

10/22/07 Insure Montana Meeting

Present in person:

Board Members: Connie Welsh, Gail Briese-Zimmer, Jim Edwards, Betty Beverly
Staff: Lisa Crowley, Jan Van Riper, Erin McGowan-Fincham, Helen Taffs, Stacia Dahl, John Morrison,

Public: Mike Dennison, Riley Johnson, Frank Cote, Eric Deeg, Dara Anderson, Eric Schindler, Jared Short, Daan Stordiau,

Present by phone:

Board Members: Bob Marsenich

Staff: Anna Whiting-Sorrell

Public: Joe Garza, Daren Engellant, Malinda Schafman

Meeting called to order at 9:05 am.

BCBS has proposed a 31.9% rate increase based upon current plan designs.

A possible 3rd plan design was discussed by the subcommittee, \$1500 deductible, 60/40 coinsurance, 10/30/75 Rx, \$300/\$100 Rx deductible, MML \$2000-\$4000, and removing supplemental accident insurance on all plans. Approximate 6.5% rate difference expected between the current Standard Plan and the suggested new plan. Jim Edwards suggested we structure the subsidies to encourage participants to choose the lower plan. He inquired if the Premier Plan option was completely dropped, would the overall rate be reduced?

Lisa Crowley brought up prenatal case management. Connie noted that a number of the large claims were for pregnancy and high cost infants. She suggested changing the benefit design to encourage early prenatal care, such as waiving the global maternity deductible and coinsurance and for the first ultrasound if the Moms come into a maternity management program during the first trimester. She also recommended staff work with BCBSMT to access a case management nurse to work with high risk pregnancies.

John Morrison stated that we need to ensure the rates are fair. Bob Marsenich inquired why the increase information was not available sooner, as at the August Board meeting we were advised that everything was fine, then less than two months later BCBS presented a 31.9% increase. (Blue Cross and Blue Shield noted at an earlier board meeting that premium quotes would be available around September 15th.) Eric Schindler advised that BCBS had obtained three different quotes for Insure Montana, and offered the lowest quote. He added that paid claims are already running 74.9% and many participants are still under the preexisting condition exclusion. John asked Daan if he himself had looked at the actuarial data. Daan responded no, BCBS outsourced the actuarial work. John asked if the 2nd year experience was surprising. Daan responded not really, as there had been no rate increase for 2007, so over the two-year spread he didn't feel the 31.9% increase was unreasonable. Eric explained the paid claims are not indicative of expected future experience because the pool is immature. Bob asked if we accept this increase then will future increases be far lower? Jim predicted greater than

average rate increases because of limited enrollments. John M. Asked if BCBS was viewing year 2 as typical. Daan stated year 2 is more typical than year 1 but they are expecting higher than trend. John M. inquired what sort of rate increases qualified association plans will face. Daan replied 0% to more than 40%, and that the entire BCBS book of business is facing about a 13% average increase. John M. requested specific information on qualified association plan rates. He pointed out that health care costs are increasing 7% to 8% a year, but insurance costs have increased over 13% a year for several years. Eric S. responded that there has been increasing utilization in combination with an aging population which is driving insurance rates. The Insure Montana group is riskier because it's a previously uninsured population with preexisting conditions, and the benefit-rich plans are driving increased utilization. Many participants will be coming off their preexisting condition exclusions by April or May 2008, and BCBS expects to see increasing claims at that time.

In November, BCBS plans to meet with Insure Montana to discuss ways to mitigate costs, such as wellness benefits. It was pointed out that chronic cases most in need of a wellness benefit are unlikely to adopt without significant incentives and education. Possible targeted groups would be prenatal, diabetes, substance abuse, depression, and cancer.

Lisa inquired if the Board would be interested in a 3rd benefit option. Bob and Betty suggested doing away with the Premier plan altogether as the benefits are too rich. Lisa agreed to price out a "Basic" and a "Standard" plan, with adjustments to deductibles, maximum member liabilities, Rx, and wellness benefits.

The State Auditor's Office will have an independent actuary evaluate the BCBS proposed increase and determine if any reductions might be feasible.

The next meeting was scheduled for 10/25/07.

Meeting adjourned at 10:51 am.