



PO BOX 201706  
Helena, MT 59620-1706  
(406) 444-3064  
FAX (406) 444-3036

## Economic Affairs Interim Committee

---

### 60th Montana Legislature

#### SENATE MEMBERS

KEN HANSEN--Vice Chair  
ROY BROWN  
FRANK SMITH  
DONALD STEINBEISSER

#### HOUSE MEMBERS

SCOTT MENDENHALL--Chair  
MIKE MILBURN  
MICHELE REINHART  
BILL THOMAS

#### COMMITTEE STAFF

ANDREW GEIGER, Lead Staff  
BART CAMPBELL, Staff Attorney  
CLAUDIA (CJ) JOHNSON, Secretary

## MINUTES

Date: November 7, 2007  
(video conference from Helena and Billings)

Holy Rosary Hospital  
Miles City, Montana

Please note: These are summary minutes. Testimony and discussion are paraphrased and condensed. Committee tapes are on file in the offices of the Legislative Services Division.

Exhibits for this meeting are available upon request. Legislative Council policy requires a charge of 15 cents a page for copies of the document.

An electronic copy of these minutes and the audio recording may be accessed from the Legislative Branch home page at <http://leg.mt.gov>. On the left-side column of the home page, select *Committees*, then *Interim*, and then the appropriate committee.

To view the minutes, locate the meeting date and click on minutes. To hear the audio recording, click on the Real Player icon. Note: You must have Real Player to listen to the audio recording.

### Economic Affairs Interim Subcommittee on HJR 48 2 to 5 p.m., November 7, 2007

#### COMMITTEE MEMBERS PRESENT

REP. SCOTT MENDENHALL, Chair  
SEN. DONALD STEINBEISSER  
REP. BILL THOMAS  
REP. MICHELE REINHART ( by video conference)

#### STAFF PRESENT

ANDREW GEIGER, Lead Staff  
PAT MURDO, Legislative Researcher for HJR 48  
LISA MECKLENBERG JACKSON, Staff Attorney for HJR 48 (by video conference)  
CJ JOHNSON, Committee Secretary

#### Visitors/Agenda

Visitor's list, Attachment #1  
Agenda list, Attachment #2

## **COMMITTEE ACTION**

**The Committee met at the Miles City, Holy Rosary Hospital Conference Room.**

**Round Table discussion on:**

- **Review of Montana Insurance Issues as they relate to Massachusetts Insurance Reforms**
- **How the Montana Comprehensive Health Association is working and reduces the number of uninsured Montanans**
- **Massachusetts Insurance Plan components possible in Montana**
- **How the cost of premiums is affected by those without insurance and by payment discounts of public insurance programs, and**
- **How the cost of mandated services affects premium pricing**

## **CALL TO ORDER AND ROLL CALL**

**REP. MENDENHALL** called the Economic Affairs Interim Subcommittee (EAIC) on HJR 48 to order at 2:10 p.m. He welcomed the Committee Members and asked them to introduce themselves. The audience and those joining the teleconference also introduced themselves. The secretary noted the roll. (see Attachment #3)

Cj Johnson, Committee Secretary  
Rep. Bill Thomas, Great Falls  
Sen. Don Steinbeisser, Sidney  
Pat Murdo, Legislative Staffer, LSD - HJR 48 Subcommittee  
Rep. Gary M. MacLaren, HD 89, Bitterroot  
Mark Burzynski, BC/BS of Montana  
Frank Cote, America's Health Insurance Plans  
Susan Witte, Allegiance Benefit Plans  
Connie Welsh, Department of Administration  
Sen. Frank Smith, SD 16, Poplar  
Rep. Michele Reinhart, HD 97, Missoula

### **Audience in Miles City:**

Gary Wade, Regional Sales Director BC/BS MT  
Jason Todhunter, Montana Logging Association, MTA  
Terri Hogan, Employee Benefit Management Services (EBMS)  
Ron Devlin, representing NorthWestern Energy

### **Helena Audience on Telecom:**

Tonya Ask, representing New West Health Services  
Angela Huschka, New West Health Services  
Claudia Clifford, representing AARP Montana  
Pat Melby, Montana Medical Association  
Lisa Mecklenberg-Jackson, Legal Attorney, LSD

Erin McGowan-Fincham, State Auditor's Office  
Bob Olsen, Montana Hospital Association  
Doug Lowney, New York Life Insurance  
Don Allen, National Association of Insurance Agents  
Owen Voigt, Montana Association of Counties Health Care Trust (MACo)  
Vicki Simonson, Montana Hospital Association

**Billings Audience on Telecom:**

Jim Corsan, Local Office for Max Baucus  
Mike Foster, representing Sister's of Charity Hospital, St. Vincent-Billings, Holy Rosary-Miles  
City, & St. James-Butte  
Martell Hilderbrand, Director, Montana Contractor's Association  
Deanne Wilson, Billings Clinic  
Rep. Ernie Dutton, HD 56, Billings, Children, Families, Health and Human Services  
Subcommittee

**AGENDA**

- 00:01:00     **REP. SCOTT MENDENHALL** welcomed the committee members, and thanked the public in attendance, and those attending via the video conference.
- 00:3:00     **REP. MENDENHALL** informed the committee members that today's study will be a review of the Montana Insurance Issues as they relate to the Massachusetts Insurance Reform.

**HJR 48**

**How the Montana Comprehensive Health Association is working and reduces the number of uninsured Montanans:**

- 00:05:44     **Tonya Ask, representing Montana's Comprehensive Health Association (MCHA)**, informed the committee that Montana was the first state to lead the way with this type of program. MCHA was started in 1985, and was defined as a mechanism for the state's uninsured. Several insurance groups found that individuals who otherwise were healthy may have had some kind of condition that didn't allow them to buy affordable health insurance at the regular market rate. In addition to the premium that these people pay the state was looking for a mechanism to help fund the health care needs of those individuals. Basically, anyone that purchases a health insurance policy is contributing 1% of the premium to the MCHA, which pays the premiums for the health care of these individuals. Ms. Ask informed the committee that the number of people who are covered under MCHA isn't high, but they are an important part of the Montana population. She talked about individuals by virtue of their health condition may

also qualify for supplemental security income, because in a normal market place there isn't a supplemental policy for these types of people. This supplemental policy normally covers people under the age of 65 who have been disabled by an accident or have other various medical conditions. She discussed the Health Insurance Portability and Accountability Act (HIPAA) that was passed by Congress in 1986. She talked about a premium assistance program that is also provided in addition to subsidy dollars to individuals whose income is 150% below federal poverty levels (FPL), but qualify for the MCHA by virtue of whatever their medical condition is. These individuals pay a portion of the insurance premium and the state subsidizes the remainder. This subsidy has an excess of \$600,000 in state contributions and equal to premium assessments that are approximately \$7.1 million.

**Massachusetts Insurance Plan components possible in Montana:**

00:11:29

REP. GARY MACLAREN distributed a handout on the Massachusetts' Health Care Plan, and discussed how he used this plan to draft legislation for Montana.

**EXHIBIT 1**

REP. MACLAREN informed the committee members that he is the sponsor of HJR 48. He talked about the Massachusetts Health Care Plan and how it compares to Montana's plan. (see exhibit 1) He talked about the Heritage Foundation, and their role in the Massachusetts Insurance Plan. He said that Greg Petesch, LSD, drafted this bill from information on the Heritage Foundation. He talked about the length of time it has taken for Massachusetts to implement a plan.

He discussed:

- 1). Subsidized insurance- S-Chip, a Commonwealth Comprehensive Health Insurance Plan.
- 2). Connector - based on the health insurance exchange modeled from the Heritage Foundation.
- 3). Employer mandate/Individual mandate - this was supposed to go into effect this year, but the Governor of Massachusetts has postponed this until the fall of 2008 due to complications; and
- 4). The cost for the state of Massachusetts is expected to be approximately \$1.4 billion.

REP. MACLAREN explained the difference in rates between Montana and Massachusetts as shown in the table on the second page of Exhibit 1. He talked about the Connector, which is like the stock market exchange, e.g., when companies sell their stock it is listed on the stock exchange, and when individuals want to purchase the stock they go through a broker to the exchange and buy it as regulated by the Securities Exchange Commission. He said that health insurance companies work the same way, and that the only component from the Massachusetts plan that Montana can use is the health insurance exchange. He

suggested that the committee work on this component to make insurance available to all Montanans. He commented that the exchange plan will work great for the seasonal workers that come into Montana, and asked the committee members to pursue this part.

**How the cost of premiums is affected by those without insurance and by payment discounts by public insurance programs**

00:19:20 **Mark Burzynski, Blue Cross/Blue Shield (BC/BS)**, distributed and discussed a handout that provides an executive summary on a study performed by Milliman, Inc., an actuarial consulting firm for the state of Washington. The study was performed to document consumers and employers who have faced increasing impact from cost-shifting by hospitals attempting to make up revenue shortfalls from their Medicare/ Medicaid business. It also revealed significant disparities in physician payments from Medicaid/Medicare versus commercial payers. He said the study done by Milliman, Inc., and Premera is one of the best studies that has ever been done on cost-shifting. Mr. Burzynski directed the committee members to page 15 in Exhibit 2 that shows a chart on a Washington hospital financial summary for a ten-year period from 1995 to 2004. He said the payouts on the chart show that Washington employers paid \$902 per family in 2004 to cover cost-shifting. He said the biggest impediment to premium affordability is cost-shifting. It is estimated that the largest impact for large hospitals in Montana is approximately 35 % on their charges. Mr. Burzynski gave an example of a person that has been hospitalized in Montana and is charged \$10,000, and if the compensation component had been equal that number would be closer to \$6,500. Milliman reported that cost-shifting for Washington grew from \$63 million in 1997 to \$738 million in 2004. Mr. Burzynski attended a Health Care Forum where the audience was informed that there is approximately a 17 % premium increase added to the health care coverage due to the uninsured people in the country. He informed the committee members that Medicare/Medicaid have figured out that the only way for them to get their "arms" wrapped around cost-shifting so they are not cost-shifting to themselves is to compensate providers, whether they be hospitals or physicians based on fixed allowables. He said at the current rate that Medicare is paying physicians, Montana will not be able to attract good physicians in the near future. He closed stating that "the more cost-shifting that goes on, the more commercial insurance becomes unaffordable, and more people become uninsured." **EXHIBIT 2**

**How the cost of mandated services affects premium pricing**

00:29:16 **Frank Cote, American Health Plans**, said he wanted to dispel the myth that mandates are consumer protected, because they are not. He said the mandates often have a direct and negative impact on quality and services that adhere to procedures and practices that may not be appropriate or affective. When the state

passes a mandate it typically remains unchanged. He talked about procedures performed in the past are not necessarily the way it is done now because of better procedures. He said that mandates drive up the cost for care, and it also takes money and other resources out of the system that could be used to help those people who really need it. He urged the committee to look at developing an independent advisory commission that would proactively evaluate all current mandates and their impact, and future proposed mandates to see if the impact is actually a result in improved care and value. He said this could make the difference between a family affording insurance or not having insurance.

**How self-funded insurance and third-party administration works and who primarily is insured under self-funded plans**

00:38:53 **Susan Witte, Allegiance Benefit Plan Management, Inc., and Allegiance Life & Health Insurance Company**, discussed self-funded groups, and Third Party Administrators (TPA)s . With self-funded groups each employer pays each claim out-of-pocket as those claims are presented instead of paying a fixed premium. She discussed the people who finance self-funded health benefit plans in Montana, including: 1) State of Montana, 2) Montana University System (MUS), 3) Northwestern Energy, 4) First Interstate Bank, 5) Washington Corporation, and 6) most of the cities, counties and school districts. A self-funding group will hire an outside entity such as a TPA to process claims for certain services. Allegiance Life & Health Insurance Company works as a TPA to assist employers in designing plans to ensure they are making the best use of their money, such as: co-pays, deductibles, and what benefits those employees want. TPAs connect groups to networks, provider discounts for clients, and adjudicate and take claims. TPAs are regulated by the Montana Insurance Department. Ms. Witte said that Allegiance was registered in 1981, and receives an annual certificate of registration. She talked about other TPAs in Montana, e.g., Employee Benefit Management Services (EBMS) in Billings, and Blue Cross/Blue Shield (BS/BC) of Montana. She discussed a federal law known as ERISA (Employee Retirement Income Security Act of 1974). It provides a uniform system and regulation for health and welfare plans covering employees across the United States. ERISA is part of the labor laws in the United States and it governs the structure of employee benefit plans. Ms. Witte talked about ERISA compliance, which is a big issue for self-funded group plans and their employer sponsors. She discussed other federal regulations that affect self-funded groups, such as: HIPAA, and other provisions required in federal laws.

00:42:56 Ms. Witte said state laws regulating state insurance are most likely pre-empted by ERISA. She closed stating that the self-insured do not contribute to the uninsured risk pool or the uncovered pool set by the Montana Comprehensive Health Association (MCHA). People that enter into the MCHA come from a fully admitted carrier who are the same ones that are denying coverage. Self-insured

and self-funded group plans offer portability and conversion rights. She stated that a self-funded employer should not be assessed for an MCHA assessment.

**How the Montana Contractors' Association insurance pool and portability plan works**

00:45:52 **Martell Hilderbrand, Montana Health Trust Insurance Plan for Montana Contractors' Association (MCA)**, talked about MCA portability, which was established in 1988. MCA provides one-stop-shopping that handles all phases of the construction trade, including: contractors, labors, carpenters, welders, etc.

00:47:36 Mr. Hilderbrand said that the MCA covers 75 employers, 2,700 employees, and 3,800 employee dependents. He talked about a consolidated rate which is the same if a person is single, or has one dependent, or has full family coverage. He discussed the Davis-Bacon Act requirements, stating that employers are required to pay their part of the contribution.

00:51:31 Mr. Hilderbrand discussed portability insurance, and how it allows employees to work for various employers from one job to another and not lose their benefits because it is one insurer working for all of the employees. He compared the portability to the insurance exchange.

**How Insure Montana is working to decrease number of uninsured**

00:59:00 **John Morrison, Insurance Commissioner, Montana State Auditor's Office**, talked about Insure Montana, and its affordability and accessibility. He distributed a powerpoint presentation and explained each slide. **EXHIBIT 3**

- 1) Montanans pay \$3.5 billion per year for premiums across all lines, and the state of Montana collected about \$59.7 million in premium taxes in 2006.
- 2) 333 Licensed Accident and Health Insurers in Montana, and the estimated dollars in premium taxes that are paid out.
- 3) The top five health insurance carriers in Montana.
- 4) One in five Montanans or 170,000 residents do not have health insurance, and 53 % of these uninsured people work for small businesses.
- 5) To be eligible for Insure Montana small businesses can only have one to nine employees, and must not have applied for group health insurance in the past 24 months. Over 600 small businesses are on the waiting list to participate in the Insure program.

Mr. Morrison said that several congressional bills have been modeled after Insurer Montana, and has attracted interest in other states. He said this model has the potential for further advancement in solutions for problems on affordability and accessibility coverage.

01:04:59 6) Mr. Morrison talked about how Insure Montana is uniquely funded from a \$1 per pack cigarette tax which generates \$70 million per year. He urged the committee to increase the allocation to the special revenue account to help reduce the waiting list, and to expand the access list for Insure Montana.

01:15:24 Mr. Morrison discussed the Massachusetts' plan in comparison with Montana stating that Montana is a geographically larger state with fewer people. He stated that what works in Massachusetts may not work in Montana. He said that Montana has a larger number of uninsured citizens than Massachusetts.

01:16:06 There are two Insure Montana plans currently offered: 1) standard, and 2) premier. Mr. Morrison said that Blue Cross/Blue Shield (BC/BS) is the current insurer for the state of Montana, but statutes do allow up to three companies to be involved. A request for proposal will be let this spring that will bring in other insurers. He discussed the increase in insurance rates, and the benefits.

01:16:40 Mr. Morrison talked about a ballot initiative for 2008 that will provide a plan that would enroll 37,000 children not yet covered in the CHIP program. He said that 24,000 of these children are below the federal poverty level, and will automatically be enrolled in CHIP.

#### **State government insurance as related to prospective financing reforms**

01:18:21 **Connie Welsh, Administrator - Health Care and Benefits Division (HCB), Department of Administration ( D of A)**, informed the committee that her Division administers the state employee health plan for the state of Montana. She said the health plan began in 1979 when the legislature passed a bill to cover all employees. Up to 1979, state employees were covered by individual policies purchased by their agency. She talked about the state health policies from 1979 to 1984 that were fully insured and purchased on the open market. She discussed the current health plan in place, and stated it is the largest employer health plan in the state of Montana, and it covers a total of 32,000 people that include retirees, employees and their dependents. Ms. Welsh gave credit to the 1979 Legislature stating that the legislators were incredibly way ahead of their time. She talked about the benefits and how there is no bargaining for health insurance because it is handled statutorily and vested through the D of A for its operation. The legislature set up an advisory council that has certain requirements for membership and includes retired members, employees in the union, and state employees who work together to find solutions and give recommendations in the development of the health care plan.

01:21:09 Ms. Welsh discussed how the legislature appropriates and sets up a single contribution rate per month for each employee. She stated this is the same for the

MUS. She said the state doesn't do a combined rate, but they have the ability with the employer contribution to set up mechanisms for management and financing of the plan, which has kept costs down and makes it responsive to the market place.

01:22:26 Ms. Welsh stated that the employer contribution to the Montana health plan has paid approximately two-thirds of the cost of the plan. She said that the retirees and employees then pay their out-of-pocket share for premiums or out-of-pocket cost to cover their dependents. She discussed the risk transfer and financing that risk.

01:23:53 Ms. Welsh informed the committee that the current average age of a state employee covered by insurance is now 47 years of age, and for every year that age goes up so does the insurance. Ms. Welsh said that 9% of the 32,000 people covered by the state health plan use 85% of the dollars. She said when her staff discuss insurance issues they are very aware of the demographics of the people that use health care the most.

01:25:28 Ms. Welsh said there is one issue that hasn't been addressed in all of these discussions and that is the demand side of the equation. She talked about the reasons that insurance started, and said it was to assist those who have chronic medical conditions. Ms. Welsh closed stating that Montana needs to look at a health care reform that is structured to the Massachusetts' model.

**Local government insurance picture as related to prospective financing reforms**

01:28:06 Owen Voigt, Administrator, Montana Association of Counties Health Care Trust for Montana Association of Counties (MACo), Helena, said that MACo provides:

- ▶ health and life insurance benefits for county employees and special districts,
- ▶ benefits to cities and towns through an inter-local agreement for their employees,
- ▶ plans for elected city officials and board members throughout the state, and
- ▶ plans for retirees on COBRA along with a secondary part B Medicare supplement.

01:29:07 Mr. Voigt discussed MACo's plan, and how it is similar to the way state government handles its pool, such as: 1) collect premiums, 2) have contributions, and 3) provide appropriate reserve levels.

01:29:43 Mr. Voigt talked about the way MACo handles its health benefits is by looking at the costs for each of the plans that are provided to their members, for example; each county and city elect different types of coverages to fit the separate

individuals. He said a young single employee has different benefit needs than a family with dependents or an older person reaching retirement. MACo builds on each of these separate plans to fit the needs of each person.

01:31:12 Mr. Voigt informed the committee that MACo also has portability insurance, e.g., if a person works in one county and moved to another county, but stayed employed with a county that plan would not change.

01:32:45 Mr. Voigt discussed the financing side of MACo's insurance plan. He talked about the different ways that MACo receives financing; special taxes, general tax from the county, and through employer contributions. There are members through the trust that are non-compensated board members, commissioners, and supervisors that provide private pay out of their pocket. Some of the smaller districts receive grants to cover insurance premiums through conservation districts and other plans.

**Questions from Committee Members and the Public:**

01:36:58 REP. THOMAS asked John Morrison about Exhibit 3, page 5, about the Insure Montana Program coverage for Montanans. Mr. Morrison explained that a percentage of individuals under 65 years of age are covered by individual health insurance as opposed to group insurance or public insurance. REP. THOMAS wanted to know who administers the Insure Montana Program for claim allocations and who pays the claims. Mr. Morrison said that the program is administered through the State Auditor's Office, and a Board of seven members make management decisions. He said the carrier is BC/BS who also makes the provider payments. REP. THOMAS asked if a provider list is put out for public bid for administrators to bid on. Mr. Morrison said that a request for proposal will be released this coming spring that will provide for three carriers to write proposals, and they will also have six plans to choose from. He said that the statute provides 30% of the money that is allocated to the pool, which is approximately \$6.3 million, and 30% or about \$2.1 million can leave the pool in the form of premium incentives for assistance payments to small businesses that want cheaper choices, such as: the Montana Retail Association, and other qualifying association plans that are insured associations. He talked about the 785 businesses currently in the pool, and said one business did leave the pool but has since returned.

01:39:13 REP. THOMAS asked John Morrison about the funding for the initiative to cover the CHIP program. Mr. Morrison responded that the funding will boost CHIP up to the 200% level from the 175% of the federal poverty level. Mr. Morrison said that currently there is no increase contemplated for this initiative because it will be funded out of the general fund. He said it is his commitment to keep overall costs down.

- 01:42:56 REP. MACLAREN gave an example of two employers contributing to one employee who is seasonal, part-time, etc. and asked "why would this need to be mandatory." Mr. Morrison said if the connector is used in such a way to make all insurance coverage for everyone, e.g., individual insurance, or private instead of group insurance they would have to figure out another way to make sure that these employees will take advantage of this insurance opportunity.
- 01:45:42 REP. MENDENHALL asked about the eligible age for a child being covered up to 25 years of age, and what is the federal amount that a family would qualify for this eligibility. Mr. Morrison replied that the initiative envisioned applies to children up to the age of 18 years. The federal poverty level for a family of four is raised to 200%.
- 01:50:02 REP. THOMAS asked for an explanation on the difference of the two philosophies between Susan Witte and Frank Cote's organizations. Mr. Cote responded that the America Health Insurance Plan is an association of approximately 1,300 health insurance companies across the country. Self-insurance is a vehicle for larger groups that have more control, such as: the state of Montana's self-insured program. Mr. Cote talked about state mandates and making it as broad as possible by covering self-insured groups that include the state of Montana, MUS, and local governments. Mr. Cote said the City of Boulder is a fully self-insured group, and could be required to have a mandate and the City of Helena wouldn't have to have a mandate. He reiterated a comment that Susan Witte made about self-insured groups putting mandates on their policies, and stated it should be a consumer's choice. If a consumer wishes to purchase a mandate on their policy they should have that choice, and shouldn't be forced to purchase mandates
- 01:55:02 Susan Witte, Allegiance Benefit Plan Management, responded by informing the committee members that Allegiance is a TPA, but it is also an insurance company called Allegiance Life and Health Insurance Company. She said it is a new company, and they are also a member of the company that Frank Cote represents, America's Health Insurance Plans. She said there were two mandates that passed in the 2007 session, HB 687-Well Child Mandate, and SB 419-insurance coverage for children up to age 25. These two mandates include some political subdivisions that are self-funded. She talked about self-funded plans that are regulated by ERISA, which focuses on two issues: 1) a strong fiduciary responsibility, and 2) people responsibility.
- 01:56:52 REP. THOMAS asked Frank Cote about the difference between Federal versus State mandates. Mr. Cote said if the federal government passes a mandate it will apply to everyone that has group insurance. A state mandate applies only to fully insured groups.

- 02:16:28 REP. ERNIE DUTTON, HD 56, BILLINGS, distributed a handout on "A Vision for a Consumer Oriented Healthcare System for Montana". He discussed how mandates affect insurance costs. He talked about the uninsured having access to benefits while not contributing to the cost of insurance, and stated this raises the cost of insurance to the 80% of the people with insurance. **EXHIBIT 4**
- 02:19:56 Martell Hilderbrand, MCA, talked about focusing on who is insurable and those that do not want to be insured.
- 02:28:09 Owen Voigt informed the committee there are two points regarding trusts: 1) transparency, and 2) mandates.
- 02:30:06 Jason Todhunter, Montana Logging Association (MLA), said the MLA has issues with mandates, and stated that customers should have a choice. He urged the Committee to address accessibility, and the MLA will endorse anything that will lower insurance costs.

**Roundtable discussion by presenters on:**

- ▶ What changes would be needed in Montana law for the legislature to adopt:
- ▶ A health insurance exchange or other type of portability option, and
- ▶ Change to the insurance code.

**Mandate to have insurance (individual or employer mandate)**

- 02:35:1 Mr. Hilderbrand talked about structure and laws that will have to be changed. He questioned how insurance can be mandated unless the Legislature can create a level of affordability.
- 02:45:02 REP. MENDENHALL discussed mandated insurance being an epidemic, and asked how can mandates decrease costs? REP. DUTTON responded that an insurance exchange could allow people to identify their own plan, price, and cost.

**Guaranteed issue, disallowing pre-existing condition exemptions**

- 02:49:17 Angela Huschka, New West, Helena, talked about a need to mandate on an individual basis. If there is guaranteed issue, and pre-existing conditions are disallowed by community ratings, they (New West) would need to mandate coverage on an individual basis or only those that need coverage would purchase it.

**PUBLIC COMMENT:**

REP. MENDENHALL opened the discussion for public comment on disallowing for pre-existing conditions, guaranteed issues, mandated services, and community rating.

02:55:04 REP. MACLAREN discussed the insurance exchange portability. He said it would function like a Human Resource Department. They would handle payroll deductions. He talked about: 1) Section 125 plans; 2) pretax plans, and 3) after tax-benefits of the exchange;

- community rating, and
- assessments on self-funded plans to fund uncompensated care.

REP. MENDENHALL asked if there was any public comment. There was none. He said that the next meeting the committee will be discussing public assistance, and other states' approaches.

02:57:23 REP. MENDENHALL closed by thanking the presenters, and the people who assisted and participated in the teleconference.

02:58:23 REP. MENDENHALL adjourned the committee at 4:00 p.m.

\*Helena site is at MHA, 1720 Ninth Ave.

\*Billings site is at St. Vincent Healthcare Mansfield Center.