

HOUSE BILL NO. 332

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A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING SCHOOL DISTRICT HEALTH
INSURANCE LAWS; PROVIDING INCENTIVE FUNDING FOR SCHOOL DISTRICTS THAT PARTICIPATE IN
A QUALIFYING DISTRICT HEALTH INSURANCE TRUST; REQUIRING THE ~~SUPERINTENDENT OF~~
~~PUBLIC INSTRUCTION~~ STATE AUDITOR TO QUALIFY A DISTRICT HEALTH INSURANCE TRUST THAT
MEETS SPECIFIED REQUIREMENTS; SPECIFYING PROCESSES IN THE CASE OF DISSOLUTION;
PROVIDING RULEMAKING AUTHORITY; PROVIDING A STATUTORY APPROPRIATION; PROVIDING FOR
A MONEY TRANSFER; PROVIDING DEFINITIONS; AMENDING SECTIONS 17-7-502 AND 20-3-331, MCA;
AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Qualifying district health insurance trusts -- qualifications --
definitions -- RULEMAKING. (1) The first district health insurance trust that is qualified by the ~~superintendent of~~
~~public instruction~~ STATE AUDITOR under this section must be provided the insurance trust incentive payment
under [section 4] to stabilize health insurance rates through the capitalization of COSTS AND CAPITALIZE an
operating reserve for the school district members of the trust. The ~~superintendent of public instruction~~ STATE
AUDITOR may qualify only the first district health insurance trust meeting the criteria of this section.

(2) A district health insurance trust seeking qualification from the ~~superintendent of public~~
~~instruction~~ STATE AUDITOR under subsection (3) shall apply to the ~~superintendent of public instruction~~ STATE
AUDITOR demonstrating that the district health insurance trust:

(a) has been created ON OR AFTER JULY 1, 2023, by a multidistrict agreement pursuant to 20-3-363
or by an interlocal cooperative agreement among participating school districts pursuant to the provisions of Title
20, chapter 9, part 7; THE TERMS OF THE AGREEMENT MUST INCLUDE THE STATE AUDITOR OR THE AUDITOR'S
DESIGNEE AS AN EX OFFICIO NONVOTING MEMBER OF THE TRUST'S GOVERNING BOARD.

1 COOPERATIVE FORMED PURSUANT TO 20-7-451 THROUGH 20-7-457.

2 (c) "District health insurance trust" or "trust" means an arrangement, plan, interlocal agreement, or
3 multidistrict agreement COMPLYING WITH THE REQUIREMENTS OF THIS SECTION that jointly provides disability
4 insurance as defined in 33-1-207 to ~~its districts'~~ THE officers, elected officials, or employees OF DISTRICTS
5 through a member-governed, self-funded program.

6 (d) "Employee" means an individual employed by a district in any capacity, including but not limited
7 to an employee meeting the definition in 2-18-601 and a teacher or principal as defined in 20-1-101 who is
8 regularly scheduled to work at least 20 hours or more a week during the academic year.

9 (E) "MEMBER" MEANS ANY EMPLOYEE AND THE EMPLOYEE'S QUALIFIED DEPENDENTS WHO ARE OBTAINING
10 HEALTH INSURANCE COVERAGE UNDER THE TRUST BY VIRTUE OF THEIR STATUS AS A DEPENDENT OF THE EMPLOYEE.

12 NEW SECTION. Section 2. District withdrawal -- procedures. (1) After Except as provided in
13 subsection (3), after initially joining a district health insurance trust qualified by the ~~superintendent of public~~
14 ~~instruction~~ STATE AUDITOR under [section 1], a district OR AN EMPLOYEE GROUP OF A DISTRICT that has participated
15 in the trust for at least 5 consecutive school fiscal years and provides notice to the district health insurance trust
16 of a plan to withdraw from the trust is authorized to withdraw from the trust. To complete its withdrawal, the
17 district shall notify the trust prior to withdrawing from participation pursuant to the contractual terms of coverage
18 and membership in the district health insurance trust.

19 (2) A district that has withdrawn from a district health insurance trust under subsection (1):

20 (a) is ineligible to rejoin the trust for at least 5 full school fiscal years following the year in which the
21 district withdraws; and

22 (b) is ineligible for receipt of any portion of the net assets or reserve balance of the trust
23 attributable to the distribution of funds under [section 4(3)(b) and (5)] on withdrawal. The portion of the net
24 assets and reserve balance attributable to the distribution of state funds referenced under this subsection (2)
25 must be determined by an actuarial reserve balance analysis conducted by the trust's contracted actuary.

26 (3) A district may withdraw within the first 5 years if:

27 (a) the premiums for the district health insurance trust increase by 5 or more percentage points
28 over the average of the premiums for individual large group plans sold on the health insurance exchange for the

1 same year; or

2 (b) the district is charged an annual assessment more than one time a year in an amount that
3 exceeds 1 month's employee contribution by the district.

4
5 **NEW SECTION. Section 3. Dissolution -- disqualification.** (1) If, after being qualified by the
6 ~~superintendent of public instruction~~ STATE AUDITOR, a district health insurance trust ceases to comply with the
7 conditions under [section 1(2)] for more than 3 consecutive years, the trust shall immediately notify the
8 ~~superintendent of public instruction~~ STATE AUDITOR and dissolve the trust no later than the end of the next full
9 fiscal year after the date of notification. A district health insurance trust may also voluntarily dissolve.

10 (2) When dissolving pursuant to this section, the district health insurance trust shall wind up the
11 affairs of the trust in the following order:

12 (a) impose any assessments on the ~~members~~ DISTRICTS of the trust that are calculated by the
13 trust's retained actuary as necessary to pay all liabilities of the trust;

14 (b) pay all remaining claims, including incurred but not reported claims;

15 (c) pay all remaining liabilities of the trust;

16 (d) return any reserve balance remaining from the distribution of state funds to the trust under
17 [section 4(3)(b) and (5)] to the state of Montana, after adjustments under subsections (2)(a) through (2)(c), for
18 deposit in the state general fund. The portion of the reserve balance attributable to the distribution of state
19 funds referenced under this subsection (2)(d) must be determined by an actuarial reserve balance analysis
20 conducted by an actuary chosen by the ~~superintendent of public instruction~~ STATE AUDITOR.

21 (e) distribute its remaining net assets, if any, proportionately to the ~~member~~ districts of the trust
22 pursuant to the contractual terms of coverage and membership in the trust. A district shall deposit funds
23 distributed under this subsection (2)(e) in an internal service account and spend the funds in accordance with
24 20-3-330 or 20-3-331.

25
26 **NEW SECTION. Section 4. State school health trust operating reserve account -- distribution**
27 **and uses.** (1) There is a state school health trust operating reserve account in the state special revenue fund
28 provided for in 17-2-102. The purpose of the account is to provide a one-time-only distribution of incentive