

*Final Report of the
2015-2016
Economic Affairs
Interim Committee

August 2016*

Touching All Corners of Montana

**From Air Ambulances To Broadband
From Licensed Professionals to
Livestock and Economic Development**

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Abstract

The eight-member Economic Affairs Interim Committee (EAIC) looked at a variety of issues related to industry of all kinds during the 2015-2016 interim. In addition to exploring information related to assigned studies and the required monitoring of agency activities, the EAIC members chose to look at economic development issues, particularly related to broadband deployment in Montana. The EAIC also heard reports from the liquor industry at the start of the interim and in June 2016 after industry representatives had met for about a year on prospective legislated changes in their industry.

Findings

Findings, as related to the two studies assigned to the EAIC, include:

For the House Joint Resolution 29 study of air ambulance costs:

-

For the Senate Bill 390 study of licensing board costs:

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Helpful Hint

For those not viewing this document online, the following websites contain information about the various meetings discussed in this report. If you are unable to access a document, please call 406-444-3064 and request that the document be provided to you. There may be a printing and mailing charge.

- For the June 10, 2015, Meeting:
<http://leg.mt.gov/css/Committees/Interim/2015-2016/Economic-Affairs/Meetings/June-2015/june-2015.asp>
- For the August 31-September 1, 2015, Meeting:
<http://leg.mt.gov/css/committees/interim/2015-2016/Economic-Affairs/Meetings/Aug-Sept-2015/aug-sept-2015.asp>
- For the December 1-2, 2015, Meeting:
<http://leg.mt.gov/css/committees/interim/2015-2016/Economic-Affairs/Meetings/Dec-2015/dec-2015.asp>
- For the February 4-5, 2016, Meeting:
<http://leg.mt.gov/css/committees/interim/2015-2016/Economic-Affairs/Meetings/Feb-2016/feb-2016.asp>
- For the April 20, 2016, Meeting:
<http://leg.mt.gov/css/committees/interim/2015-2016/Economic-Affairs/Meetings/April-2016/april-2016.asp>
- For the June 22, 2016, Meeting:
<http://leg.mt.gov/css/committees/interim/2015-2016/Economic-Affairs/Meetings/June-2016/june-2016.asp>
- For the August 30-31, 2016, Meeting:
<http://leg.mt.gov/css/committees/interim/2015-2016/Economic-Affairs/Meetings/Aug-2016/aug-2016.asp>

Committee Members

Before the close of each legislative session, the House leadership and Senate Committee on Committees appoint lawmakers to interim committees. The members of the Economic Affairs Interim Committee (EAIC), like most other interim committees, serve one 20-month term. The work of this committee ends in September 2016, although members may be called upon until the next Legislature begins. This information is included to comply with the law in 2-15-155, MCA.

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Overview of EAIC Tasks

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All interim committees have a focus. For the Economic Affairs Interim Committee (EAIC) the varied portfolio covers industries of all types and, in general, workers. Subjects before the EAIC touch all parts of Montana and its people. Although natural resource-related industries and telecommunications for the most part are addressed by other interim committees, sometimes the EAIC looks at these industries from an economic development standpoint. That was the case this year for broadband. Other main topic areas this interim included a strong focus on the budget and other concerns of the Department of Livestock, the costs and department interactions with licensing boards as required under Senate Bill 390, and air ambulance billing as requested in the House Joint Resolution 29 study.

Each interim committee also has required functions, spelled out in 5-5-215, MCA. Specific monitoring assignments, listed in 5-5-223, MCA, give an indication of subjects heard by the committee in the 2015-2016 interim:

- the Department of Agriculture;
- the Department of Commerce;
- the Department of Labor and Industry;
- the Department of Livestock;
- the State Auditor's Office (the Commissioner of Securities and Insurance);
- the Governor's Office of Economic Development;
- the State Compensation Insurance Fund (known as Montana State Fund or just State Fund), provided for in 39-71-2313, MCA and the State Fund's Board of Directors; and
- the Division of Banking and Financial Institutions provided for in 32-1-211, MCA.

Tasks: Monitoring, Studying, Reviewing

Under 5-5-215, MCA, an interim committee is to monitor the operations of its assigned agencies with attention to issues that may require future legislative action and attention to ways to improve existing law or citizen interactions with the agencies.

In addition, interim committees are required to review administrative rules of assigned agencies and any advisory councils or legislatively required reports to determine if they continue to be needed. An interim committee also may gather information related to existing or prospective legislation “as it determines, on its own initiative, to be pertinent to the adequate completion of its work.” For shorthand purposes, this task is called “member issues.”

Legislation also may designate other tasks, which is the case with reviews required for the Department of Livestock’s structural balance in its budget, the Montana State Fund’s budget, and various reports.

Key Activities

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Each interim committee is expected to adopt a work plan at either its first or second meeting. This plan serves as a guide for activities during the 15 to 16 months of interim work. This report follows, in general, the work plan adopted by the EAIC at its second meeting in 2015.¹ That work plan divided the EAIC's responsibilities into three main areas: statutory obligations, study activities, and member issues. Each agenda contained times for agency monitoring and rule review--two of the committee's statutory obligations--as well as one or more study activities and generally one member issue.

In 11 days of meetings between June 10, 2015, and August 31, 2016, the EAIC took the following actions:

- Elected Rep. Ryan Lynch as presiding officer and Sen. Gordon Vance as vice presiding officer (June 2015 meeting).
- Heard from Montanans impacted by hefty bills generated when they or a loved one had to be transported by air ambulances to hospitals capable of handling their emergency situation. Also heard from air ambulance providers, insurers, and others involved in some of the costly encounters. Asked the State Auditor's Office to continue working on the issues related to insurance and air ambulance billing through a working group. (Portions of all meetings.)
- Heard from those companies and citizens engaged in expanding broadband access across Montana and the concerns that they and potential users have experienced.
- Objected to an initial proposed rule by the Board of Physical Therapy Examiners regarding dry needling but did not object to the rewritten version of the rule proposed later in the interim.
- Objected to a rule proposed by the Board of Livestock to revise assessments on dairies and expand the assessment to processors of all milk products (primarily cheese and ice cream manufacturers). The EAIC did not object when a revised version of the rule was proposed.
- Sent letters asking Montana's Congressional delegation to consider revising the Airline Deregulation Act in a way that removes the current preemption against state laws regulating air ambulances, particularly related to pricing.
- Sent a letter to the Montana State Fund (State Fund) Board of Directors recommending against a possible purchase by the State Fund of the City of Helena parking garage adjacent to the State Fund building.
- Authorized drafting of various agency bills for preintroduction for the 2017 Legislature.
- Voted to adopt the following committee bills:
 - A draft to transfer duties related to interim committee monitoring of liquor laws and rules from the Revenue and Transportation Interim Committee to the EAIC, which primarily is comprised of members of standing committees that hear liquor bills.
 - Other bills may be determined at the Aug. 30-31 final meeting.

¹ See the work plan at:

<http://leg.mt.gov/content/Committees/Interim/2015-2016/Economic-Affairs/About/workplan-2015-2016-revised.pdf>

Studies **DRAFT _ DRAFT _ DRAFT**

One of the EAIC's two studies in the 2015-2016 interim came because of a bill requiring the committee to look at how the Department of Labor and Industry assigned indirect costs and handled budgeting for professional and occupational licensing boards.

The other study, assigned by the Legislative Council, urged a look at the high cost of air ambulances in medical emergencies and the experiences of Montanans who faced high balance bills for that use.

- **Study on Professional and Occupational Licensing Costs**

Under SB 390, the EAIC specifically was asked to look at direct and indirect costs faced by licensing boards and how the Department of Labor and Industry (DLI) assigned those costs to each of the 33 licensing boards administratively attached to DLI.

The study also provided some licensees with an opportunity to question why their initial licensing and renewal fees were so high, as compared with the corresponding fees in other states.

In addition to the overall study on costs and department services for those costs, the study included a look at whether a 2015 U.S. Supreme Court decision ought to result in more supervision by the DLI so that board members might gain some individual liability coverage for actions they take.

For more information on the SB 390 Study, see Appendix A.

- **Study on Air Ambulances**

The air ambulance study, proposed under HJR 29, had many moving parts that centered on a cost concern. From the air ambulance perspective, costs of maintaining operations are high in a state that does not have substantial enough population to guarantee enough use to gain efficiencies of scale. From the perspective of insurers, many air ambulances—especially those not affiliated with hospitals—were unwilling to participate in networks at the rates that insurers were ready to pay, usually a percentage above what Medicare pays. When a provider is unwilling to be in an insurance network, this means the patient may be sent the balance of the bill, the remainder of what insurance did not pay. For many patients who testified before the EAIC, the balance bills amounted to \$25,000 at the low end to more than \$50,000. In one case, the bill was more than \$100,000—far greater than what the patient or patient's family had to pay for treatment at the receiving hospital. Patients needing to be air-lifted to a hospital more capable of handling their particular case are caught between the immediate need for life-saving care and the cost that may bankrupt or severely impact their families into the future.

For more information on the HJR 29 Study, see Appendix B.

Agency Monitoring **DRAFT _ DRAFT _ DRAFT**

Some interim committees have one agency that they monitor; others have several. The EAIC claims eight entities. A committee bill to be proposed for the 2017 Legislature would expand the list by one, if approved by the Legislature and allowed to become law by the Governor. That bill would add monitoring of liquor control laws to the EAIC's duties, primarily because the EAIC's members generally serve on standing committees during session that review liquor-related bills. Moving monitoring of liquor regulations and rules to the EAIC from the Revenue and Transportation Interim Committee would provide continuity on issues the members heard during session.

Monitoring may involve no more than brief updates by a department or agency. Or monitoring may feature in-depth reports that add to the agency's everyday work.

- **Governor's Office of Economic Development**

EAIC members at their first meeting indicated an interest in learning more about Montana's economic development activities. John Rogers, the state's chief business officer, provided an overview of the Governor's Office of Economic Development at the committee's meeting in September 2015, along with representatives from the Department of Commerce. Asked by the EAIC to provide more specifics on economic development grants, Mr. Rogers returned for presentations in February 2016. These presentations, which discussed Gov. Steve Bullock's Main Street Project among other topics, mirrored some of the information provided by the Department of Labor and Industry in collaboration with the Montana University System (see next section).

- **Department of Labor and Industry**

The collaboration between DLI and the Montana University System resulted in the EAIC members getting a detailed look at the work being done to connect employers with technology colleges and students. Some of this collaboration involved dual degree programs. Some involved apprenticeships. The EAIC's Feb. 4 meeting featured a preview of the work² being done to coordinate nursing and medical help programs at Missoula College in cooperation with DLI

Other Department of Labor and Industry appearances at the EAIC, in addition to those generated by reviews of licensing boards at almost all of the meetings, included:

- An overview of DLI activities by Commissioner of Labor and Industry Pam Bucy and division administrators at the committee's inaugural meeting, June 10, 2015. Ms. Bucy reviewed department funding, changes in the unemployment program and workers' compensation, plus information on licensing boards. Various staff answered questions on worker safety and the department budget.

² See "Meeting Local Worker Demand: Labor Market Outcomes for Missoula College", accessed July 26, 2016:
http://lmi.mt.gov/Portals/135/Publications/LMIPubs/Labor%20Market%20Publications/MC%20Report%20FINAL_8.0.pdf

- A tour of the Business Standards Division at the Aug. 31, 2015, meeting. The tour helped to introduce committee members to DLI functions, described in the SB 390 study of licensing boards. Committee members heard how staff handles licensing applications for the various boards and what happens when complaints come in. Division administrator Todd Younkin told members that in any given week, five board meetings may be taking place along with waves of licensing renewals for three or four boards over any three-month period throughout the year, with applications or complaints field at various times for all boards.
- At the Dec. 1 meeting, in addition to discussions about the SB 390 study, the DLI chief legal counsel provided an update to discussions between physical therapists, who had proposed a rule related to dry needling by members of that profession, and acupuncturists, who opposed dry needling as being the equivalent of acupuncture. The committee had opposed the rule at its Aug. 31-Sept. 1, 2015, meeting.
- A followup to a previous interim's dispute between the Business Standards Division and the Montana Petroleum Marketers and Convenience Store Association ended in a harmonious report at the June 22, 2016, meeting. Business Standards Division administrator Todd Younkin described proposed solutions for testing weights and measures related to pump dispensers and fuel meters. Part of that solution requires changes in legislation, which the Department has proposed.
- Reports at the last meeting Aug. 30-31, 2016, included updates on apprenticeship programs, unemployment benefits requested under a statute allowing victims of sexual assault to obtain benefits, and the effects of a law raising the costs of death certificates. The higher cost was partly to help improve finances for the Board of Funeral Service. Also on the Aug. 30 part of the agenda was an overview of the activities of the Workers' Compensation Court by Judge David Sandler.

As can be seen from the DLI activities before the committee, the legislators' interim job includes being responsive to members of the public or industries who raise concerns about how government is working. Sometimes the solution is a recommendation to find a compromise. Sometimes action is a step too far, with legislators advising those who don't like the situation to return with a proposed bill at the next legislative session.

As can be seen from the DLI activities before the committee, the legislators' interim job includes being responsive to members of the public or industries who raise concerns about how government is working. Sometimes the solution is a directive to find a compromise. Sometimes interference is a step too far, with legislators advising those who don't like the situation to return with a proposed bill at the next legislative session.

- **Department of Agriculture** **DRAFT _ DRAFT _ DRAFT**

The Department of Agriculture, in contrast to the DLI, had a brief session with the EAIC. A portion of the Feb. 4-5, 2016, meeting (on Feb. 5) included descriptions of the Growth through Agriculture program, changes to a pesticide training program, and inquiries about fees for licensing nurseries. Questions about the hail insurance program focused on the first-ever decision by the department to buy reinsurance for the state-run program because of catastrophic losses in the 2013 insurance year, which

were 187% of premiums paid and which nearly depleted program funds. EAIC members also asked about the department's noxious weed program and efforts to control noxious weeds on federal lands.

The agency also presented legislative requests at the Aug. 30 meeting.

- **Department of Livestock**

A huge focus on the Department of Livestock (DofL) in the 2015-2016 interim stemmed in part from the 2015 Legislature deciding in House Bill 2 to fund most DofL programs as one-time only and directing the EAIC to monitor the DofL's structural balance in each of the two fiscal years touching on the interim. The committee members decided at their first meeting to request budget and other reports at each of the EAIC meetings from the Board of Livestock, which serves as the titular head of the department.

Other reasons for the intense reviews included:

- unhappiness in the livestock industry, which had led to frequent industry-driven meetings to try to fix budget and staffing problems at the department;
- departure through a negotiated settlement of the department's executive officer in late 2015;
- a several month delay before the Board of Livestock named a new executive officer in 2016; and
- proposed rulemaking that rocked fledgling cheese manufacturers and a long-time ice cream maker in the state with proposed high, new fees.

As a result, the EAIC featured reports from the Board of Livestock and the DofL at each of its meetings, usually including budget updates. Other reports included:

- information on how the department uses its per capita fees along with brand inspection fees, milk assessment fees and some general fund to finance operations and programs. This Aug. 31 review was part of an overall look at fee-financed government that also included an examination of how most licensing boards cover their program costs through licensing fees and not with general fund dollars.
- a review of training offered to the Board of Livestock, which as the department director is responsible for making certain that performance reviews take place as well as that the budget is within its appropriated limits and not in deficit. Board members John Lehfeldt and John Scully, and Nina Baucus reported at the Dec. 1, 2015, meeting on the budget, personnel issues, the board training, and the Veterinary Diagnostic Laboratory, including industry-led efforts to consolidate several agriculture and livestock-related laboratories at or in the vicinity of Montana State University-Bozeman.

- **Department of Commerce DRAFT _ DRAFT _ DRAFT**

Department of Commerce Deputy Director Doug Mitchell provided an overview of changes at the department at the EAIC's Sept. 1, 2016, meeting. The committee also was provided with a background briefing paper on the department.³ The Department's presentation was part of an overall review of economic development activities, including work being done by the Governor's Office of Economic Development. The EAIC moved forward for drafting two Department-requested bills at its June 22, 2016,

³See <http://leg.mt.gov/content/Committees/Interim/2015-2016/Economic-Affairs/Meetings/Aug-Sept-2015/AgencyOverviewCommerce2015.pdf>.

meeting. At the Aug. 30-31 EAIC meeting members heard several of the department's statutorily required reports.

- **State Auditor's Office**

Handouts from the State Auditor's Office at the Feb. 4, 2016, EAIC meeting summarized closure of two health-insurance related programs: the Montana Comprehensive Health Association and the Insure Montana program. At the request of the EAIC, the State Auditor's Office took an active role in coordinating a work group on the HJR 29 study of air ambulances. (See Appendix B for more information.)

In addition to receiving an overview of the State Auditor's Office functions, the EAIC heard from staff for both the State Auditor's Office and Montana State Fund regarding implementation of SB 123 from the 2015 session. SB 123 put the Montana State Fund under the regulatory authority of the State Auditor's Office. An actuary hired by the State Auditor's Office provided a review of Montana State Fund's finances and of the Old Fund claims, which are those claims that occurred from injury or occupational disease prior to July 1, 1990, and that were covered by the Montana State Fund in existence at the time.

- **Division of Banking and Financial Institutions**

Commissioner of Banking and Financial Institutions Melanie Hall used agency-monitoring time to discuss proposals for updating the state's banking laws at the Dec. 1, 2015, EAIC meeting. She updated the committee on the status of banks and credit unions in Montana at the Aug. 31, 2016, meeting.

- **Montana State Fund DRAFT _ DRAFT _ DRAFT**

Significant changes in the Montana State Fund's operations occurred in 2016 as the state's workers' compensation insurer implemented SB 123, which was enacted in the 2015 session. That bill gave regulatory authority over Montana State Fund to the State Auditor's Office, with some adjustments related to the unique role that Montana State Fund has the state's guaranteed provider of workers' compensation insurance. Previously Montana State Fund followed statutory requirements but its board of directors had no regulatory oversight. As a result of SB 123, operational changes included:

- Requirements to file rates and forms with the State Auditor's Office;
- Changeovers to a calendar year from a state fiscal year for some purposes;

At the EAIC's Dec. 1, 2015, meeting the members heard assessments from an actuary hired by the State Auditor's Office, who reviewed the assumptions made by Montana State Fund's actuary for rate-setting and figuring how much money to put into reserves. Dan Reppert with Financial Risk Analysts pointed out that Montana State Fund's actuary, Towers Watson, listed various uncertainties that complicated projections. These included the volume and mix of Montana State Fund's business and claims handling and reserving practices. The reserving for the New Fund, those claims filed with Montana State Fund on or after July 1, 1990, was generally reasonable, Financial Risk Analysts said, although lower than what Financial Risk Analysts would have estimated. The report also stated that Montana State Fund's reserves

were high but appropriate, given potential lawsuits that, if successful, could change benefit payments calculated under the HB 334 big bill from the 2011 session.⁴

In addition to budget reviews done in conjunction with the Fund’s chief financial officer, Montana State Fund’s chief executive officer reviewed recommendations regarding projected claims and costs for those claims called Old Fund claims, which are claims filed with the state guaranteed workers’ compensation insurer for injuries or occupational disease that happened prior to July 1, 1990. These claims now are covered by the state.

A consultant hired by Montana State Fund to review claims handling also reported to the committee. David Duden, too, addressed whether reserve amounts were appropriate for ongoing claims. His report noted that Montana State Fund followed industry practices. In only two cases, the report said, were reserves under the amount as projected by Duden, of Deloitte Consulting. In 29 files the reserved amount was over what Deloitte expected; the remaining 136 files correlated with expectations.⁵

Made available after the December 2015 meeting was a response to a committee request for how Montana State Fund’s FY 2015 dividends would be distributed to state agencies in 2016. The MSF dividend received by state agencies in 2016 amounted to \$601,206, approximately 10% of the \$6.2 million premium paid (as of June 30, 2014) by the agencies receiving dividends. Seven state agencies that cumulatively had paid \$6,799,715 in premiums did not receive a dividend because their losses for the year on which the dividend was based (totaling \$4,698,059) either surpassed the premium paid by the agency or resulted in a loss ratio of more than 60%.⁶

Overall, 27 state entities received a dividend. See Table for summary information. Federal accounts used to pay for state employees’ premiums (based on their federally funded jobs) were reimbursed \$59,513. The lowest amount distributed was \$8.44 to the Department of Military Affairs in the Declared Emergency account. Overall, the Department of Military Affairs did not receive a dividend, based on losses of \$208,134 on dividends paid of \$212,654 for a loss ratio of 97.9%. The largest amount was to the Department of Justice of \$206,384 based on premiums of \$1,118,327 with losses of \$155,846.

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State Agency Dividends Received from Montana State Fund in 2016 (based on 2013 loss results)

	Premium Paid	Losses Accrued	Loss Ratio Av.	Federal Share
27 Agencies Received Dividend	\$6,214,116	\$2,077,437	33.4%	\$59,513
7 Entities Did Not Receive Dividend	\$6,799,715	\$4,698,059	69.1%	--

Montana State Fund came before the EAIC at two more meetings in the interim. At the April 14, 2016, meeting Montana State Fund’s chief executive officer and the Helena’s city manager discussed a

⁴ Financial Risk Analysts, LLC, “Actuarial Report on Montana State Fund,” Dec. 1, 2015. See <http://leg.mt.gov/content/Committees/Interim/2015-2016/Economic-Affairs/Meetings/Dec-2015/MSF-Reppert-powerpoint2015.pdf>.

⁵ See Deloitte Consulting LLP, Montana State Fund Workers’ Compensation Claim File Review,” Dec. 1, 2015. <http://www.leg.mt.gov/content/Committees/Interim/2015-2016/Economic-Affairs/Meetings/Dec-2015/MSF-deloitte-claims-file-review-Part%20II-12-1-15.pdf>

⁶ These entities were: the Departments of Transportation, Fish, Wildlife, and Parks, Military Affairs, Labor and Industry, and Corrections plus the Teachers Retirement System and the Office of Public Defender.

proposed purchase⁷ by Montana State Fund of a city-owned parking garage adjacent to the Montana State Fund building. After public comment questioning the purchase, the EAIC decided to send a letter opposing the purchase, recognizing that the choice of buying the structure was one that the Montana State Fund Board of Directors was statutorily free to make. See Appendix C for the letter sent.

The other presentation⁸ was at the June 22, 2016, EAIC meeting and detailed a calendar year budget. The total proposed budget for calendar year 2016 is \$182,008,647, up 2.1% from the Fiscal Year 2016 budget. The report also provided Montana State Fund's expense ratios between 2011 (36.5%) and 2016 (27.3%) as compared with the average of the largest Montana workers' compensation carriers, which was 36.6% in 2011 and 36.71% in 2014, the latest year for which the figure was available. A note on the report said the highest expense ratio of the other work comp carriers was 41.5% and the lowest was 30.3%.

Rule Review DRAFT _ DRAFT _ DRAFT

Rule review occurred at all the EAIC meetings. The EAIC took action on two rules: one related to a dispute between physical therapists practicing dry needling and acupuncturists and the other related to an assessment by the Department of Livestock on milk producers.

The dispute over dry needling at heart was a concern by acupuncturists that physical therapists essentially were doing acupuncture without the same training that acupuncturists have. From physical therapists' standpoint, the dry needling is being done by others in the PT profession and a rule was necessary to cover appropriate training. Although the first rule proposal expired, the EAIC did not object to a proposed revised rule, which the Board of Physical Therapy Examiners drafted after discussions between representatives of acupuncturists and physical therapists. See the letter sent to the Department of Labor and Industry in Appendix C. The [initial rule](#) stated that licensed physical therapists had to be able to demonstrate that prior to doing dry needling they had completed training that met relevant guidelines adopted by the American Physical Therapy Association or the Federation of State Boards of Physical Therapists.

The other rule objection related to a large proposed increase in milk assessments, which for the first time would be applied to all cheese and ice cream manufacturers in the state. Statute provided that the assessment is to be levied on all licensees of the chapter, which includes milk product manufacturers. As initially proposed, the rule would have had a significant impact on one of four dairies and three of eight manufacturing facilities. One of those facilities was projected to experience an assessment amounting to 37.2% of its estimated retail product cost.⁹ After objecting to the rule (see the letter sent to the Department of Livestock in Appendix C), the EAIC received reports periodically on the progress made at meetings between the Department of Livestock and stakeholders. The final rule proposed a lower amount per hundredweight per month and retained a minimum monthly payment of \$50 and a

⁷ See MSF memo on the parking issue at <http://leg.mt.gov/content/Committees/Interim/2015-2016/Economic-Affairs/Meetings/April-2016/msf-parking-analysis-April14-16.pdf>. Related materials are on the April meeting [website](#).

⁸ See Montana State Fund 2016 Board Approved Budget Calendar Year Period Jan. 1, 2016 – Dec. 31, 2016, at: <http://leg.mt.gov/content/Committees/Interim/2015-2016/Economic-Affairs/Meetings/June-2016/MSFcalendar2016budget.pdf>.

⁹ See Small Business Impact Statement for MAR Notice No. 32-15-268 at http://liv.mt.gov/content/ME/MAR_32-15-268_Small_Business_Impact_Statement_Final.

maximum monthly payment of \$1,050. The rule specified that an entity having more than one license that could be assessed would pay only one assessment, whichever amount was higher.¹⁰

For a list of all rules proposed and adopted plus staff review of these rules, see the committee website page related to rules.¹¹

¹⁰ See Montana Administrative Notice 32-15-275 at:

<http://www.mtrules.org/gateway/ShowNoticeFile.asp?TID=7212>.

¹¹ See <http://leg.mt.gov/css/committees/interim/2015-2016/Economic-Affairs/Rules/rules-table.asp>.

Member Issues **DRAFT _ DRAFT _ DRAFT**

- ***Broadband Deployment in Montana***
At the Aug. 31 EAIC meeting a panel discussion provided an overview of broadband in Montana and the parties involved.
- ***Economic Development in Montana***
Interest in how economic development funds have been spent by the state and federal government resulted in presentations at meetings in September 2015 and again in February 2016.
- ***Alcohol Industry Prospective Legislation***
At the EAIC's initial meeting in June 2015 and again in June 2016 the committee heard about efforts within the alcohol industry to address conflicting goals among its stakeholders regarding expansion or revision of how the industry operates.

Proposed Committee Bills

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The following summaries describe bill drafts adopted as committee bills by the EAIC:

- **LC 173 (LC9876)** – Proposes to move the interim monitoring of liquor laws and regulations from the Revenue and Transportation Interim Committee to the Economic Affairs Interim Committee. The rationale is that most of the EAIC members serve on standing committees for business and labor during session and, since most liquor industry bills are heard by those committees, the continuity over bill discussions and implementation can be maintained by EAIC oversight.

Summary of EAIC Meetings and Handouts

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An abundance of topics related to agencies monitored by the Economic Affairs Interim Committee kept members busy in Helena during the 2013-2014 interim. For those committee members who also attended the December subcommittee meeting on workers' compensation their monthly tally amounted to 9 months of activities. The Table below provides information regarding the meetings, agencies monitored, and handouts provided in advance of or at the meetings.

Meeting Date	General Tasks	Specific Activity	Handouts
June 10, 2015	Organizational	*Elected Officers *Appointed Liaisons to Montana State Fund and the Rail Services Competition Council *Reviewed work plan	*Interim Committee Guidelines *Montana State Fund Brochure * 2015 Legislation with EAIC ties Draft Work Plan
	Agency Monitoring	*	DRAFT _ DRAFT _ DRAFT
		*	
	Studies: SB 390	*SB 390 Licensing Board Fees	*SB 390 Study Plan (Appendix B)
	HJR 29	*HJR 29 Air Ambulance Study	*HJR 29 Study Plan (Appendix C)
	Rule Review		

Meeting Date	General Tasks	Specific Activity	Handouts
Aug. 31, 2015	Organizational		DRAFT _ DRAFT _ DRAFT
Sept. 1, 2015	Agency Monitoring	Office of Economic Development Department of Commerce Department of Livestock	Overviews for: --Governor's Office of Economic Development --Department of Commerce --Department of Livestock Budget , Dept. of Livestock
	Studies: HJR 29	<ul style="list-style-type: none"> • HJR 29 Presentation --Rebecca Ternes, Deputy Commissioner in the North Dakota Insurance Department, described how North Dakota's HB 1255 was enacted and its intent (providing a list of preferred, in network air ambulance providers) • Panel Discussion – Legal Issues --Paul Pedersen, Blue Cross Blue Shield of Montana --Alan Hall, Allegiance --Nick Domitrovich, Department of Public Health and Human Services --Air Ambulance Representatives Ellen Stinar, EagleMed(Reach) Dr. Randy Thompson, Billings Clinic Medflight --Mike Milburn, Department of Justice and former air ambulance pilot 	U.S. Dept. of Transportation Guidelines for Use and Availability of Helicopter Emergency Medical Transport Complaints Filed with North Dakota Insurance Office on Air Ambulances BCBSMT Presentation Staff Paper on Study Options GAO 2010 Report
	SB 390	SB 390 Tour of Department of Labor and Industry's Business Standards Division on Park Avenue	SB 390 / Department of Livestock -- Staff Memo on Fee Financing -- Presentation on Fees
	Rule Review	Presentation on concerns about acupuncture and dry needling related to Board of Physical Therapy rules on dry needling. -- Brian Miller and Christian Appel for physical therapists --Tanja Brekke for acupuncturists	Proposed Dry Needling Rule EAIC Letter on Dry Needling Staff Memo on Dry Needling Responses from PTs , Others , Appendices , Board of Medical Examiners , Appendix , T.A. Brekke , Other Acupuncturists , Acupuncturist association , and academy policy

	Member Issues	<ul style="list-style-type: none"> • Broadband in Montana --Phil Grate, CenturyLink --Gary Duncan, Public Service Commission --Rob Ferris, Vision Net and member of Main Street KIN • Alcohol Industry Concerns --Shauna Helfert, Dept. of Revenue --John Iverson, Montana Tavern Association --Jennifer Hensley, Montana Distillers Association --Matt Leow, Montana Brewers Association --Kristi Blaver, Montana Distributors Association --Chad Ouellette, Liquor Store Owners Assn. of Montana 	* DRAFT _ DRAFT _ DRAFT
<u>Dec. 1-2, 2015</u>	Agency Monitoring		
	Studies: HJR 29		
	SB 390		
Meeting Date	General Tasks	Specific Activity	Handouts
<u>Feb. 4-5, 2016</u>		*	
	Rule Review	.	
	Member Issues		
	Agency Monitoring		

	Studies: HJR 29 SB 390		DRAFT _ DRAFT _ DRAFT
Meeting Date	General Tasks	Specific Activity	Handouts
April 14, 2016	Rule Review Member Issues		
	Agency Monitoring		
	Studies		*
		*	*
Meeting Date	General Tasks	Specific Activity	Handouts
June 22, 2016	Studies: HJR 29 SB 390		*
	Rule Review		
	General Tasks	Specific Activity	Handouts
	Legislation		

Appendix A: SB 390 Study of Licensing Board Costs

Summary **DRAFT _ DRAFT _ DRAFT**

<i>SB 390 List of Study Subjects</i>	<i>Actual Information Provided</i>
<ul style="list-style-type: none"> EAIC to conduct a study of fees charged for licensing boards. 	<ul style="list-style-type: none">
<ul style="list-style-type: none"> The study was to include but was not limited to: <ul style="list-style-type: none"> - fees incurred, calculated or charged by the department for a variety of activities; - direct and indirect costs as well as administrative service costs and legal costs; - analysis of whether fees for administrative services are commensurate with the costs provided; and - analysis of whether the services provided add value to board work and contribute to public safety. 	
<i>Information requested by the EAIC members</i>	
<ul style="list-style-type: none"> 	

Issues

Fees Commensurate with Costs

Distribution of Indirect Costs

Oversight of Licensing Boards under U.S. Supreme Court's NC Dental Case

Appendix B: Study of Air Ambulance Costs

Summary

DRAFT _ DRAFT _ DRAFT

<i>Study Plan Proposed Deliverables</i>	<i>Actual Information Provided</i>
<p>Briefing papers on:</p> <ul style="list-style-type: none"> • Costs; • operational data regarding membership or subscription services; • insurance-related information; • regulations; • health care industry impacts; and • research from other states. 	<ul style="list-style-type: none"> • Survey of air ambulance providers, addressing trips, costs, response time, membership sales, medical staffing. Insurance acceptance, medical capabilities in flight • Northeast Montana STAT Air provided a breakdown of costs for its service. • Insurance-related information posted online included Frequently Asked Questions related to Adequate Networks and Out-of-Network Emergency Services • Health Care Industry Impacts included costs faced by the State of Montana plan for air ambulance flights, claim numbers filed by air ambulance providers for Medicaid reimbursements; insurance data from Allegiance and Blue Cross Blue Shield of Montana on allowed air ambulance charges and Medicare allowed charges or percent of Medicare paid; and base rates paid for Medicare and Medicaid. • Research from other states include legislation or regulations from New York, Florida, Alaska plus court decisions from North Dakota and Wyoming and related legal information from Texas .
<p>Panel presentations indicating:</p> <ul style="list-style-type: none"> • legal concerns related to regulating air ambulances; • pros and cons of various regulations, as perceived by stakeholders; • hospital issues regarding costs of affiliation with air ambulance services and their responsibilities vis-a-vis patients when transfers are needed or may be needed; • insurers' perspectives of membership-based services and how best to recognize and deal with them as a noninsurance, separate product or in another manner; and • differences between membership-based and other types of ambulance services from the perspectives of ambulance providers, consumers and emergency room personnel. 	<ul style="list-style-type: none"> •

<i>Information requested by the EAIC members</i>
•

Issues

Air Ambulance Costs

Insurance Payments

Federal Law Complications

Current State Law Scope

Appendix C: EAIC Letters Sent **DRAFT _ DRAFT _ DRAFT**

The Economic Affairs Interim Committee sent the following letters as part of its rule review and monitoring duties or as part of an assigned study:

HJR 29 Study-Related Letters

- A letter to Montana’s Congressional Delegation requesting federal action to revise the Airline Deregulation Act and Medicare payment laws as they impact air ambulances. Sent in February.
- A [letter](#) to the State Auditor’s Office asking that office to spearhead a working group to find solutions to insurer payments as related to air ambulance charges. Sent in February.

SB 390 Study-Related Letters

- A [memo](#) received from the Commissioner of Labor and Industry related to state immunity doctrine and board activities

Rule Review Letters

- June 2015 [letter](#) from the EAIC requesting a delay in adoption of rules proposed by the Board of Physical Therapy Examiners regarding dry needling.
- A followup [letter](#) sent by the EAIC in September 2015 continuing its objection to rules proposed by the Board of Physical Therapy Examiners.

Agency Monitoring-Related Letters

- Letter to Montana State Fund regarding its proposed purchase of a parking garage.

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