

OFFICE OF THE GOVERNOR
STATE OF MONTANA

GREG GIANFORTE
GOVERNOR

KRISTEN JURAS
LT. GOVERNOR



May 2, 2025

The Honorable Brandon Ler
Speaker of the House
State Capitol
Helena, MT 59620

The Honorable Matt Regier
President of the Senate
State Capitol
Helena, MT 59620

Dear Speaker Ler and President Regier:

In recent years, Montanans and Americans across the country have faced rising health care costs, made worse by overall inflation reaching a generational high. According to a recent report from the American Medical Association, health care spending in the United States increased by 7.5% in 2023, a notable increase from the 4.6% increase in 2022.¹

Montanans are deeply concerned, and rightfully so, about their ability to access affordable, quality health care. That's why legislators and I have made it a priority throughout our time in office to increase access to affordable, quality care by cutting red tape, increasing competition, and expanding consumer choice. Our administration is proud of our work with the Legislature to lower health care costs and expand access for Montanans through conservative, free market principles, not government mandates.

Our conservative, free-market approach stands in stark contrast to the approach of states that embrace costly government rules, regulations, and mandates that distort markets, limit consumer choice, and inflate health care costs. While well-intentioned, House Bill 607 falls short of what has successfully guided us. House Bill 607 will raise Montanans' health care costs. Insurance mandates, like those included in House Bill 607, increase the overall cost of health insurance through higher premiums for consumers and higher costs to insurers. The American people experienced a stunning increase in their insurance premiums because of government-imposed insurance mandates under the Affordable Care Act (ACA). In fact, after the passage of the ACA, the average price paid for health insurance, i.e. for premiums, increased by 143% between 2013 and 2019.²

Speaker Ler, President Regier

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House Bill 607 is also an unfunded insurance mandate that, if implemented, would cost Montana taxpayers a projected \$3.5 million. In the attached letter, the Department of Administration outlines its concerns about House Bill 607. As you know, the State of Montana Benefit Plan (State Plan) provides health insurance to nearly 30,000 employees, legislators, retirees, and their dependents. According to the department, should House Bill 607 become law, the state would need to seek increased contributions from employees and/or use more taxpayer resources to maintain the financial solvency of the State Plan and to cover increased costs to the Office of the Commissioner of Securities and Insurance.

Therefore, in accordance with the power vested in me as Governor by the Constitution and the laws of the State of Montana, I hereby veto House Bill 607: "AN ACT REVISING HEALTH INSURANCE LAW TO REQUIRE COVERAGE FOR HEARING LOSS FOR ALL AGES; REVISING LAW REQUIRING COVERAGE ONLY FOR CHILDREN; AND AMENDING SECTIONS 218-704 AND 33-22-128, MCA."

Sincerely,

A handwritten signature in blue ink, appearing to read "Greg Gianforte".

Greg Gianforte
Governor

Enclosure

cc: Legislative Services Division
Christi Jacobsen, Secretary of State



MONTANA DEPARTMENT OF ADMINISTRATION

Director's Office

Greg Gianforte, Governor
Misty Ann Giles, Director

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May 1, 2025

Governor Greg Gianforte
Office of the Governor
1301 E. 6th Ave.
Helena, MT 59620

Dear Governor Gianforte:

As Director of the Department of Administration, I am responsible for overseeing the State of Montana Benefit Plan (State Plan), which insures nearly 30,000 employees, legislators, retirees, and their dependents. The State Plan is funded by both taxpayer dollars, also known as the State Share, and employee/retiree contributions. Under your administration, through good stewardship and strong financial management of the funds entrusted to us, we have been able to achieve significant cost savings with the State Plan. During this session, however, the 69th Legislature approved several bills that will increase costs, reduce reserves, and threaten the progress we have made.

One of those bills, House Bill 607 (HB 607), requires insurance companies and the State Plan to cover the cost of hearing aids for all plan members versus the current statutory requirement of providing them to plan members under the age of 18. If HB 607 is enacted, the State Plan will incur an additional \$500,000-\$600,000 in annual costs to provide the required benefit to plan members.

Typically, the State Share and employee contributions to the State Plan are a major focus of collective bargaining with state employees and the unions who represent them. Prior to session, the state and unions negotiated and agreed to the State Share amount and indirectly, the employee contributions that were ultimately included in House Bill 13 (HB 13). With your encouragement, HB 13 received broad, bipartisan support from the Legislature, and you signed it into law earlier this year.

During negotiations with employees, there was no indication that hearing aid coverage was a needed benefit, and no funding was included in the state's budget or HB 13 to pay for providing that additional benefit. Although the additional cost of the expanded hearing aid mandate was noted in the fiscal note for HB 607, no appropriation was included to offset the expense.

As a result, the costs associated with HB 607 will be paid from and deplete the State Plan's reserve funds. This adds to the likelihood that the state will need to increase the amount of tax dollars used to support the State Plan (the State Share), negotiate with employees to increase their contributions to the State Plan, or agree to a reduction in other benefits offered under the State Plan.

Alternatively, if you chose to exercise your power to veto HB 607, this issue could be subject to negotiations with state employees prior to the next session, included in that session's pay plan bill, or brought forward in a standalone bill that includes the funding necessary to expand hearing aid coverage. In the spirit of financial responsibility that has guided our efforts to keep a lid on health plan increases, we respectfully request that you carefully consider whether HB 607 is aligned with your goal to carefully and conservatively manage state finances.

Sincerely,



Misty Ann Giles
Director