**Insure Montana Board of Directors Meeting February 28, 2011**

**Voting Board present:** Jim Edwards, Erin McGowan-Fincham, Betty Beverly, John Thomas, David Kendall (by phone)

**Non-Voting Board members present**: Carol Roy, Jessica Rhodes

**CSI staff:** Christa McClure, David Dachs, Renee Little, Helen Taffs, Patcharin Williams, Jill Sark

**Interested parties:** Ginger Lindsey (BCBS), Howard Bouma (by phone)

**Call to Order:** The meeting was called to order at 1:05 pm by Jim Edwards.

**Approval of Minutes:** John moved that the minutes from December 7, 2010 be approved as written. Betty seconded the motion, and it passed unanimously.

**Member Update:** Bob Marsenich's term has ended, and Governor Schweitzer has not yet appointed a replacement. Katherine Buckley-Patton is excused from the meeting due to a scheduling conflict. A quorum was present.

**Vision Coverage:** Procurement has finalized the RFP draft for vision exams. Volunteers for the scoring subcommittee are Betty, Jim, and John; Jill will also score the proposals. Jill suggested adding a hardware benefit. That suggestion was tabled for the time being. The RFP does request bidders provide an estimated cost for the hardware benefit, so the board will address the hardware question when the cost is known. Erin moved that the board appoint the volunteers as the scoring committee. Betty seconded the motion, and the motion carried. The vision exam will aid in early detection of health problems, and the funding will come from the Reserve Account.

**Data Analysis:** Commissioner Lindeen has recommended that the board put the data analysis proposal up for RFP. This is another possible benefit which could be paid for with Reserve Account funds. Claims data is owned by Blue Cross Blue Shield, therefore any other potential bidder would not have access to that data. If a bidder other than BCBS is awarded the contract, then the analysis would focus on health screening and vision exam information. Analysis of risk can help to control costs and improve patient outcomes. By identifying issues specific to our membership, the program would be able to focus benefits and target wellness campaigns to mitigate risk. Dave K. asked if BCBS would consider working cooperatively with a successful bidder. Ginger Lindsey of BCBS stated that HIPAA restricts the release of data, and that BCBS is the owner of the claims data. John advised the board of a potential conflict of interest. He sat on the board for MAHCP (Montana Association of Health Care Plans) and therefore cannot be involved with the scoring of this RFP, if the board decides to do it. Betty moved that Jill be given the authority to move forward with the RFP. Dave K. seconded the motion, and the motion carried.

**Health Screenings:** Jill asked for approval to move forward for a third RFP for the reserve funds. This proposal would offer voluntary health screenings to members. In addition to reducing loss ratios by helping to identify and address health issues earlier, the data collected from these screenings would be

useful for analysis to find and address trends, and reduce costs. Betty moved to allow Insure Montana staff to move forward with the RFP process. Erin seconded the motion, and the motion carried.

Other possible uses for the Reserve Account include a premium holiday; this option will be discussed at the May meeting.

**Healthcare Management Report:** A copy of the most recent report has been provided to board members and interested parties. Overall, claims are down 3.5%. Previously some prescription drug claims were incorrectly coded as medical. The coding issue was discovered and corrected around January 1, 2010. 92% of Insure Montana members had less than $5,000 in claims last year.

**Legislative Update:** Jesse Laslovich, Chief Legal Counsel and Acting Deputy State Auditor discussed current legislation with the board. The "Housekeeping" bill has passed the House and was heard in the Senate Business and Labor committee. Budget: the Commissioner has requested renewal of FY 2010 funding levels, including the $6 million One-Time-Only funding. The legislature is scrutinizing all agency budgets and has proposed that businesses eligible for the federal tax credit under The Patient Protection and Affordable Care Act not be eligible to collect an Insure Montana tax credit. Dave K. pointed out that the tax credit under PPACA is temporary, and as the legislation is currently written, businesses will not have their Insure Montana tax credits reinstated. The House has approved $230,000 in OTO funding.

The budget subcommittee is also considering excluding employees with household incomes exceeding 300% of Federal Poverty Level ($32,670 for a single employee, $67,050 for a family of 4) from eligibility for the premium assistance. The anticipated impact of this rule would be up to 1,000 employees losing their assistance. Unintended consequences would include administrative costs (possibly requiring an additional full time employee) and the potential loss of coverage for businesses (some with low-income employees participating) which would not meet the 75% participation rule if the higher-income employees withdrew. Erin asked if the Reserve Account funds should be conserved to offset possible legislative cuts. Jesse stated the board should continue pursuing the current proposals with the reserve funds, as these funds may only be used for purchasing pool businesses, not for tax credit or qualified association businesses, as the purchasing pool businesses have been the ones paying in. Also, sustainability issues would preclude using these funds to insure additional groups.

If the Montana Legislature fails to set up an exchange, the PPACA requires the federal government to step in and set it up. The Senate passed a measure which would prohibit the state of Montana from implementing any part of PPACA. As an interim step, Jim stated Insure Montana could discontinue the purchasing pool and allow businesses and employees to receive premium incentive and assistance payments regardless of the insurer chosen. Dave K. advised that without the pool, members might face wider premium variations related to specific risk. Jim responded that even with the pool, there are no guarantees regarding premium variation due to risk.

Other bills proposed by the Commissioner, providing rate review authority, and setting up the healthcare exchange, are facing major obstacles in the legislature but they may still pass.

**Rate Review Grant:** Christa McClure has been hired as a Grant Manager by the Commissioner. Ms. McClure is working with Dr. Davis at the University of Montana, Missoula, to set up a data center accessible via the Commissioner of Securities and Insurance website, with the purpose of assisting Montana consumers. The Montana Hospital Association already has an all payer database with approximate costs of service, but this database is limited to the non-negotiated, cash-pay rates. Consumers need more information to make informed choices.

**State Healthcare Exchange:** If the state legislature fails to set up an exchange, the PPACA requires the federal government to step in and set it up. The Senate passed a measure which would prohibit the state of Montana from implementing any part of PPACA. As an alternative, Jim suggested that the Insure Montana Pool be de-coupled from the financial assistance with the purchase. Dave K advised that risk-adjusted management might prevent that. Jim stated the exchange cannot guarantee a specific level of cost adjustment.

**Budget:** Currently the purchasing pool is tracking to spend 98.55% of funds for FY 2012, which exceeds the statutory limit of 95%, however program attrition and the ability to shift funds from the tax credit program will allow the program to remain in compliance.

**Experience Report:** January loss ratio is 124%, which is typical for January. The current renewal premium increase based on the last 12 months' experience is around 3.89%.

**Next Insure Montana board meeting will be May 10, 2011 at 2:30 pm.**

**Adjournment:** Jim Edwards closed the meeting at 3:00 pm.