

Insure Montana Governing Board Meeting

August 7, 2007 1-5PM
Montana State Capitol Building, Room 172

BOARD PRESENT: Chair Kate Mclvor, Gail Brieze-Zimmer, Betty Beverly, Bob Marsenich, Cliff Larsen, Jim Edwards

STAFF: Anna Whiting-Sorrel, Office of the Governor
Erin McGowan, State Auditor's Office
Lisa Crowley, Insure Montana
Helen Taffs, Insure Montana

OTHERS: Dara Anderson, Blue Cross Blue Shield
Mark A. Burzynski, Blue Cross Blue Shield
Eric Deey, Blue Cross Blue Shield
Webb Brown, Montana Chamber of Commerce
Daren Engellant, Montana Retail Association
Frank Cote, AHIP
Malinda Shafman, Montana Logging Association
Todd Lovshin, Allegiance
Anne Pichette, Office of the Governor

THOSE ABSENT: Connie Welsh

Chair Kate Mclvor called the meeting to order at 1:11 pm.

Since the Board has two new members, Betty Beverly and Anna Whiting Sorrel, all present introduced themselves.

The minutes from the February Board meeting and the June phone meeting were reviewed. Cliff moved to approve the minutes as written, Gail seconded the motion, and the motion passed unanimously.

Lisa presented the budget numbers to the Board, including projections for FY08 and FY09. Allegiance has been contracted to offer a premium-only plan to eligible businesses for a one-time setup cost of \$50.00 per business. Insure Montana will not be billed for businesses not enrolling, and the maximum total expenditure will not exceed \$76,500.00. Kate inquired which businesses would not be eligible. Lisa responded that certain business types, such as Subchapter S Corporations, are not eligible, and some businesses may already have a flex plan in place. Kate asked about the budget numbers, and the projected 91% expenditure of funds compared to 95%. Lisa advised that Insure Montana could cover a maximum of 30 more businesses, but that the cushion was desirable in case there is a premium increase, and to provide for adding participants to existing policies. Gail inquired if renewal rates were available yet. Lisa responded that BCBS would be providing preliminary information shortly. Jim asked if the average group size on the waiting list was increasing compared to the current enrollment. Lisa responded no. Cliff asked if every business on the waiting list was eligible, and Lisa responded yes. Lisa then advised that recent news articles about the program are sparking inquiries, but the callers are disappointed when they discover the

waiting list is so large. Kate asked if groups are still applying, and Lisa advised that many groups are not even bothering to apply when they discover the projected wait could be one to two years or longer. Jim asked if we could farm some of these groups out to association plans. Lisa replied that IM staff does make suggestions including association plans and encourages groups to apply for the tax credit program.

Funding Options: Lisa advised that the Department of Public Health and Human Services is resubmitting the report for the 1115 waiver. DPHHS is hoping for approval within the next few months, although not likely before January 2008, and that date may be overly optimistic. Gail informed the Board that the federal government is reducing the number of 1115 waivers it is approving, due to the Deficit Reduction Act. DPHHS is still pursuing the waiver.

Lisa advised that the HIFA waiver is based upon Federal Poverty Guidelines. Insure Montana's premium assistance guidelines are currently based upon the 2006 Federal Poverty Guidelines. A large percentage of the IM population may be eligible for Medicaid, however, the final determination would have to be made by DPHHS. Jim inquired whether the top income tier, which receives a 20% assistance amount, includes owners who are exempt from the \$75,000.00 salary cap and may be receiving large incomes. Lisa confirmed this, and added that some high-income owners choose to decline the assistance payments. Lisa advised the Board that the income cap is set legislatively, and the 2007 Legislature did not approve applying the \$75,000.00 income cap to owners, but the Board has the authority to adjust assistance levels. She suggested that the Board could adjust assistance levels to match current poverty guidelines, and readjust them on a regular schedule. Cliff suggested we create a subcommittee to study this issue. Betty asked about the \$75,000.00 cap versus the \$58,000.00 top income tier, and Lisa explained the \$75,000.00 cap was for eligibility purposes, while the \$58,000.00 tier affected assistance amounts. Erin pointed out that an unintended consequence of cutting high-income owners' assistance amounts might be that the owner would choose to drop the insurance and all the employees would lose. ***Erin, Kate, Beverly, and Cliff volunteered for the subcommittee on the assistance schedule.*** Kate asked what the projected funding amount from the 1115 waiver might be. Lisa advised it could potentially be as much as one million dollars per year, however, because we aren't able to determine eligibility for Medicaid, this is only an estimate. Cliff requested that Gail provide an update on the waiver at every meeting.

Anna inquired whether the increase in CHIP eligibility had an effect on the IM program. Lisa advised the effect was minimal. Anna inquired whether a mailing could be sent to potential CHIP-eligible families. Lisa advised this is possible. Kate advised the Board would not be taking action on this issue at this time, and invited public comment. There was none.

Claims History & Data: Lisa advised that she is currently reviewing payments versus disbursements. Currently 85% of participants have elected to take PPO coverage, compared to 15% with traditional coverage. The Dental benefits are being utilized by the participants. The claims have increased over the last six months because the enrollment has increased; the pool is in the process of maturing and has reached full enrollment as of 7/1/07. There have been over one million dollars per month in claims since March 2007, and groups are beginning to reach the end of their 12 month preexisting condition exclusion. 36% of employees and spouses have never submitted a claim; 28% of the total participants are not submitting any claims. 42% of the total claim

dollars have been expended on approximately 25 individuals, or ½ of 1% of the total participant population. Cliff inquired when the next report would be available; Lisa and Dara advised it would take one to three weeks and when it is available, Board members will receive copies by mail. Jim asked if August claims would be posted in time to be considered in the renewal process. Lisa confirmed this and committed to alerting the Board should anything unexpected arise.

The meeting recessed at 2:12 pm and reconvened at 2:36 pm.

Insurance Commissioner John Morrison, Deputy Insurance Commissioner Jan VanRiper and Chief Legal Counsel Christina Goe arrived during the break.

RFP/RFI: subcommittee meeting notes were reviewed. Commissioner Morrison introduced Jan VanRiper, the new Deputy Insurance Commissioner.

The Commissioner stated that Insure Montana has been very successful and thanked the Board. He went on to state that he had been asked why BCBS is the only carrier. BCBS provided the only compliant proposal. The enacting legislation provides for up to three carriers and six plans to ensure competition and choice. Mr. Morrison had assured concerned parties that there would be a new RFP process in 2007, and this was well-received. While the Commissioner recognizes Board concerns regarding an RFP process, he encourages the Board to initiate one and accept competitive bids. While the Insure Montana claims history is not extensive, it has been good to this point and is attracting interest. Competition also has the potential to improve rates. The 2005 Legislature was committed to the idea of competition, and the 2009 Legislature may view the program as not honoring the intent of the initial legislation if we fail to do an RFP. The Commissioner concluded by requesting the Board do an RFP by May 1, 2008, in order to have proposals in time for the 2009 Legislative Session.

Kate advised the Commissioner that the subcommittee agreed on a May 2008 RFP and asked if he was comfortable with that. Commissioner Morrison stated that we need something in place as soon as possible, either a second provider or proof of a lack of competitive bids. Kate said more claims data was necessary prior to doing an RFP. Jim clarified that the subcommittee had not rejected the idea of an RFP altogether, but had decided not to do it immediately for a 1/1/08 effective date; the subcommittee determined that it would be more appropriate to do the RFP in 2008 for a 1/1/09 effective date. The Commissioner asked if there would be a benefit to doing an RFI. Kate and Jim advised that not everyone felt an RFI was needed. Lisa explained that Insure Montana is a unique product, and a combination of an RFI and a participant survey would help us to determine if insurers were willing to create a different product. Jim discussed adverse selection, and explained the importance of preventing an insurer from siphoning off the desirable subscribers, weakening the Pool. Gail felt participant surveys would be appropriate, to determine what they want (including more choices in coverage options). Jim suggested the Board have an independent actuary analyze the data and design parameters for an RFP. Commissioner Morrison expanded that we should delay for a 1/1/09 effective date to maximize the data.

Bob inquired about the possibility of reinsurance. Lisa pointed out the tentative renewal timeline in the folders provided to the Board. BCBS should provide some renewal rates in September. Bob stated he felt an RFI was of limited value and suggested the Board consider going straight to the RFP process. Commissioner Morrison suggested that if

the Board was not shooting for a 1/1/08 effective date, the RFP should be delayed to maximize claims data and then the goal should be a 1/1/09 effective date. Erin suggested we survey groups who declined the insurance to determine which needs are not being met. Commissioner Morrison posed the rhetorical question, if we did an RFP now and received a better offer than why wouldn't we go with it. Kate and Jim responded that at this time we do not have adequate information with which to evaluate an offer. Anna confirmed the Governor's position that we need an RFP prior to the next Legislative Session but there is no need to rush. The Commissioner concurred that as long as we have a good RFP before the next Legislature, complete and effective by 1/1/09, the State Auditor's Office would support it.

Lisa stated the Board needs to develop long-term goals, visions, and a strategic plan. Gail suggested a timeline for a survey. Jan gave the Board information on CHAT, a process developed by the National Institute of Health which allows health care consumers to help design health care benefits which are meaningful to them, evaluate their choices in hypothetical situation, and then redesign their benefits based on what they discovered in the evaluations. The Board expressed interest in forming a focus group of Insure Montana participants for the CHAT process. Christina inquired about funding sources for doing this. Jan stated the National Institute of Health may be a possible funding source, and other sources are also possible. Kate requested additional information regarding costs. Jan and Erin advised they would provide more information and research funding sources.

Kate opened the meeting to public comment the RFI/RFP discussion. Daren Engellant of the Montana Retailers' Association asked about Qualified Association Plans providing the needed competition. Commissioner Morrison responded that the RFP would look at underwriting the entire pool and not just individual businesses. Daren expressed concern regarding the complexity of an RFP process, and urged the Board to consider this complexity before going forward with the RFP process. No further public comments were offered.

Jim Edwards moved that the Board begin the RFP process by 5/1/08, proposals be due no later than 8/15/08 with a minimum of 60 days given for companies to prepare, and the effective date for the new proposal would be 1/1/09. Bob Marsenich seconded the motion and it passed unanimously. Bob also suggested we go ahead with focus groups and study what the participants want. Lisa stated the RFP subcommittee would need to begin no later than March 2008.

The meeting recessed at 3:45 pm and reconvened at 3:58 pm.

RENEWALS: Lisa advised that groups are asked to verify renewal intent and business information during the month of October. BCBS is expected to provide preliminary renewal rates in September. More information will be available at the next Board meeting.

Election of 2008-2009 Board Officers: Kate nominated Gail as the Chair, Jim seconded the nomination. Gail nominated Kate as the Vice-Chair, and Jim seconded the nomination. Kate nominated Betty as the Secretary-Treasurer, and Jim seconded the nomination. No other nominations were made. By unanimous vote, effective with the next meeting, Gail Briese-Zimmer is the Chair, Kate McIvor is the Vice-Chair, and Betty Beverly is the Secretary-Treasurer for the 2008-2009 cycle.

Proposed meeting dates (subject to change, Lisa Crowley will e-mail to confirm):

November 7, 2007

February 19, 2008

May 6, 2008

August 12, 2008 (Annual)

Kate invited further public comments. Dara Anderson of BCBS stated that renewal rates should be prepared by approximately 9/15/07.

Gail moved to adjourn, Betty seconded the motion, and by unanimous vote the meeting adjourned at 4:04 pm.