



Economic Affairs Interim Committee
62nd Montana Legislature

SENATE MEMBERS

JOE BALYEAT
TOM FACEY
EDWARD WALKER
JONATHAN WINDY BOY

HOUSE MEMBERS

TOM BERRY
CHUCK HUNTER
CAROLYN SQUIRES
GORDON VANCE

COMMITTEE STAFF

PAT MURDO, Lead Staff
BART CAMPBELL, Staff Attorney
CLAUDIA (CJ) JOHNSON, Secretary

MINUTES

June 3, 2011
Room 137

Capitol Bldg
Helena, 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.**

Please note: These minutes provide abbreviated information about committee discussion, public testimony, action taken, and other activities. The minutes are accompanied by an audio recording. For each action listed, the minutes indicate the approximate amount of time in hours, minutes, and seconds that has elapsed since the start of the meeting. This time may be used to locate the activity on the audio recording.

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.

COMMITTEE MEMBERS PRESENT

SEN. JOE BALYEAT
SEN. TOM FACEY (by phone for 1 hour)
SEN. EDWARD WALKER
SEN. JONATHAN WINDY BOY

REP. TOM BERRY
REP. CHUCK HUNTER
REP. CAROLYN SQUIRES
REP. GORDON VANCE

COMMITTEE MEMBERS EXCUSED

SEN. TOM FACEY - PRESENT VIA TELECOM FOR 1 HOUR

STAFF PRESENT

PAT MURDO, Lead Staff
BART CAMPBELL, Staff Attorney
CLAUDIA (Cj) JOHNSON, Secretary
LEGISLATIVE FISCAL STAFF: Quinn Holzer, Lois Steinbeck, Kris Wilkinson

Visitors/Agenda

Visitors' list, [Attachment #1](#)
Agenda, [Attachment #2](#)

COMMITTEE ACTION

The Economic Affairs Interim Committee:

- voted in favor of a moderate involvement of HB 525.
- voted in favor of a moderate involvement of HJR 33.
- selected Rep. Tom Berry as presiding officer.
- selected Sen. Tom Facey as vice presiding officer.
- Presiding Officer Berry appointed Sen. Joe Balyeat and Rep. Chuck Hunter as liaisons for Montana State Fund.

CALL TO ORDER AND ROLL CALL

00:03:16 Sen. Joe Balyeat, acting chairman as the senior senator, welcomed the committee. He opened by having each member introduce themselves. The secretary called roll call. [Attachment #3](#)

AGENDA

00:06:44 Sen. Balyeat talked about HJR 33, and informed the committee members that HJR 33 is a study regarding the Health Insurance Exchange for Montana.

[Exhibit 1](#)

00:08:22 Pat Murdo, Research Analyst, distributed handouts and gave an overview of each.

- Rules, guidelines, and procedures. [Exhibit 2](#)
- Appendix A - member issues. [Exhibit 3](#)
- The EAIC work plan. [Exhibit 4](#)

State Auditor's Office regarding the State or Federal Health Insurance Exchange

00:17:30 Jesse Laslovich, State Auditors Office, distributed a PowerPoint explaining efforts in Montana to create a health insurance exchange. [Exhibit 5](#) Mr. Laslovich said the State Auditor's Office has received a \$1 million grant to gather data and establish guidelines for a Montana Health Insurance Exchange.

[Exhibit 6](#)

Committee comments and questions of Mr. Laslovich

The committee talked about how the U. S. Department of Health and Human

Services is dealing with federal Health Insurance Exchanges and options for Montana.

00:29:18 Sen. Balyeat
00:30:34 Rep. Berry
00:32:50 Rep. Hunter
00:33:40 Sen. Walker
00:40:51 Rep. Squires
00:46:34 Sen. Walker
01:00:08 Mr. Laslovich

Public Comment on HJR 33

01:08:22 **Linda Snedigar, Administrator, Human and Community Services Division, Department of Public Health and Human Services (DPHHS)**, said her division studies Medicaid eligibility, and explained that the work is under way to coordinate Medicaid eligibility determinations with whatever type of health insurance exchange plan is put into effect.

01:11:41 **Todd Lovshin, representing Allegiance Life and Health Insurance, Missoula**, said that Allegiance is available to answer any questions the members may have, and assist the committee as they work toward the development of an exchange policy.

01:12:50 **Bill Warden, representing National Association of Insurance and Financial Advisors, (NAIFA)**, said that NAIFA worked with Rep. Berry in drafting HB 620, a health care gateway equivalent of an exchange. He responded to comments made earlier by Sen. Walker how a federal exchange will affect small insurance businesses. Mr. Warden said he hopes that the committee will solve this problem for a Montana based exchange, and not give the federal government the opportunity to impose their exchange regulation on Montana.

01:13:43 **Frank Cote, Blue Cross/Blue Shield of Montana**, said he is available for any assistance the committee may need. He also said that **Tanya Ask, New West Health Services**, who was not able to attend the meeting today will also be available to assist and participate in the health insurance exchange process.

01:15:01 **Erin McGowan Fincham, American Cancer Society Cancer Action Network**, encouraged the committee to look at the consumer protection information that has been made available.

01:21:54 Sen. Facey is now present via teleconference.

01:22:21 Ms. Murdo continued with her review of the work plan with emphasis regarding the assigned study of HJR 33.

01:25:32 Sen. Balyeat talked about subcategories for HJR 33, and said the committee will need to determine priorities.

01:26"28 Ms. Murdo continued with the work plan, and said that SJR 15 can be a white

paper, because it will require a minimal amount of study.

01:29:43 **The committee members discussed the amount of time they would like to devote to HJR 33. Ms. Murdo gave an overview of the components for HJR 33, page 17. The members checked off a form of their priorities for HJR 33.**

Licensing Board Review - HB 525

01:43:57 Ms. Murdo and committee members reviewed HB 525 - Overview of Licensing Boards. **Exhibit 7** Sen. Balyeat asked for a motion to prioritize the amount of study time the committee wants to spend on licensing boards.

Motion

01:52:32 Rep. Vance made a motion that the committee conduct a moderate discussion of HB 525.

Discussion:

01:53:04 Ms. Murdo explained that a minimal study will not require a survey, which a moderate study would take more time. She said that stakeholder involvement is included on all levels.

Vote

01:54:35 The motion **passed** unanimously by voice vote for a moderate involvement of HB 525.

Health Insurance Exchange - HJR 33

01:54:52 **Sen. Balyeat, Ms. Murdo, and committee members discussed HJR 33.**

01:56:41 Rep. Vance

01:57:24 Sen. Windy Boy

01:57:49 Rep. Berry

01:58:08 Rep. Hunter

01:59:10 Sen. Facey

Motion

02:00:26 A motion was made by Rep. Berry to have the committee devote a moderate discussion of HJR 33. The motion **passed** 6-2. **Sen. Walker** and **Sen. Windy Boy** voted no.

Election of presiding officer and vice presiding officer

02:03:34 The committee discussed previous presiding officers and how the rotation works. **Exhibit 8**

Motion

02:06:09 Sen. Walker nominated Rep. Vance to be presiding officer.

Motion

02:06:38 Rep. Hunter nominated Rep. Berry to be presiding officer.

02:06:43 Sen. Balyeat closed the discussion for motions of a presiding officer.

02:07:05 Rep. Vance withdrew his name.

Vote

02:07:22 The motion to select Rep. Berry as presiding officer **passed** unanimously by voice vote.

Motion/vote

02:08:20 Rep. Squires made a motion to select Sen. Facey as vice presiding officer. The motion **passed** unanimously by voice vote.

02:09:31 Break for lunch. 12:09 - to 1:30 p.m.

03:33:12 Rep. Berry called the committee back to order.

Overview of Licensing Boards - HB 525

03:33:51 **Lisa Johnson, Department of Labor and Industry (DLI), Business Standard Division (BSD)**, gave an overview of licensing boards, and explained the division's oversight of these boards. Ms. Johnson distributed the following handouts that explain the Board's responsibilities;

- how costs are allocated, [Exhibit 9](#) and
- board budgets and complaint statistics. [Exhibit 10, 10a](#)

03:52:28 **Quinn Holzer, Fiscal Analyst, LFD**, distributed a memo regarding the BSD licensing fees, and explained the process how the four bureaus work and set licensing fees . [Exhibit 11](#)

03:56:01 **Susan Good, Montana Hearing Society**, commented on the fees for the Board of Hearing Aid Dispensers. Ms. Good asked that the rules and laws be fixed so the fees are more reasonable.

Rules

04:00:49 **Bart Campbell, Staff Attorney**, explained the rules and how they apply to the EAIC. He said that State Fund is a new addition to the oversight of the EAIC. He talked about brucellosis and how it had been a big issue in the committee. Mr. Campbell will mail out a synopsis of all the rules that pertain to the committee, and if someone is concerned about an issue, they can contact Mr. Campbell which rules they want addressed.

04:15:08 **Laurence Hubbard, CEO, Montana State Fund**, gave an update of the implementation of HB 334, a bill that revises workers' compensation. Mr. Hubbard distributed three handouts, and provided explanations: (** see note on page 7 at end of the minutes)

- the change in law of "Loss Cost Filings" . [Exhibit 12](#)
- the rate structure of Montana State Fund Rates, and how it compares to current rates. [Exhibit 13](#)
- the rate levels and percent change, and its impact from HB 334. [Exhibit 14](#)

Committee comments and questions

- 04:37:46 Sen. Balyeat and Rep. Hunter talked about the Montana State Fund Board meeting they attended, and some of what they learned about loss cost rates.
- 04:39:05 Sen. Walker asked how the bill is expected to affect Montana's ranking with other states. Mr. Hubbard said that other states are also undergoing workers' compensation reforms, and that Montana might be between 12th and 15th out of the 50 states.
- 04:40:10 Rep. Hunter asked for updates on premium costs by size of businesses over time.
- Sen. Balyeat noted that some small employers will not receive a 20% reduction in rates, which Mr. Hubbard explained how it would work.

Public Comment

- 04:48:08 **Harold Blattie, Montana Association of Counties (MACo)**, distributed a handout about equipment loaned by the Department of Natural Resources and Conservation to counties under a fire cooperation agreement. [Exhibit 15](#) He discussed a problem regarding workers' compensation between counties and volunteer fire fighters. DNRC requires workers' compensation to loan equipment to the counties, but the counties do not have money to pay the premiums for the volunteers. Mr. Blattie suggested that a statewide fund be set aside to pay workers' compensation for volunteer firefighters.
- 04:57:19 **Mary Sexton, Director, Department of Natural Resources and Conservation (DNRC)**, talked about entering into cooperative programs with the counties. The counties are DNRC's first responders to fires. She said it is essential that the volunteers be covered by workers' compensation. She asked for the committee's assistance to solve this issue.

Committee comments and questions

- 05:01:13 The committee members asked questions of Mr. Hubbard about workers' compensation for volunteer firefighters. Rep. Hunter said this is an issue that is not going to go away, and he suggested that more needs to be done on presumptive occupational diseases of firefighters.
- 05:07:52 Mr. Blattie commented that MACo provides workers' compensation to 48 counties.
- 05:10:50 **Larry Jones, representing Liberty Northwest**, gave an overview of workers' compensation.
- 05:12:02 **Jacquelyn Lenmark, representing AIA, ACLI, and AFLAC**, talked about loss costs and their evaluation by the State Auditor.
- 05:14:45 **Sheila Stearns, Commissioner of Higher Education**, distributed a handout and explained the Montana University System (MUS) Workforce Development program. [Exhibit 16](#)

Committee comments and questions

05:19:05 Sen. Balyeat

05:21:14 Sen. Walker

Liaisons

05:23:09 Rep. Berry selected Sen. Balyeat and Rep. Hunter as **liaisons** for State Fund.

Committee comments and questions

05:25:44 The committee members asked if a representative from the U.S. Department of Health and Human Services could address the committee's concerns regarding the Health Insurance Exchange at the next EAIC meeting.

05:26:55 Ms. Murdo and the committee discussed issues that will be on the next EAIC's meeting agenda. She asked the members to fill out the Health Insurance Exchange survey form and submit it to her as soon as possible.

Adjournment

05:30:05 Rep. Berry adjourned the Economic Affairs committee at 3:28 p.m.

****Exhibit 17** Clarification from Laurence Hubbard, CEO, State Fund, regarding loss-based minimum premiums.