

Insure Montana Program Advisory Council

Meeting Minutes

Date: December 8, 2009

Members Present: Tanya Ask, Representative Chuck Hunter, Kara Bonahoom, Jim Edwards, Senator Ryan Zinke, Daren Engellant, Representative MacLaren

Insure Montana Staff Present: Jill Sark

Public/Guests Present: Angus Maciver

Next meeting: TBA

I. Prior Meeting Minutes

Council members reviewed and approved the previous meeting minutes. Jill will have the minutes posted to the Insure Montana web page.

II. Discussion

Jill explained the purpose of this meeting was to discuss the five areas previously determined for possible recommendations of change and/or improvement. These discussions will determine the scope of the issue to help plan future meetings.

Funding Source – the issue is to determine the viability of long term available funding for this program. Daren mentioned that if the funding ended, many businesses would drop the insurance due to lack of a subsidy. The budget was clarified as \$10 million annually of tobacco tax funding and the additional \$3 million annually of tobacco tax reversion funds. Rep. Hunter questioned whether or not the additional funding was One Time Only (OTO). (*Answer: Yes, the addition funding is OTO*).

Jill mentioned a recent study by the Centers for Disease Control published November 13, 2009 found that there was virtually no change in cigarette smoking (nationally) from 2004 to 2008 (20%). Currently, Montana has 18.5% of the adult population reported as smoking cigarettes.

Jill gave a report of the new funding expenditures and current waiting list situation. So far, 196 businesses have been added to the

purchasing pool program and there remains enough funding to add approximately 60 more businesses. There are 140 businesses on the purchasing pool waiting list—these businesses have applied and been placed on the waiting list since July 1, 2009. For the tax credit program, 141 businesses have been added to the program with enough funding to add approximately 75 more businesses. There are 49 businesses on the waiting list that have also applied since July 1, 2009.

Senator Zinke questioned whether or not the Insure Montana program shares information with the Department of Revenue (DOR). Jill explained that Insure Montana provides information to DOR with regard to the tax credit program. DOR provides Insure Montana with the tax credit claimed data. Further, the Insure Montana database has been enhanced to reconcile the tax credits claimed from DOR with the actual tax credits approved by Insure Montana. Jill has met with DOR staff recently to begin the process to share purchasing pool data as required by 33-22-2008(6). Jill will provide the council with a report of the number of businesses sorted by business type (e.g., sole proprietor, LLC, non-profit, etc.).

Jim Edwards provided a handout of St. Vincent Hospital's profit/loss statement. He said he also recently attended an open house for Benefis in Great Falls. He made the point that healthcare reform has turned into insurance reform and he believes the providers should be included too. He suggests that one-quarter percent from St. Vincent Hospital would equal \$750,000 of possible funding for the program.

Tanya Ask questioned what will be needed for the program's funding for the biennium 2012/2013 to maintain the current businesses. Jill will provide the funding projection at the funding source meeting. She also asked what other states with similar programs used for a funding source. Jill had researched seven states with similar programs and will provide a report to members.

A discussion of the 36 businesses that left the purchasing pool program led to a request for Jill to provide the members with a detailed report of the reasons they dropped from the program. She reported that some businesses have told her that they were dropping from the program due to the economic downturn—they simply could no longer afford the insurance premiums even with a subsidy. Jim mentioned that the subsidies are capped at 2007 premium rates, age 54 and rate tier 6, which may also contribute the businesses and employees being unable to afford the coverage.

It was determined that the funding source should not be the first topic discussed in detail at future meeting. Members concurred on the following schedule: 1) Federal Healthcare Reform; 2) Subsidy Calculation and Benefit Plan; 3) Funding Source; 4) Program Participation; and, 5) Program Administration.

Purchasing Pool Subsidy Calculation – Jim said that in the beginning the program provided insurance to people that did not have insurance. It was too rich of a benefit—if the increase is 15% it would be a big hit their budgets. He suggests designing a benefit that would realize a 5% increase. Daren stated that under-insured are still insured. Tanya suggested the council re-evaluate the benefit design as well as the purchasing pool subsidy calculation. It was requested that Jill provide the cost of the embedded dental coverage at the benefit design meeting.

Rep. Hunter agreed to provide the members with an explanation of how the CHIP program uses the Federal Poverty Level (FPL) in the eligibility calculation. He stated the Insure Montana and CHIP calculations with regard to the FPL should be similar. Jill explained the handout of the program's Plan of Operation provides the current calculation with regard to the FPL. Daren questioned if a fixed amount might be the method to use in determining subsidy amounts.

Members requested that Jill provide a detailed explanation of how the current calculation is computed. It was requested that the explanation be provided prior to the subsidy calculation/benefit plan meeting.

Federal Healthcare Reform – Jill asked if members would like any specific guest to be invited to this meeting to provide information. Members suggested that Sue O'Connell be asked to join the meeting and present a side-by-side comparison of the Senate and House bills she has developed.

Program Administration – this topic was requested to be discussed by Commissioner Lindeen to answer the question of whether or not the Insure Montana program should be administered by the State Auditor's Office (SAO). Rep. Hunter questioned if all programs should be in the same state agency depending on how the service benefits people. Daren feels the purchasing pool (insurance portion) should not be administered by the SAO, he sees a conflict of interest. Senator Zinke said if a small business is benefiting from a program, it is possible that the Department of Commerce is correct state agency. The topic is

worthy of discussion and he is interested in maintaining a line of checks and balances.

Angus Maciver, Legislative Audit Division (LAD), provided an overview of a current performance audit of the Insure Montana program by the LAD. He stated that this audit may provide suggestions for this council to consider.

Rep. Hunter is interested in considering the joining of Insure Montana, CHIP and the State Employee's health insurance plan.

Daren stated that he believes the purchasing pool is a duplication of what already existed with association plans. Jim explained that in the beginning the purchasing pool was slated to be community rated but because 30% of the funding could be used for purchasing coverage through an association plan, the purchasing pool had to become "like" an association plan to avoid adverse selection.

Rep. MacLaren requested more information regarding the plans currently available.

III. Conclusion

The Advisory Council will schedule five meetings to discuss: 1) Federal Healthcare Reform; 2) Subsidy Calculation and Benefit Plan; 3) Funding Source; 4) Program Participation; and, 5) Program Administration.

Council members will send an E-Mail to Jill with dates they are not available for the months of January, February and March. Jill will then schedule one or two meetings in the upcoming months.