

Proposed 2007 Session Legislation

Agency Name & No: Department of Administration - 6101
Priority Number: 17 Filename: \6101\21-017
Short Title: Length of contracts for state health services
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1. Purpose:

The purpose of this legislation is to extend flexibility in contracting for health care and benefits services for State of Montana Employee Benefits and related programs. Purchasing statute would be changed to permit contracting authorized under 2-18-811, MCA to go from a maximum length of 7 years to 10 years.

2. Background:

Current statute requires that contracts for state employee benefits be re-procured after a maximum of seven years. Increasingly we find that it is not in the best interests of the State or of employees and retirees to re-procure services for certain benefits that frequently. An example is the purchase of the long-term care benefit.

3. Fiscal Impact by Fund Type: This impact should be as specific as possible.

As stated above, there is potential to reduce the cost of benefits and administrative costs through selection of appropriate contracts for an extended period. Reduction in cost of benefits and administration will result in reductions both to the employee (out-of-pocket costs) and the employer (state share).

4. Summary Checklist [Check & complete all that apply]--

Housekeeping Only [checked] Federal Requirement [] Audit Recommendation (Audit No.) [] Major Legislation []
Anticipated to be Controversial Legislation [] Bill Draft has been included in Legislation Submittal (if available) []
Supports Submitted EPP Item Number [] Local Government Fiscal Impact []
Increases FTE, or Decreases FTE by [] List FTE amount and program []
Increases Existing Revenue [] Tax [] Fee [] Penalty []
Decreases Existing Revenue [] Tax [] Fee [] Penalty []
Establishes New Revenue [] Tax [] Fee [] Penalty []
Leg. has been Submitted in Previous Legislative Sessions (list priority no, LC no, or bill no): []
Legislation would affect other state agencies (list): []
Special Interest Groups Affected (list): [checked] Third-party administrators (BCBSMT, Allegiance, New West)
Other: []