

MINUTES

**MONTANA SENATE
59th LEGISLATURE - REGULAR SESSION**

FREE CONFERENCE COMMITTEE ON SENATE BILL 154

Call to Order: By **CHAIRMAN JOHN COBB**, on April 18, 2005 at 3:30 P.M., in Room 422 Capitol.

ROLL CALL

Members Present:

Sen. John Cobb, Chairman (R)
Rep. Mary Caferro, Chairman (D)
Rep. Christine Kaufmann (D)
Sen. Greg Lind (D)
Rep. Mike Milburn (R)
Rep. Don Roberts (R)
Sen. Carol Williams (D)

Members Excused: None.

Members Absent: None.

Staff Present: Susan Fox, Legislative Branch
Annie Glover, Committee Secretary

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing & Date Posted: SB 154, 4/13/2005
Executive Action: SB 154

SEN. COBB opened the hearing on the Free Conference Committee for SB 154 and explained the amendments to the Committee. He provided the documents to the Committee.

[EXHIBIT\(frs80sb0154a01\)](#)

[EXHIBIT\(frs80sb0154a02\)](#)

[EXHIBIT\(frs80sb0154a03\)](#)

[EXHIBIT\(frs80sb0154a04\)](#)

{Tape: 1; Side: A; Approx. Time Counter: 0 - 2}

Susan Fox, Legislative Services Division, went into further detail with the amendments. She explained the intent of these amendments and how they would affect the overall bill.

SEN. COBB asked if there were any disagreements with these; there were not.

{Tape: 1; Side: A; Approx. Time Counter: 2 - 6.5}

MOTION: **SEN. COBB** moved that **AMENDMENT SB015408.asb** **BE ADOPTED.**

DISCUSSION: **SEN. COBB** explained that he would like to segregate out Amendment #5. They would focus on that at a later time.

VOTE: **The motion passed unanimously by voice vote.**

SEN. COBB stated that Ms. Fox would explain the amendment that was segregated out.

Ms. Fox spoke about Amendment #5 and #6, and discussed how they would, or would not affect the bill.

Chuck Hunter further explained the premium in relation to the administrative costs.

Ms. Fox inquired into the fixed amount involved in this amendment.

Mr. Hunter provided an example and discussed the risk charge of the premium.

SEN. LIND wondered if the risk charge amount is set statutorily or if it is in contract.

Mr. Hunter replied that it is in contract.

SEN. LIND inquired if it is open to modification with the next contract.

Mr. Hunter attested that it is open to modification; however, the risk charge has remained constant in the past.

{Tape: 1; Side: A; Approx. Time Counter: 6.5 - 14}

SEN. LIND inquired into bringing more children into the program. He wondered when that would happen.

Mr. Hunter responded that the expansion for CHIP begins July 1, 2005. At that point, they expect more enrollees.

REP. MILBURN inquired into the contracts and possible claims.

Mr. Hunter described what could occur if they have a contract with Blue Cross Blue Shield, and they choose to continue that contract in the following year.

REP. MILBURN asserted that he is still confused. He wondered what would happen if they had a \$1 million claim, and \$150,000 available.

Mr. Hunter explained the process this would entail. He described the state's responsibility versus the contract holders.

REP. MILBURN clarified this process and wondered how this would be handled under the old policy.

Mr. Hunter explained that there are a couple of ways of calculating the amount in the reserve; it would be approximately \$3 million.

SEN. COBB asked Mr. Hunter if he could live with the amendment at hand.

Mr. Hunter stated that he could live with that amendment.

Tanya Ask, Blue Cross Blue Shield of Montana, stated that for the first year, they could live with the amendment. She added that they would like to see how that year progressed in deciding if they wanted to continue the following year.

SEN. LIND asked Ms. Ask what the components are that they look at when negotiating a risk charge.

Ms. Ask stated that they negotiate the CHIP contract differently than other contracts. She commented that it has been set at 2% at the beginning of the contract.

SEN. LIND wondered if she anticipates a change in the risk charge section of the contract.

Ms. Ask declared that at this point, they will move forward with the contract as it is written; it is an extremely favorable rate.

MOTION/VOTE: **SEN. COBB** moved **AMENDMENT 2SB015405.asb** **WITH THE CHANGES BE ADOPTED.** The motion carried 6-1 by voice vote. **REP. MILBURN** voted no.

{Tape: 1; Side: A; Approx. Time Counter: 14 - 21.3}

REP. KAUFMANN discussed Exhibit 3. She explained her reasoning for this amendment.

MOTION: **REP. KAUFMANN** moved **AMENDMENT SB015407.asb** **BE ADOPTED.**

DISCUSSION: **SEN. COBB** asked Mr. Hunter how he feels about this amendment.

Mr. Hunter asserted that they can live with this; it would allow them to come back in two years if they do not agree with it at that point.

Ms. Ask stated that they can live with the 12% figure the first two years. They do have concerns about the decreasing rate over the following years.

REP. MILBURN attested that he resists this amendment; he sees it as tying the hands of the insurance company. He would like to have this open for individuals to bid on.

SUBSTITUTE MOTION: **REP. MILBURN** moved that **AMENDMENT SB015407.asb** **REMAIN AT 12%.**

DISCUSSION: **REP. ROBERTS** stated that he is in favor of the amendment. It does not seem fair to reduce the percentage while increasing the number of enrollees.

SEN. WILLIAMS commented that this was introduced to have the ability to cover more children. She will resist this amendment, and support **REP. KAUFMANN's** amendment.

REP. KAUFMANN declared that she was trying to find a compromise with this amendment. She appreciates the opposition's comments; however, a lot can happen in two years.

REP. MILBURN stated that he hopes that everyone can agree on this bill and get it out of committee.

REP. ROBERTS stated that he would be voting for the steady 12%.

SEN. LIND asked Ms. Witte if when bringing in more children to this program, if it will be favorable in the beginning.

Ms. Witte asserted that it is hard to predict this up front.

REP. MILBURN closed on his amendment by stating that he wants to involve as many children as possible; however, there is a cost to that.

VOTE: The motion failed 3-4 by roll call vote with **SEN. COBB**, **REP. ROBERTS**, and **REP. MILBURN** voting yes.

{Tape: 1; Side: A; Approx. Time Counter: 21.3 - 36.5}

VOTE: The motion passed unanimously by voice vote.

MOTION/VOTE: **SEN. COBB** moved SB 154 BE ADOPTED AS AMENDED. The motion passed unanimously by roll call vote.

***The Free Conference Committee adjourned and reconvened in the hall. The secretary was not present. Susan Fox, the legislative staffer took notes.

MOTION/VOTE: **REP. KAUFMANN** moved to reconsider actions taken by the Committee, and to substitute the amendment by **REP. MILBURN** to strike 10% and insert 12% on administrative costs. The motion passed 6-1 with **REP. CAFERRO** voting by verbal proxy.

The meeting was adjourned.

ADJOURNMENT

Adjournment: 5:00 P.M.

SEN. JOHN COBB, Chairman

ANNIE GLOVER, Secretary

KIM LEIGHTON, Transcriber

JC/MC/ag

Additional Exhibits:

EXHIBIT ([frs80sb0154aad0.PDF](#))