



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

MINUTES LOG

December 1, 2015
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

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

REP. RYAN LYNCH, Chair

STAFF PRESENT

PATRICIA MURDO, Lead Staff
JAMESON WALKER, Staff Attorney
NADINE SPENCER, Secretary

VISITORS' LIST (ATTACHMENT 1)

AGENDA (ATTACHMENT 2)

COMMITTEE ACTIONS

At the December 1-2, 2015, meeting the Economic Affairs Interim Committee requested the following information:

- an explanation of how Montana State Fund's dividend is allocated among state agencies;
- Board of Nursing licensing costs as to registered nurses and licensed practical nurses plus information on the last rate increase;
- changes in the Department of Livestock's per capita fee rates;
- a summary of a stakeholder meeting related to the Wool Lab, the Department of Livestock's Veterinary Diagnostic Laboratory, and other laboratories currently housed at Montana State University, Bozeman;
- charitable care policies of air ambulances serving Montana.

CALL TO ORDER AND ROLL CALL

00:00:02 Sen. Vance called the meeting to order at 10:00 a.m. The secretary called the roll. (ATTACHMENT 3) Rep. Lynch was excused and left his proxy with Rep. McConnell. (ATTACHMENT 4)

00:00:34 Sen. Vance

AGENCY MONITORING

Montana State Fund Overview, Including Budget and Implementation Plan for SB 123

Laurence Hubbard, CEO and president, Montana State Fund
Mark Barry, CFO, Montana State Fund

00:01:06 Mr. Hubbard began a PowerPoint presentation (EXHIBIT 1) and gave an overview of the Montana State Fund.

00:22:22 Mr. Barry discussed the financial condition of the Montana State Fund.

00:42:40 Mr. Hubbard said the committee was given a copy of the dividend policy adopted by the Montana State Fund Board of Directors. (EXHIBIT 2)

00:44:08 Mr. Barry gave a report on Montana State Fund's FY2016 budget. (EXHIBIT 3)

Public Comment

None

Committee Questions

00:48:01 Sen. Ripley asked Mr. Hubbard about managing high equity with a premium holiday.

00:50:25 Mr. Hubbard referred to the equity surplus recommendations.
00:52:12 Sen. Facey asked Mr. Hubbard about the judicial challenge to HB 334.
00:53:36 Sen. Facey asked Mr. Hubbard about Montana State Fund's use of the option of assigning a new primary caregiver to injured workers.
00:57:25 Sen. Facey asked Mr. Barry if state law dictates where funds are invested.
00:57:54 Sen. Facey asked Mr. Hubbard if he would want to have the ability to be a for-profit worker's compensation insurance carrier that could operate in other states.
00:59:14 Rep. Lang asked Mr. Hubbard about the loss reserve to equity ratio.
01:01:13 Sen. Vance asked Mr. Hubbard about the Return to Work Program.

01:04:28 Mr. Hubbard discussed implementation of SB 123.

Public Comment
None

Committee Questions

01:15:50 Sen. Facey explained one of the reasons why Montana State Fund needs to have 400% of capital adequacy.
01:16:20 Sen. Vance asked Jesse Laslovich, chief counsel, State Auditor's Office, if implementing SB 123 will affect fraud investigations.

Old Fund and Reserve Recommendations - Mark Barry, CFO, Montana State Fund

01:17:40 Mr. Barry

Committee Questions

01:22:28 Rep. Lang asked Mr. Barry how much money is available to cover expenses in the Old Fund.
01:24:17 Rep. Ricci asked Mr. Hubbard if there is a correlation between overtime and high accident rates.
01:26:24 Sen. Facey asked Mr. Hubbard if the transfer of money from the general fund to the Old Fund is related to funds being taken out of the Old Fund reserve during the 2002 special legislative session.
01:27:34 Sen. Whitford asked Mr. Hubbard if Montana State Fund anticipates additional asbestos claims.

01:29:02 Recess
01:39:08 Reconvene

Montana State Fund Actuarial Assessment by State Auditor's Office - Dan Reppert, principle and consulting actuary, Financial Risk Analysts, via webcast

01:39:34 Mr. Reppert ([EXHIBIT 4 - letter, presentation, full report](#))

02:07:16 Pat Murdo, committee staff, said Mr. Reppert will be available to answer questions after the next presentation.

Followup to Claim File Review, including Reserving Review, by Deloitte Consulting - David Duden, director, Deloitte Consulting LLP

02:07:33 Mr. Duden (**EXHIBIT 5**)

Committee Questions

02:23:11 Sen. Facey asked Mr. Duden about the context of his remark on subrogation.

02:24:07 Sen. Facey asked Mr. Hubbard to respond to the same question.

Public Comment

None

Committee Questions continued

02:25:45 Sen. Vance asked Nancy Butler, general counsel, Montana State Fund, about her plans after retirement.

02:26:44 Sen. Whitford thanked Ms. Butler for her service to the state.

02:27:05 Rep. Lang asked Mr. Hubbard how the employer dividend for loss ratio to premium paid is allocated back to the state.

02:28:27 Rep. Lang asked staff to look into how the dividend was allocated back to the state.

02:29:03 Break for Lunch - (reconvened at 1:30 p.m.)

ASSIGNED STUDIES - SB 390

Overview of SB 390 Study, Licensing Costs/Fees History and Comparative Data - Pat Murdo, EAIC staff

03:30:38 Ms. Murdo (**EXHIBIT 6 - background, direct costs, indirect costs, appendix II**)

Presentations on Department of Labor and Industry's Board Budgeting Process

Kim Moog, administrator, Centralized Services Division, Fiscal Support Bureau,
Department of Labor and Industry

Todd Younkin, administrator, Business Standards Division, Department of Labor and
Industry

03:37:26 Ms. Moog,

03:42:11 Ms. Moog provided a copy of the types of costs incurred by Boards. (**EXHIBIT 7**)

03:47:25 Mr. Younkin

Committee Questions

04:00:45 Sen. Facey asked Mr. Younkin if any Boards are currently under suspension.

04:01:00 Sen. Facey asked Mr. Younkin if the EAIC needs to take action on SB 390.

04:03:16 Sen. Whitford asked Mr. Younkin why the renewal cost is higher at the Board of Hearing Aid Dispensers when compared to other boards.

04:06:12 Sen. Whitford asked Mr. Younkin when the Board of Nursing last had an increase in cost and if licensed practical nurses pay the same cost as registered nurses.

Comments (by phone or in person) from Licensing Board Members (past or current)

- 04:08:46 Ms. Murdo provided copies of comments sent to the committee. **(EXHIBIT 8)**
04:10:25 Robin Cunningham, chairman, Board of Outfitters, spoke about the budgeting process.

Committee Questions

- 04:14:06 Sen. Vance asked Mr. Cunningham if meetings were cancelled because of insufficient funds.

Update on Board of Physical Therapy Examiners' proposed rule on dry needling - Judy Bovington, chief legal counsel, Department of Labor and Industry

- 04:15:10 Ms. Murdo provided information from the Montana Association of Acupuncture and Oriental Medicine. **(EXHIBIT 9)**
04:15:17 Ms. Bovington

Committee Questions

None

- 04:20:55 Ms. Murdo provided a copy of a petition requesting the committee vote "no" on the proposed rule to allow physical therapists to perform dry needling. **(EXHIBIT 10)**

Presentations on Pilot Project Budgeting Experience for Board of Public Accountants - Dan Vuckovich, CPA, member, Board of Public Accountants

- 04:21:57 Mr. Vuckovich

Committee Questions

- 04:30:02 Sen. Facey asked Mr. Vuckovich where the Board's office is located.
04:30:46 Sen. Vance asked Mr. Vuckovich if he will be better able to update the committee on how the program is operating in another five to six months.

RULE REVIEW - Jameson Walker, staff attorney

- 04:31:48 Mr. Walker **(EXHIBIT 11)**

Committee Questions

- 04:36:10 Sen. Ripley asked Mr. Walker about the increase in livestock fees. Mr. Walker re-referred the question to Ms. Murdo.

Public Comment

The following individuals provided public comment on the Board of Speech-Language Pathologists and Audiologists, with information provided by Mr. Walker on rule notices.

- 04:39:40 Abigail St. Lawrence, Montana Speech Language Hearing Association
04:44:13 Mr. Walker discussed the rule on public notice and hearing.
04:44:55 Sen. Ripley asked Mr. Walker about the rule.
04:45:19 Lezlie Pearce-Hopper, Montana Speech Language Hearing Association
04:47:55 Maria Carkeek, student, University of Montana

04:50:21 Sarah Schied, student, University of Montana
04:52:10 Jessica Reynolds, speech language pathologist, Helena School District
04:54:32 Jennifer Schoffer Closson, past president, Montana Speech Language Hearing Association

AGENCY MONITORING

04:59:01 Ms. Murdo said the committee was given an update on the Business and Industrial Development Corporation (BIDCO) Act. **(EXHIBIT 12)**

Division of Banking and Financial Institutions - Melanie Hall, commissioner, Division of Banking and Financial Institutions, Department of Administration

04:59:45 Ms. Hall

COMMITTEE ADMINISTRATIVE UPDATES - Pat Murdo, committee staff

05:06:57 Committee members discussed next steps for SB 390.
05:22:24 Ms. Murdo gave committee members a time-use survey to complete. **(EXHIBIT 13)**

Public Comment

05:24:21 Steve Turkiewicz, president and CEO, Montana Bankers Association

Committee Questions

05:25:18 Rep. Lang asked Mr. Turkiewicz if it is possible that the Dodd-Frank Wall Street Reform and Consumer Protection Act will be changed by Congress.

COMMITTEE ADMINISTRATIVE UPDATES, continued

05:27:19 Committee discussion on executive action on dry needling.

AGENCY MONITORING

Update on Board of Livestock Training Sessions, Audits, Finance Committee Reports

John Lehfeltdt, chair, Board of Livestock
John Scully, vice chair, Board of Livestock
Nina Baucus, Board of Livestock

05:32:13 Mr. Scully discussed personnel issues.
05:35:24 Mr. Scully discussed the budget. **(EXHIBIT 14)**
05:40:26 Mr. Lehfeltdt discussed Board training.
05:43:00 Mr. Scully discussed the Veterinary Diagnostic Laboratory.

Committee Questions

05:51:50 Sen. Ripley asked Mr. Scully if there will be a hearing on increasing milk fees.
05:53:30 Rep. Lang asked Mr. Scully about the cost to manage brucellosis.
05:56:28 Rep. Lang asked Mr. Scully about the number of applicants received for the director's position.
05:56:55 Sen. Facey thanked the Board for having its meetings televised. He said the state is lucky to have Dr. Bill Layton.

05:57:38 Committee members asked questions about the Veterinary Diagnostic Laboratory.

06:00:15 Mr. Scully said he will provide information to the committee about the increase to the per capita fee structure.

06:01:18 Sen. Vance asked Ms. Baucus about her vision for the "lab complex." (EXHIBIT 15)

06:04:29 Sen. Vance asked Ms. Baucus to provide staff with an updated report from the meeting scheduled for December 4 on the plans for the "lab complex."

06:05:23 Sen. Vance thanked the Board of Livestock members for their work.

06:05:44 Sen. Vance said the meeting December 2 on air ambulance service would be informational only and no action will be taken by the committee.

COMMITTEE ADMINISTRATIVE UPDATES, continued

06:07:16 Ms. Murdo

06:08:45 Sen. Vance recessed the meeting until 8:00 a.m. on December 2, 2015.

December 2, 2015

COMMITTEE MEMBERS PRESENT

SEN. GORDON VANCE, Vice Chair

SEN. LEA WHITFORD

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

COMMITTEE MEMBERS EXCUSED

REP. RYAN LYNCH, Chair
SEN. TOM FACEY
SEN. RICK RIPLEY

STAFF PRESENT

PATRICIA MURDO, Lead Staff
JAMESON WALKER, Staff Attorney
NADINE SPENCER, Secretary

VISITORS' LIST (ATTACHMENT 5)

AGENDA (ATTACHMENT 2)

CALL TO ORDER AND ROLL CALL

00:00:01 Sen. Vance called the meeting to order at 8:01 a.m. The secretary called the roll.
(ATTACHMENT 6)

00:00:32 Sen. Vance read aloud the public comment guidelines.

ASSIGNED STUDIES -- HJR 29

Review of Survey Results from Air Ambulances - Pat Murdo, committee staff

00:01:30 Ms. Murdo discussed the ambulance survey results **(EXHIBIT 16 - presentation, survey responses)**

00:14:35 Ms. Murdo said the legislature has reciprocity language in 50-6-320, MCA **(EXHIBIT 17)**

00:16:32 Ms. Murdo discussed which air ambulance companies offer memberships. **(EXHIBIT 18)**

Committee Questions

None

Panel Discussion on Hospital Issues Related to Air Ambulance Costs, Dispatch

Hospital Representatives

Jeff Fee, CEO, St. Patrick Hospital, Missoula

Dr. David Chen, chief medical officer, Bozeman Health

Forrest Ehlinger, CFO, Benefis Health, Great Falls

Tony Patterson, chief administrative officer and general counsel, Kalispell Regional Medical Center

00:21:43 Mr. Fee

00:27:38 Dr. Chen

00:32:38 Mr. Ehlinger

00:34:15 Mr. Patterson **(EXHIBIT 19)**

Air Ambulance Company Representatives

John Maxness, Exec Air/Montana Medical Transport

Randy Holom, Northeast STAT Air, and CEO, Frances Mahon Deaconess Hospital, Glasgow

Russ Hancock, business services manager, Northwest MedStar

00:43:24 Mr. Maxness

00:48:05 Mr. Holom

01:01:07 Mr. Hancock

Committee Questions

01:05:26 Rep. Ricci asked Mr. Patterson if the cost for air ambulance service can be discussed with the patient before transport.

- 01:07:25 Rep. Ricci asked Mr. Patterson if hospitals can contact the patient before a bill for air ambulance service is sent in order to discuss payment options.
- 01:09:07 Rep. Ricci asked Mr. Patterson if consumers are given the option to add coverage for air ambulance service when buying insurance.
- 01:11:13 Sen. Whitford asked Mr. Maxness where Exec Air is located and which hospitals it serves.
- 01:12:31 Sen. Whitford asked Mr. Hancock about Northwest Medstar's charitable program.
- 01:16:13 Sen. Whitford asked Mr. Fee about negotiating rates for air ambulance services.
- 01:17:09 Rep. Lang thanked the panelists for their participation.

Statutory or Regulatory Measures in Other States, Organizations

- 01:21:14 Jim deTienne, supervisor, Emergency Medical Services and Trauma Systems Section, Department of Public Health and Human Services
- 01:50:26 Jesse Laslovich, chief counsel, State Auditor's Office

Committee Questions

- 02:08:55 Sen. Whitford thanked Mr. deTienne for his participation.
- 02:11:02 Sen. Whitford asked Mr. Laslovich about regulating the amount an air ambulance service provider can balance bill a patient.
- 02:13:16 Rep. McConnell asked the panelists if there are any consumer protections available.
- 02:15:25 Rep. McConnell asked Mr. Laslovich for suggestions regarding legislation.
- 02:18:35 Sen. Vance asked Mr. Laslovich if there is a national association of insurance commissioners that can help.
- 02:20:26 Sen. Vance asked Mr. Laslovich to keep the committee updated with any new information that becomes available.
- 02:21:25 Recess
- 02:29:38 Reconvene

Panel Discussion on Medical/Air Ambulance Requirements

Medical Provider Representatives

Scott Schandelson, Benefis Health, Great Falls
 Dr. Timothy Donovan, medical director, MedStar, Missoula
 Carol Benson, senior director, Critical Care, St. Patrick Hospital

- 02:30:00 Mr. Schandelson
- 02:39:40 Dr. Donovan
- 02:53:31 Ms. Benson

Air Ambulance Company Representatives

John Maxness, Exec Air/Montana Medical Transport
 Ted Schye, chief pilot, Northeast STAT Air, Glasgow

03:05:06 Mr. Maxness
03:08:35 Mr. Schye

Committee Questions

03:21:15 Sen. Whitford asked Ms. Benson about the Commission on Accreditation of Medical Transport Systems (CAMTS) standards.
03:22:22 Sen. Whitford asked the air ambulance companies about their billing procedures.
03:23:35 Rep. Ricci asked Mr. Maxness about balance billing.
03:25:33 Sen. Whitford asked Mr. Maxness if they have a charitable care program.
03:27:01 Sen. Whitford commented on the need for a sliding fee scale and asked Mr. Schye if his company has a charitable care program.
03:28:34 Sen. Whitford asked the air ambulance companies to provide the committee with the amount of money written off for charitable care.

Public Comment on Hospital Issues Related to Air Ambulance Dispatch, Medical and Air Ambulance Requirements

03:29:58 Laurie Bigwood Pepperino, Helena
03:33:09 John Marks, chairman, Missoula County Public Schools self-funded insurance plan
03:36:05 Jeff Miller, Butte

COMMITTEE DISCUSSION OF NEXT STEPS - POSSIBLE COMMITTEE ACTION

03:37:55 Sen. Vance

DIRECTIONS TO STAFF, ADJOURN

03:39:03 Sen. Vance adjourned the meeting at 11:40 a.m.

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