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As of: July 27, 2012 (6:50pm)

LCsa03

**** Bill No. ****

Introduced By *****

By Request of the State Administration and Veterans' Affairs
Interim Committee

A Bill for an Act entitled: "An Act providing that expenditures and alternatives for providing state employee group benefits is subject to legislative appropriation and approval; amending section 2-18-812, MCA; and providing an immediate effective date."

Be it enacted by the Legislature of the State of Montana:

Section 1. Section 2-18-812, MCA, is amended to read:

"2-18-812. Alternatives to conventional insurance for providing state employee group benefits authorized -- requirements. ~~The~~ Subject to subsections (6) and (7), the department may establish alternatives to conventional insurance for providing state employee group benefits. The requirements for providing alternatives to conventional insurance are as follows:

(1) The department shall maintain state employee group benefit plans on an actuarially sound basis.

(2) The department shall maintain reserves sufficient to liquidate the unrevealed claims liability and other liabilities of state employee group benefit plans.

(3) The department shall deposit all reserve funds and premiums paid to a state employee group benefit plan account

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within the state self-insurance reserve fund, and the deposits must be expended for claims under the plan.

(4) The department shall deposit income earned from the investment of a state employee group benefit plan's reserve fund into the account established under subsection (3) in order to offset the costs of administering the plan. ~~Expenditures for actual and necessary expenses required for the efficient administration of the plan must be made from temporary appropriations, as described in 17-7-501(1) or (2), made for that purpose.~~

(5) The department shall deposit into the account provided for in subsection (3) all portions of a state employee's salary designated by the employee to be withheld for the purposes of flexible spending account benefits as well as any employee-designated portion of the employer contribution for group benefits provided for in 2-18-703 that is not required to be used for mandatory or elected benefits. Income earned on the deposits must be retained within the account and used for the purposes provided in this subsection.

(6) The Expenditures of money deposited and income earned on the deposits ~~must be used~~ in the account provided for in subsection (3) must be made from temporary appropriations, as described in 17-7-501(1) or (2), for:

- (a) payment of claims made by the employee;
- (b) payment of reasonable costs of administration of the flexible spending account program;
- (c) offsetting losses of the flexible spending account

program; ~~and~~

(d) reducing administration fees collected from participants in the program; and

(e) any other state employee group benefits plan cost.

~~(6)~~(7) The department shall, prior to implementation of any alternative to conventional insurance, present to the advisory council the evidence upon which the department has concluded that the alternative method will be more efficient, less costly, or otherwise superior to contracting for conventional insurance. Any alternative must be approved by the legislature prior to implementation.

~~(7)~~(8) Except as otherwise provided in Title 33, chapter 18, part 9, the provisions of Title 33 do not apply to the department when exercising the powers and duties provided for in this section."

{Internal References to 2-18-812: None.}

NEW SECTION. **Section 2. {standard} Effective date.** [This act] is effective on passage and approval.

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