



Economic Affairs Interim Committee

64th Montana Legislature

SENATE MEMBERS

GORDON VANCE--Vice Chair
TOM FACEY
RICK RIPLEY
LEA WHITFORD

HOUSE MEMBERS

RYAN LYNCH--Chair
MIKE LANG
NATE MCCONNELL
VINCE RICCI

COMMITTEE STAFF

PATRICIA MURDO, Lead Staff
JAMESON WALKER, Staff Attorney
LAURA SHERLEY, Secretary

MINUTES LOG

February 4th, 2016
Room #102, Capitol Building
Helena, Montana

Please note: This document is a Minutes Log and provides a notation of the time elapsed between the beginning of the meeting and the time at which the item was presented or discussed, a motion was made, or a vote was taken. The narrative presented here is provided only as a guide to the audio or video record of the meeting. The official discussion, motion, or vote is available on the audio or video archive of this meeting. The Legislature does not prepare a transcript of meeting activities. The time designation may be used to locate the referenced discussion on the audio or video recording of this meeting.

Access to an electronic copy of these minutes and the audio or video recording is provided from the Legislative Branch home page at <http://leg.mt.gov>. On the left-side menu of the home page, select Committees, then Interim. Once on the page for Interim Committees, scroll down to the appropriate committee. The written Minutes Log, along with the audio and video recordings, is listed by meeting date on the interim committee's web page. Each of the Exhibits is linked and can be viewed by clicking on the Exhibit of interest. All Exhibits are public information and may be printed.

Please contact the Legislative Services Division at 406-444-3064 for more information.

COMMITTEE MEMBERS PRESENT

REP. RYAN LYNCH, Chair
SEN. GORDON VANCE, Vice Chair

SEN. TOM FACEY
SEN. RICK RIPLEY
SEN. LEA WHITFORD

REP. MIKE LANG
REP. NATE MCCONNELL
REP. VINCE RICCI

COMMITTEE MEMBERS EXCUSED

NONE

STAFF PRESENT

PATRICIA MURDO, Lead Staff
JAMESON WALKER, Staff Attorney
LAURA SHERLEY, Secretary

VISITORS' LIST (Attachment 1)

AGENDA (Attachment 2)

COMMITTEE ACTIONS

The Economic Affairs Interim Committee at its Feb. 4-5 meeting:

- voted 6-2 (Sen. Vance and Rep. Ricci voting no) to lift its objection to the Board of Livestock proposed rule that would increase assessments on dairies and begin assessing processors to help fund the Milk and Egg Inspection Bureau;
- voted unanimously to send a letter to Montana's Congressional Delegation requesting Sen. Jon Tester, Sen. Steve Daines, and Congressman Ryan Zinke to consider revising the Airline Deregulation Act and various other federal laws that preempt state regulations related to air ambulances;
- voted unanimously to send a letter requesting that the State Auditor's Office coordinate a working group to develop industry-based solutions in Montana in relation to air ambulance balance billing concerns and interactions between air ambulance providers and insurance companies or self-insured employer plans; and
- revised its appointment of a minority member from the Senate to the Rail Service Competition Council (as provided in 2-15-2511(1)(f), MCA). Sen. Facey said he would serve on the RSCC after Sen. Whitford said other commitments made serving difficult for her. Rep. Lang is the other RSCC appointment from the Economic Affairs Interim Committee.

CALL TO ORDER AND ROLL CALL

00:00:03 Rep. Lynch called the meeting to order at 9:31 a.m. Pat Murdo, Research Analyst, introduced the new committee secretary. The committee secretary called roll ([Attachment 3](#)).

00:01:22 Ms. Murdo reviewed the agenda and meeting materials.

00:02:44 Rep. McConnell joined the meeting at 9:33 a.m.

ASSIGNED STUDIES -- HJR 29

Introduction to Insurance and Overview of NCCI Data on Workers Compensation

00:05:30 Ms. Murdo ([Exhibit 1](#))

Panel on Air Ambulance Company Memberships, Reciprocity, Network Participation, Balance Billing

Bill Bryant, Sierra Health Group
Don Wharton, REACHAir
Ron Oldfield, St. Vincent's HELP Flight (by video conference)
Cindy McFeely, Director of Finance, Airlift Northwest

00:10:10 Bill Bryant ([Exhibit 2](#))
00:38:56 Don Wharton

00:49:55 Ron Oldfield
00:52:54 Mr. Oldfield transferred his presentation to Chad Cady, St. Vincent's HELP Flight's chief flight registered nurse.
00:54:46 Cindy McFeely

Committee Questions

01:03:28 Sen. Facey asked Mr. Wharton what REACHAir's tax status is for Bozeman, MT. Sen. Facey asked a followup question if Mr. Wharton believes there are more air ambulance services in Montana than there were 10 years prior and if increased competition in air ambulance services will lower cost.
01:05:44 Rep. Lang asked Mr. Oldfield what percentage of his clients are Medicare enrollees and how St. Vincent's HELP Flight handles the costs for these patients.
01:07:29 Sen. Facey asked Mr. Wharton how often his organization is approached for prior authorization for nonemergency situations.
01:09:25 Sen. Ripley asked Mr. Bryant how he could legislate prompt-payment for his alternative solution option #2 (**refer to Exhibit 2, page 18**).
01:10:39 Rep. Lynch asked Mr. Oldfield, Ms. McFeely, and Mr. Wharton if their respective companies are involved in the consortium to negotiate air ambulance rates. Rep. Lynch asked a followup question to Mr. Wharton regarding in-network agreements for rates with air ambulance companies.
01:13:27 Rep. Lynch asked Mr. Oldfield if his company was able to negotiate any rates with their air flight medical services.
01:14:16 Sen. Whitford asked Mr. Oldfield to explain the membership model of St. Vincent HELP Flight medical services.
01:16:32 Sen. Whitford asked Mr. Bryant to explain the membership issue of preemptions. Mr. Bryant referred to (**Exhibit 3**), (**Exhibit 4**), and (**Exhibit 5**).

Panel on Insurance Issues Related to Air Ambulance Costs, Including Network Participation

Ron Dewsnup, Allegiance President
Paul Pedersen, Blue Cross Blue Shield of Montana
Todd Lovshin, Pacific Source
Dave Gibson, 3Rivers Communications
Marilyn Bartlett, Health Care Benefits Division Administrator for the state
Connie Welsh, Director of Montana University System Health Plan

01:21:12 Ron Dewsnup (**Exhibit 6**)
01:34:29 Paul Pedersen
01:39:17 Todd Lovshin
01:44:02 Dave Gibson
01:52:15 Marilyn Bartlett
02:04:18 Connie Welsh

Committee Questions

02:12:16 Sen. Facey commented about the number of air ambulances as they relate to each legislative district. He asked Mr. Lovshin, Mr. Pedersen, and Mr. Dewsnup how many people in Montana would be considered out of network for their respective companies.

02:16:01 Sen. Facey commented that communication should be open between hospitals and providers to the families regarding the costs of air ambulance services.

02:16:56 Rep. Ricci asked Mr. Pedersen to comment on Mr. Bryant's statement earlier about balance billing as related to Blue Cross Blue Shield of Montana.

02:19:14 Rep. Lynch asked Mr. Pedersen how many cases are included in the \$5 million that Mr. Pedersen reported.

02:20:04 Rep. McConnell asked Ms. Welsh whether double billing cases can be negotiated. Rep. McConnell asked a followup question about litigation.

02:23:12 Rep. McConnell asked Mr. Lovshin and Mr. Wharton to comment about the reluctance of some air ambulance companies to communicate with insurance companies.

02:24:31 Rep. Lang asked Mr. Pedersen if there is a hospital in Montana that has not allowed Blue Cross Blue Shield to come into their service.

02:25:19 Rep. Lang asked Ms. Bartlett to expound on the Great Falls, MT incident she mentioned in her presentation. Rep. Lang asked a followup question about how the incident became an out-of-network situation.

02:27:05 Rep. Lang commented on an air ambulance situation for a patient in northern Montana.

02:27:48 Sen. Facey asked Mr. Pedersen about the costs of fixed-wing and rotor aircrafts.

Public Comment

02:29:49 Just Humphrey, Dillon MT, Montana Flight Nurse

02:40:35 Clay Berger, Northwest Montana STAT Air

02:45:08 Amy Thomson, Butte MT

02:50:57 David Andersen, President, Montana Association of Christians

AGENCY MONITORING -- STATE AUDITOR'S OFFICE

Overview of Agency's 2014-2015 Activities, Closeout of Insure Montana Program and the Montana Comprehensive Health Association - Jesse Laslovich, Chief Counsel for Commissioner Monica Lindeen

02:54:01 Mr. Laslovich ([Exhibit 7](#)) and ([Exhibit 8](#))

02:56:03 Sen. Facey asked Mr. Laslovich if either of the stated programs are like worker's compensation in that claims may be submitted in the future that would delay the closure of the program.

02:56:48 Mr. Laslovich continued his presentation.

Committee Questions

03:09:45 Rep. Ricci asked Mr. Laslovich whether air ambulance memberships are insured and how they are regulated.

03:10:38 Sen. Whitford asked Mr. Laslovich if he would be willing to sit down with public testifiers and members of the committee to bring forth possible solutions.

03:12:42 Sen. Whitford asked if a working committee might be established to discuss proposed changes and possible legislation [regarding air ambulances and insurance].

Public Comment

03:13:27 Amy Thomson, Butte MT

BREAK (Reconvened at 1:11pm)

AGENCY MONITORING -- BOARD OF LIVESTOCK

Introduction of New Executive Officer of Department of Livestock

03:41:19 John Scully, Vice Presiding Officer, Board of Livestock
03:42:03 Mike Honeycutt, Executive Officer, Department of Livestock

Department of Livestock Budget Review, Report on Activities - John Scully, Board of Livestock Vice Presiding Officer, and Lila Taylor, Board of Livestock member (Exhibit 9)

03:43:06 Mr. Scully
04:02:16 Sen. Vance asked Mr. Scully when the next meeting will be for the Board of Livestock.
04:02:42 Sen. Facey commented on Mr. Scully's presentation, the Board's work, working on the development of the veterinary diagnostic lab and related labs in Montana.
04:04:22 Sen. Vance agreed with Sen. Facey for the continued development of the labs. Sen. Vance also commended Mr. Scully and other board members for continued observation of bison-related issues.
04:05:12 Sen. Ripley asked Mr. Scully to expound on the funds that would be available from the Governor's Office and the availability of the funds. Sen. Ripley asked Mr. Scully a followup question about where additional funds will come from if they will be needed and if an upcoming audit will address use of general fund appropriations ahead of the special revenue.
04:14:02 Sen. Ripley asked Mr. Scully if additional dollars will be provided from the Governor's Office if the program is not complying with statute.
04:16:33 Ms. Taylor thanked the committee for the opportunity to be part of the panel and said she welcomed Mr. Honeycutt.
04:17:43 Mr. Scully began his presentation on the milk rule assessment.

Committee Questions

04:23:40 Sen. Facey asked if the milk distributors were involved in the licensing and fees with the Board of Milk Control.

Public Comment

04:25:53 Krista Lee Evans, Montana Milk Producers Association (Exhibit 10)
04:29:03 Sen. Taylor Brown, SD 28
04:31:07 Matt Schaefer, CEO, Wilcoxson's Ice Cream
04:34:03 Sen. Facey asked Mr. Schaefer how many employees Wilcoxson's employs.
04:34:12 Sen. Ripley asked Mr. Schaefer if his company has had to pay an assessment in the past.
04:35:08 Rep. Ricci asked Mr. Schaefer about Wilcoxson's economic impact on the state of Montana.
04:36:30 Sen. Ripley wanted clarification on the statute regarding the milk assessment.
04:38:45 Doug Kamerman, dairy producer in Manhattan, MT
04:40:20 Rep. Ricci asked Mr. Kamerman what his regulations were for keeping his herd healthy.
04:41:15 Rep. Lynch asked Mr. Kamerman about the process of a milk inspection.
04:42:19 Sen. Facey asked who regulates milk producer fees and why was there an increase in the fees. The question was referred to Mr. Scully.

04:44:50 Sen. Facey commented about the use of general fund money for public health concerns versus the fees paid by milk producers to retain business standards by testing their products for impurities.

04:45:58 Lark Gilmer Smothermon, Poor Orphan Creamery

04:51:19 Rep. Lang asked Ms. Gilmer what kind of liability her company has.

04:51:41 Sen. Ripley asked George Harris, Department of Livestock, what is causing the deficit from \$60,000 in November 2014 to \$100,000. Sen. Ripley asked a followup question about where the increase is to go from the milk assessment.

04:55:15 Sen. Ripley commented that the increase in funds is addressing both a deficit and budgetary needs. Sen. Ripley asked a followup question regarding the budget.

04:57:40 Rep. Lang asked Mr. Scully if transferring the project back to the Milk Control Board would solve the problem. Rep. Lang asked a followup question that if government was not involved, would the businesses rely on their own liability insurance.

05:00:46 Sen. Ripley asked Mr. Scully if the milk rule is adopted would it not cause a bigger deficit due to the decrease in producers.

05:03:16 Sen. Vance asked Mr. Scully if the Board of Livestock plans to review all administrative rules.

05:07:47 Kim Ashmore, Helena, MT

05:09:05 Wendi Arnold, Flathead Lake Cheese

Discussion on Milk Assessment Proposed Rule and EAIC Request to Delay Assessment - Jameson Walker, EAIC Staff Attorney

05:11:24 Mr. Walker ([Exhibit 11](#))([Exhibit 12](#))

Committee Questions

05:18:28 Sen. Ripley asked Ms. Murdo when the next meeting date is for the Economic Affairs Interim Committee. Ms. Murdo referred to the remaining schedule chart ([Exhibit 13](#)).

Committee Action on whether to retain or lift request to delay rule implementation

05:19:33 Rep. Lynch reviewed a timeline related to the milk assessment rule.

05:22:08 Rep. Ricci commented that the industry opinions about their milk assessment rule should be considered.

05:22:40 Sen. Facey commented that he understands the Board of Livestock will not be adopting the rule as proposed.

05:23:26 Sen. Vance asked Mr. Scully if the Board of Livestock would be adopting the rule.

05:26:31 Rep. Lang asked what impact an objection would have on the Board of Livestock. The question was referred to Mr. Scully.

05:27:39 Ms. Murdo explained that a continued objection would allow for more possible comment before the committee. Mr Scully also said that the Board of Livestock would have public comment.

Motion

05:29:02 Sen. Ripley moved to lift the request to delay the milk rule assessment implementation.

Vote

05:29:30 The motion passed on a voice vote, 6-2 with Rep. Ricci and Sen. Vance voting 'no' ([Attachment 4](#)).

BREAK (Reconvened at 3:04 p.m.)

MEMBER/EMERGING TOPICS -- ECONOMIC DEVELOPMENT / BROADBAND**Discussion on Government Role in Funding ([Exhibit 14](#))**

Geoff Feiss, Montana Telecommunications Association
David Fine, City of Bozeman
Marcy Allen, Missoula/Bitterroot
Paul de Wolfe, President, Access Consulting
Russ Hendrickson, President, Montana Educational Technologists Association
Dave Dobbins, Cascade Schools

05:33:26 Geoff Feiss
05:47:31 David Fine
05:54:23 Marcy Allen ([Exhibit 15](#))
06:03:10 Paul de Wolfe
06:19:16 Russ Hendrickson
06:26:03 Dave Dobbins

Committee Questions

06:32:53 Rep. McConnell asked Mr. Feiss about his opinion on an open access network and how it would work.
06:35:01 Rep. McConnell asked a followup question to the panel about the demand that the broadband companies are hearing.
06:40:53 Sen. Whitford asked Mr. Feiss and Mr. de Wolfe about the number of providers and broadband connections in rural Montana.
06:50:12 Sen. Whitford asked a followup question about whether open access networks would benefit rural areas, including tribal areas, as well.
06:51:13 Rep. Lynch asked Mr. de Wolfe about the status of the state's mapping project and if there is a timeline to continue the mapping project.
06:56:43 Sen. Whitford asked Mr. Dobbins about his school's monthly internet bills. Sen. Whitford asked a followup question about internet needs in schools.

Public Comment

07:02:10 Hatton Littman, Director of Technology and Communications, Missoula County Public Schools
07:09:49 Nanette Gilbertson, Montana Library Association ([Exhibit 16](#))
07:12:45 Jason Moothart, CenturyLink

MEMBER TOPICS -- JOINT LABOR AND UNIVERSITY SYSTEM WORKFORCE DEVELOPMENT

07:16:06 Pam Bucy, Commissioner of Labor and Industry
07:22:14 John Cech, Montana University System
07:28:23 Kirk Lacey, Director, Industry Driven Workforce Development Partnerships ([Exhibit 17](#))

Committee Questions

- 07:46:20 Rep. Ricci asked Mr. Lacey if his program has a plan to work in the high schools to reach the students for dual credit.
- 07:49:24 Rep. Lynch asked the panel how the public can contact their respective programs about the dual credit programs.

RevUp Program and HealthCareMontana Program

- 07:51:29 Kaye Norris, Project Director, HealthCareMontana ([Exhibit 18](#))
- 07:53:45 Matt Springer, Project Director, RevUp Program ([Exhibit 19](#))

Public Comment

None

RULE REVIEW

- 07:56:44 Mr. Walker ([Exhibit 20](#))

Public Common on Any Issue within the Economic Affairs Interim Committee Purview

None

RECESS (Reconvened February 5th, 2016)

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