICAID INNOVATION, REFORM, AND EXPANSION; REQUIRING COMMITTEE REVIEW OF MEDICAID-RELATED LEGISLATIVE PROPOSALS; PROVIDING AN APPROPRIATION; AND PROVIDING EFFECTIVE DATES AND A TERMINATION DATE."

WHEREAS, the Patient Protection and Affordable Care Act required the expansion of the state-federal Medicaid program to nonelderly, nondisabled, and nonpregnant individuals between the ages of 18 and 65 who are at or below 138% of the federal poverty level; and

WHEREAS, the U.S. Supreme Court ruling in National Federation of Independent Business v. Sebelius in essence gave states the option of choosing whether to participate in the expansion of the Medicaid program; and

WHEREAS, Democratic and Republican governors in several states are exploring alternatives to a straight expansion of the Medicaid program as provided for under the Patient Protection and Affordable Care Act; and

WHEREAS, the Congressional Budget Office reported in February 2013 that Medicaid accounted for 40% of the federal spending on government programs assisting low-income individuals in 2012; and

WHEREAS, growth in the Medicaid program nationally has averaged about 7% percent a year above the rate of inflation, according to the Congressional Budget Office; and

WHEREAS, Medicaid spending accounts for 25% of the total proposed state budget for the 2015 biennium and 14% of the total general fund budget.

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

- NEW SECTION. Section 1. Select committee on medicaid innovation, reform, and expansion -- membership.** (1) There is a select committee on medicaid innovation, reform, and expansion.
- (2) (a) The committee consists of 12 members appointed as follows:
- (i) three members who served in the senate during the 63rd legislative session and who are appointed



1 by the president of the senate;

2 (ii) three members who served in the house of representatives during the 63rd legislature and who are
3 appointed by the speaker of the house of representatives; and

4 (iii) six members of the public, three of whom are appointed by the president of the senate and three of
5 whom are appointed by the speaker of the house of representatives.

6 (b) No more than two of the legislative members appointed from each house may be members of the
7 same political party.

8 (c) Appointments must be made before April 27, 2013.

9 (3) (a) A vacancy that occurs when the legislature is not in session must be filled by the person who
10 made the original appointment.

11 (b) A legislative member shall serve until the member's term of office as a legislator ends or until a
12 successor is appointed, whichever occurs first. A person appointed to replace a legislative member of the
13 committee must be from the same house and political party as the member whose vacancy is being filled.

14 (4) (a) The committee shall elect a presiding officer and a vice presiding officer. The officers may not be
15 from the same political party.

16 (b) The committee may elect other officers it considers necessary.

17 (5) The presiding officer shall establish the meeting schedule. The committee may meet during legislative
18 sessions.

19 (6) Members are entitled to receive compensation and expenses as provided in 5-2-302.

20 (7) The legislative services division shall provide staff assistance to the committee. The committee may
21 request that personnel from state agencies and from political subdivisions furnish information and provide
22 assistance.

23 (8) The committee may contract for services that will assist members in carrying out their duties under
24 [section 2], subject to available funding and in accordance with the provisions of Title 18, chapter 4.

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26 **NEW SECTION. Section 2. Duties of committee -- report.** (1) The committee shall review:

27 (a) the Montana medicaid program and ways to make it more efficient and cost-effective;

28 (b) legislative proposals for changes to the medicaid program; and

29 (c) the potential effects of an expansion of the medicaid program on the community benefit offered by
30 hospitals in order to maintain their tax-exempt status.

- 1 (2) In conducting its review of the medicaid program, the committee shall:
- 2 (a) consider the fiscal soundness and efficiency of the medicaid program;
- 3 (b) consider the cost of expanding the state medicaid program as allowed under Public Law 111-148
4 and Public Law 111-152;
- 5 (c) recommend principles of sound fiscal and public policy as guidelines for innovation, expansion, and
6 sustainability of the current medicaid program;
- 7 (d) propose legislation to keep the medicaid program within the guidelines of sound public policy;
- 8 (e) review and recommend to the legislature whether the state should pursue federal waiver authority
9 in order to meet public policy guidelines at a lower fiscal impact;
- 10 (f) examine ways to improve patient outcomes, including appropriate goals for patient outcomes and
11 ways to measure outcomes;
- 12 (g) review whether recipients who became eligible for medicaid under the expansion allowed by Public
13 Law 111-148 and Public Law 111-152 should share the costs of medical services;
- 14 (h) review the potential for use of a managed care model for the medicaid program as a way to control
15 costs;
- 16 (i) determine whether private health plans may better target the needs of medicaid recipients and how
17 private plans may be selected to offer coverage to recipients;
- 18 (j) evaluate whether significant structural reforms could reverse the trend of increasing medicaid costs
19 without reducing current eligibility standards; and
- 20 (k) examine ways in which to reform the delivery of medicaid services.
- 21 (3) The committee shall develop recommendations that address the following items:
- 22 (a) whether new payment methods have the potential to reduce costs to the state;
- 23 (b) an analysis of the costs of sustaining and expanding the medicaid program;
- 24 (c) a long-term sustainable financing model;
- 25 (d) new delivery models that support quality care and cost control; and
- 26 (e) an analysis of methods of increasing pricing transparency and equitable patient access in the system.
- 27 (4) The committee shall:
- 28 (a) examine the type and amount of community benefit that hospitals would provide if the medicaid
29 program is expanded to cover nondisabled, nonelderly, and nonpregnant individuals up to 138% of the federal
30 poverty level; and

1 (b) make recommendations to the legislature regarding tax-exempt status for hospitals and continued
2 exemption from competition if the medicaid program is expanded.

3 (5) The committee shall examine information about the effects of allowing market-based approaches in
4 providing services to medicaid recipients, including but not limited to:

- 5 (a) customized benefit packages;
6 (b) enhanced benefits for participating in healthy behaviors; and
7 (c) risk-adjusted premiums based on enrollee health status.

8 (6) (a) The committee shall solicit proposed statutory changes to the state's medicaid program from
9 committee members, legislators, medicaid providers, advocacy organizations, and other interested parties. The
10 committee shall review the proposals and report to the legislature on each proposal. The report must include but
11 is not limited to:

- 12 (i) a summary of the fiscal and public policy implications of the proposal;
13 (ii) an analysis of the effect of the proposal on the state's general fund, including potential impacts on the
14 amount of money available for other programs;
15 (iii) an analysis of the soundness of the proposal as a matter of public policy;
16 (iv) any amendments proposed by the committee; and
17 (v) the committee's recommendation on whether the proposal should be enacted by the legislature.

18 (b) The committee's report must be attached to any proposal that the committee considered and that is
19 or has been introduced as a bill during a legislative session.

20 (7) (a) The committee shall adopt a study plan by a majority vote of the committee. The plan may be
21 amended by majority vote.

22 (b) The plan may specify the date by which proposals affecting the medicaid program must be submitted
23 to the committee.

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25 **NEW SECTION. Section 3. Appropriation.** There is appropriated \$400,000 from the general fund to
26 the legislative services division for the biennium beginning July 1, 2013, to support the activities of the committee
27 established in [section 1].

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29 **NEW SECTION. Section 4. Effective dates.** (1) Except as provided in subsection (2), [this act] is
30 effective on passage and approval.

1 (2) [Section 3] is effective July 1, 2013.

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3 NEW SECTION. **Section 5. Termination.** [This act] terminates June 30, 2015.

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