Insure Montana Program

Rate Negotiation Subcommittee Meeting Minutes

September 3, 2010

I. Call to order

Jim called the meeting to order at 1:20 p.m.

II. Roll call

Board Members Present: Jim Edwards, John Thomas, Betty Beverly

Non-Voting Members Present: Carol Roy

Insure MT Staff Present: Jill Sark

Public Present: Ginger Lindsey, Mark Walters and Judd Wagner (all BCBS)

III. Summary of Purpose for Meeting

Judd opened the meeting by explaining the BCBS proposed rate increased of 9%. Judd explained that currently medical trend is 11% and healthcare reform adds another 2.2% for a total of 13.2%. He stated that growth in membership can affect incurred claims. Jill reported in the past year there were approximately 250 businesses added to the Insure Montana program with just less than 50% enrolling in the pool or approximately 100 to 125.

Jim asked the amount of claims that were above $250,000 (stop loss). Mark stated $45,000.

It was asked if the Insure MT purchasing pool plans were or would be in compliance with healthcare reform changes. Ginger stated that children up to 26 were covered effective June 1, 2010 and mental health changes went in to affect July 1, 2010. The Insure MT purchasing pool plans will be compliant with all healthcare reform changes.

Mark explained that the 2.2 increase due to healthcare reform is from the pre-existing for children less than age 19, annual maximum and lifetime maximum restrictions. The preventative mandate was stripped out of this calculation. Insure MT has good preventative coverage so the increase is estimated at 1.014%.

Jim asked why not remain as a grandfathered plan. Mark explained that the annual maximum restriction would be $750,000 (2012 and increasing each year) which is not much different than unlimited lifetime maximum. New groups are not grandfathered; therefore, it would require the program to have two separate

plans: one for the ongoing groups with the grandfathered rules and one for the new groups with the new rules.
It was explained that without the specific stop loss (SSL) insurance, the rate increase would be 2.6%.

Jim what would be the affect if the SSL was increased to an amount greater than the current $250,000. Mark stated that the $45,000 would be added back in to the calculation and the rate increase would be estimated at 8.8%.

It was questioned how the reserve account could be used. Currently there is a balance of $2,470,458. The reserve account balance can be used for a premium holiday, to buy down premiums, to pay for members' health screening, taken in a cash payout, etc. Jim suggested using the reserve account to pay for the SSL insurance. Mark stated the cost of SSL of $400,000 would be approximately $500,000. He cautioned that this would be about 6% of the premium cost which could be added to an increase in future years.

Carol questioned if Insure MT is considered small or large group with regard to Medical Loss Ratio (MLR). Judd stated that BCBS normally runs at 85% so there is likely no changed need to meet MLR. Carol stated that a 9% increase may be criticized with the low loss rations of the Insure MT program in recent years. Mark stated the current MLR is 80.5 and the 9% is needed to get to 80.5.

Jim stated that he feels the reserve account should be recycled back to the members by paying the cost of the SSL insurance to keep the rate increase to 2.6%.

Judd mentioned that a good method to hold down costs is to invest in data mining. For a fully insured plan the cost is upfront but given back later. Typically the cost is 50 cents per employee or $11,000.

Jim suggested that Insure MT consider adding a vision exam. Judd stated the average cost is $60 per member.

It was decided that data mining and vision exams may be a good use of the reserve account but first it must be determined if an RFP would be required for either option.

Jim proposed a 2.2% rate increase; increasing the SSL to $400,000 and paying the SSL with the reserve account.

Betty made a motion to accept Jim's proposal. John seconded.

No public comment was offered.

All members voted in favor. Motion passed.

IV. Adjournment

Jim adjourned the meeting at 3:15 p.m.

Minutes submitted by: Jill Sark