

Insure Montana RFP Subcommittee Meeting August 24, 2011

Voting Board present: Erin McGowan Fincham, Amanda Harrow, Jim Edwards

State of Montana staff: Jill Sark, Helen Taffs

Interested parties: Ginger Lindsey (BCBS)

The purpose of this meeting is to review the single bid received in response to the RFP and determine if it meets requirements.

Erin asked Ginger about references; are they all from the same company? Amanda located the references and noted they are from three separate companies.

Erin asked (in reference to Section 3, page 18) if the 9.7% rate increase was the starting point for negotiations this year. Ginger said yes, and noted the 9.7% increase does not include use of any Reserve funds or stop-loss insurance, which could make that increase lower.

Erin called attention to the bullet points on Section 4, page 24, regarding Insure Montana pool experience. She felt these points were important. She also noted the provider discounts on page 46 of the same section.

Amanda asked about the 0.5% provider rate allowable increase. As premium increases are significantly higher as a rule, what contributes to those increases? Ginger explained that facilities such as hospitals are charging much higher rates for similar services.

Amanda asked about pages 37 and 38 (Coordination of Benefits). Why are all future claims denied until third party liability is established or denied? Ginger said this is standard practice and heavily regulated. Future claims may be related to the original claim, and depending on costs and complexity, it could be extremely complicated to back out the charges if another party ends up being responsible for the charges.

Amanda asked what happened to the 50% of the Rate Stabilization account which Insure Montana cannot access? Ginger and Jim explained that BCBS retains that portion because BCBS assumes all of the risk. If medical loss ratios are high, BCBS loses money. Jim explained how the RSR initially was created. Insure Montana was having low loss ratios, and BCBS agreed to return some of the excess premiums to the pool. BCBS also dropped its administration costs from 25% to 20%. Jim said that if our loss ratios are low in the future, Insure Montana may want to negotiate for a larger share of the Rate Stabilization funds but at this point he feels BCBS has been very fair with us.

Jim explained "trend" is the average increase in cost of the same medical care for the same members over the course of a year. He then asked Ginger what the overall trend is. Ginger stated it is about 12%. Jim was very pleased that the proposed Insure Montana rate increase is lower than trend.

The subcommittee agreed to meet on **Tuesday, August 30, 2011, at 12:30 pm** in the Insure Montana conference room to begin rate negotiations. BCBS will be represented by Mark and Ginger. Jill will provide Ginger with e-mail addresses for Erin, Amanda, and Jim.

The subcommittee agreed that the BCBS bid meets requirements.

Amanda asked about Exhibit J: Managed Care Access and Availability. How can a member in Crow Agency have 100% accessibility if no providers exist in the county? The access standard is two providers within 20 miles, and those providers may not actually be in the same county. In this case, Hardin is about six miles from Crow Agency. Helen asked if Indian Health Service offices were participating providers. Ginger said as they are federal agencies, they may not negotiate rates with BCBS or other insurers, so they are billed as out-of-network providers.

Jim directed attention to the sample reports on page 13, Section K. Typically, a large percentage of members have no claims, or claims below \$500. Jim stated this population is why Insure Montana began offering a high deductible plan with an HSA. He also gave an example involving a large claim with a hospitalization. Under the Premier plan, with higher premiums, members have a \$750 deductible and then a 25% copayment, and may not have any savings set aside to cover the member responsibility. Under the high deductible plan, members have a \$2,700 deductible but then the plan pays 100%; in addition, members are encouraged to save for expenses with a tax-advantaged Health Savings Account. In the long run, the cost to members with a serious medical issue is similar or lower on the HDHP. Exhibit A in the bid has plan designs and rates.

Jill advised the subcommittee that Section K of the bid would be pertinent to rate negotiations.

Jill will schedule a conference call to obtain a full board vote on acceptance of the bid and 2012 rates from BCBS after the subcommittee meets with BCBS to negotiate the 2012 rates.