

5% Base Budget Reduction Form
[17-7-111-3\(f\)](#)

AGENCY CODE & NAME: 34010/State Auditor's Office

		Minimum Requirement	
		General Fund	State Special Revenue Fund
TARGETED REDUCTION TO EQUAL 5% OF CURRENT BASE BUDGET		\$ 438	\$ 431,371
Priority		General Fund Annual Savings	State Special Revenue Annual Savings
	SERVICE(S) TO BE ELIMINATED OR REDUCED		
1	Defrayal	\$ 438	
2	Computer Replacement		\$ 25,000
3	Central Management Travel and Outreach		\$ 46,371
4	Insurance Division Travel, Training and Conferences		\$ 60,000
5	Insurance Division Financial and Market Conduct Exams		\$ 200,000
6	Rates Bureau Contracts		\$ 100,000
7			
8			
9			
10			
11			
	TOTAL SAVINGS	\$ 438	\$ 431,371
	DIFFERENCE	0	0

Form A

5% Base Budget Reduction Form

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#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

Defrayal

#2 THE SAVINGS THAT ARE EXPECTED:

Expected savings are \$438

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

The state is required to defray the cost of state mandated benefits above the current Essential Health Benefit (EHB) benchmark plan. The Commissioner of Securities & Insurance (CSI) is required to defray the cost of two mandated benefits for those health plans offered through the exchange. The qualifying health insurance issuers must provide the documentation supporting the qualifying claims for reimbursement on an annual basis. The reduction could result in the qualifying health insurance issuers not receiving full defrayal reimbursement for qualifying health insurance claims costs.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

Yes - 33-22-128; 33-22-2103; and 45 CFR § 155.170

Form B

5% Base Budget Reduction Form

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#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

Computer Replacement

#2 THE SAVINGS THAT ARE EXPECTED:

Expected savings are \$25,000

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

Delaying the replacement of computers will likely result in slower processing and reduce efficiency of staff work load, as well as increased time and effort on the CSI Information Technology team to assist with technology issues.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

No

Form B

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#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

Central Management Travel and Outreach

#2 THE SAVINGS THAT ARE EXPECTED:

Expected saVings are \$46,371

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

Reducing travel and conferences will limit the ability of the commissioner and staff to plan, promote, and attend in person and video outreach events that provide vital information to Montana citizens.

#4

HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED:

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

No

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#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

Insurance Division Travel, Training, and Conferences

#2 THE SAVINGS THAT ARE EXPECTED:

The expected savings are \$60,000

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

In past years, nearly 50% of Insurance travel was reimbursed to the agency, reducing the total cash outflow for travel. In addition, the agency provides valuable training to the Insurance Industry with its annual Insurance Summit. Future training and conferences may be in person or online and will allow employees and the industry to remain on the cutting edge of their related technology. Highly trained staff encourages efficiency, productivity, job satisfaction, and retention.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

No

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#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

Insurance Division Financial and Market Conduct Exams

#2 THE SAVINGS THAT ARE EXPECTED:

The expected savings are \$200,000

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

This reduction will reduce the insurance examinations contract funding, resulting in fewer financial and market conduct examinations of companies. Consequently, the ability to protect consumers by ensuring that insurers in Montana are financially solvent and able to pay claims would be lessened. Failure to conduct exams would also threaten NAIC accreditation, making it much more difficult for domestic insurance companies to conduct business outside of Montana. In addition, the cost of insurance examinations are reimbursed to the agency by the company so there is no negative cash outflow.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

Yes - MCA 33-1-401

Form B

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#1 BRIEF DESCRIPTION OF SERVICE TO BE CONSIDERED FOR ELIMINATION OR REDUCTION:

Rates Bureau Contracts

#2 THE SAVINGS THAT ARE EXPECTED:

The expected savings are \$100,000

#3 THE CONSEQUENCES OR IMPACTS OF THE PROPOSED ELIMINATION OR REDUCTION:

The Rate Bureau actuaries are required by Title 33 to review the premiums/rates charged by insurance companies to Montana consumers to make sure that they are not inadequate, excessive or unfairly discriminatory. The Rate Bureau utilizes the services of contract actuaries to review some of the premiums/rates proposed by insurance companies to speed the review and/or provide expertise in emerging areas. Contract actuaries are utilized to provide support to the Reinsurance Board. The reduction in contracted actuaries would result in the premium rate filings not being reviewed timely and/or CSI unable to obtain expertise in emerging areas.

#4 HOW THE IMPACT TO CONSTITUENTS AND STAFF MIGHT BE MITIGATED

#5 WHETHER THE SERVICE IS SPECIFICALLY REQUIRED BY STATE & /OR FEDERAL STATUTE - YES OR NO:

Yes, MCA 33-16-203 - property and casualty rate review authority, MCA 33-22-156 - ACA health insurance rate review authority, MCA 33-22-906 (2) - Medicare Supplement annual rate filing required, ARM 6.6.3124 = long term care (LTC) rate filings (under MCA 33-22-1121 authority) and ARM 6.6.508(2) = annual Medicare Supplement Benchmark filing requirement

Form B