Insure Montana Board of Directors Meeting December 7, 2010

Voting Board present: Erin McGowan Fincham, Betty Beverly, John Thomas, David Kendall (by web)

Representative for Governor Schweitzer: Jessica Rhodes (Governor's Office)

CSI staff: David Dachs, Renee Little, Helen Taffs, Patcharin Williams, Jill Sark, Carol Roy

Interested parties: Ginger Lindsey (BCBS), Karen Diehl (BCBS), Judd Wagner (BCBS), Daren Engellant (by web), Kim Weisert (Montana Chamber), Paul Bogumill (MWB), Howard Bouma (by web), Bernard Khomenko (MAHCP), Sara Rhodes (by web), Don Creveling (by web)

Call to Order: The meeting was called to order at 1:05 pm by Erin McGowan Fincham.

Approval of Minutes: Betty moved that the minutes from the September 16 conference call be approved as written. Dave K. seconded the motion, and it passed unanimously. August 10 Board Meeting minutes were amended to include the presence of Eve Franklin. Betty moved the minutes be accepted as amended. John seconded the motion, and the motion passed unanimously.

Addition of Member: Jessica Rhodes is now representing Governor Schweitzer as a non-voting member. Updated contacts are in the materials provided to the board prior to this meeting.

MAHCP Report: MAHCP (Montana Association of Health Care Purchasers) presented information on data aggregation and processing, analysis and reporting, PBM (pharmacy) programs, health plan contracting, clinical programs, and administrative and operational support, all services offered by this entity. MAHCP's scope includes 100,000 covered lives, representing about 50% of Montana's self-funded market. Data aggregation is a management tool which can allow a sensible response to trends and keep costs under control. Identical benefit designs can have premiums which vary by as much as $100 per month based on how well risk is managed. Claims data, health risk assessment, labs and biometrics can all contribute to accurate predictions of clinical outcomes. Data can help administrators to decide where to focus administrative dollars.

Jill stated that data analysis is one of the possibilities for the reserve fund. If the board opts to do this, a subcommittee will be needed to complete an RFP process. Jill stated that BCBS will not share data with another company and is not required to since the purchasing pool is fully insured. Betty, John, Dave K., and Carol volunteered for the subcommittee. Dave K. requested that BCBS share data which currently is not shared. Paul explained that data can be dangerous if there isn't clarity on what should be done with it. A possible way to compile data would be to offer preferred rating to groups which complete voluntary reports.

Health Care Reform: Christa McClure had been scheduled to report to the board on health care reform, but was unable to be here. Jill stated that it is currently unknown what effects the health care reform act will have on the program. The board will be consulted for IT and policy development as soon as information becomes available.

Currently bills being drafted for the upcoming legislative session include LC0270, pertaining to the exchange; LC0269, granting rate authority to the Com missioner of Securities and Insurance; and LC0271, pertaining to loss ratios. Up-to-date information on health care reform is available at http://csi.mt.gov which is the Commissioner's website.

Vision Coverage Options: Vision coverage would be a possible use of some of the reserve funds. John stated that vision would be a good addition to the benefits, as vision exams can catch many health issues early. For example, high blood pressure, high cholesterol, and diabetes can be diagnosed in a vision exam. This is a simple and inexpensive benefit as vision exams cost $40 to $60. The exam benefit is more important than a hardware benefit. Adding this benefit would require an RFP. Estimated cost for the benefit is a maximum of $240,000, and there is $400,000 available in the reserve account. The RFP could be copied from the state plan vision RFP, simply pull the hardware benefit. Betty moved that Insure Montana go ahead with the vision RFP. Erin seconded the motion, and it passed unanimously. Jill and John will develop the RFP and bring in more board members for scoring.

Legislative Issues: Jesse Laslovich was unable to be here, so Jill indicated the "housekeeping" bill, LC0277, contains three items: first, the related employer issue will be amended to "affiliated" employer. Currently the program follows IRS rules for related employers in determining eligible employee counts. This results in non-affiliated (related) businesses being denied program eligibility for number of employees, when the "eligible" employee count did not accurately represent employees who could be insured together. By changing to an affiliation rule, only businesses which are truly affiliated will have their employee counts combined. Second housekeeping issue is the delinquent tax issue. Currently the code excludes only businesses owing delinquent state income taxes. By deleting the word, "income," Insure Montana code will be brought into line with the intent of the original drafters, and exclude all business with any delinquent Montana state tax liability. The third housekeeping issue is renewals. Currently program rules call for program renewals to take place during the month of October. The bill would change the pool renewals to coincide with plan renewals, and tax credit renewals would be moved to the month of December.

Additionally, the Commissioner is requesting that the one-time funding granted by the 2009 Legislature be renewed in House Bill 2. Those funds are not currently in the Governor's budget, but are necessary to allow the newly enrolled groups to remain on the program. Loss of that funding would result in hundreds of businesses losing eligibility for the program due to insufficient funding.

Legislative Audit Response: The Legislative Audit findings and the draft responses of the Commissioner have been provided to the board. Some issues touched upon include verification of income for all participants. The Commissioner concurs that this would be a good thing to do, however it is very labor-intensive and would require additional staff. Insure Montana staff is exploring conducting focused audits on random groups to ensure correct reporting, as the current audit process includes significant demographic review which does not contribute to benefits accuracy. On the overpayments issue, the Commissioner does not concur with the Auditors' findings or recommendations. Paying in arrears would be a burden to low-income families and businesses, who could not afford to pay and wait for reimbursement. Paying subsidies directly to the insurer was extensively explored this year and

determined to be unworkable. The programming requirements were not practical, and this would also be a burden to small employers which might not receive information about changes in a timely fashion. To control overpayments, BCBS provides Insure Montana with weekly reports of changes and delinquent payments, and Renee is working with New West Health Services to get similar reports.

Advisory Council Recommendations: The Insure Montana Advisory Council came up with four possible recommendations for Insure Montana. 1.) Continue the program as-is with no changes; 2.) Eliminate the pool altogether and subsidize insurance purchases on the open market; 3.) Offer more plan options in the pool including high deductible health plans; 4.) Change subsidy calculations to a flat rate. It has not been determined whether or not these recommendations will be implemented. Dave K. voiced concern about eliminating the pool, as some groups would experience rate increases. BCBS representatives indicated that since each group would be separately underwritten, it is impossible to estimate the number of groups which would be negatively affected by the elimination of the pool. Daren, who is a member of the Advisory Council, explained that members felt that the primary advantage of the pool is the subsidy. The insurance itself may be duplicative, as it doesn't appear to decrease the cost below other plans on the open market. Dave D. pointed out that the pool can provide unique benefits such as the premium buy-down and enhanced benefits which can be provided via the reserve fund.

Plan of Operation: Jill presented draft policy changes to bring the plan of operation into compliance with the federal health care reform act. The changes allow dependent coverage to age 26 and elimination of the lifetime limits. John moved the changes be accepted as written. Betty seconded the motion, and it passed unanimously.

Budget: Insure Montana is required to spend up to 95% of the budget. Actual projections are at 94.25%, however, several groups are enrolling January 1, 2011. The Tax Credit program lost many members at renewal, primarily due to ineligible plans (individual or self-funded) and the new regulation excluding owners earning over $75,000 per year from the credit. Jill asked the board to recommend to the Commissioner to transfer surplus funds from the tax credit program to the pool, as there is no waiting list for the tax credit, while the pool has approximately 100 groups waiting. Betty so moved, Dave K. seconded, and it passed unanimously.

Experience Report: Current loss ratio is at 69%, which would mean a renewal increase of 1% if we were to renew today.

Enrollment: Currently the pool has 863 participating businesses, 46 groups which have been sent enrollment materials, and 107 waiting list groups.

Next Insure Montana board meeting will be March 8, 2011.

Adjournment: Betty moved the meeting be adjourned. Erin seconded, and the motion carried. Meeting adjourned at 2:58 pm.