Insure Montana Board of Directors Meeting May 10, 2011

Voting Board present: Betty Beverly, John Thomas, Amanda Harrow. (David Kendall joined the meeting by phone at 4:15 pm. however the meeting was at the last agenda item of Meeting Schedule.)

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

Interested parties: Frank Cote (BCBS), Ginger Lindsey (BCBS), Daren Engellant (WMI), Kim Weisert (MCC), Chelsea Culpon (MCC), Malinda Shafman (MLA, by phone).

Call to Order: A quorum not being present, the meeting was not called to order. Informal proceedings began at 3:05 pm.

Approval of Minutes: A quorum not being present, the board was unable to vote on any issues. The approval of minutes was postponed until the full board can meet.

Member Update: Amanda Harrow was introduced as the new board member, replacing Bob Marsenich, whose term had expired.

Legislative Report: Commissioner of Securities and Insurance Monica Lindeen summarized the 2011 legislative session's actions regarding Insure Montana. For the FY 2010-2011 biennium, the program received an additional $3 million per year in OTO (One Time Only) funding. Insure Montana increased enrollment based upon receiving those funds. The Governor's original budget did not include a renewal of the OTO funds. Insure Montana worked with the appropriation subcommittee to find a solution to the reduced budget. House Bill 612 proposed changes to Insure Montana eligibility, excluding businesses eligible for the federal tax credit under the Patient Protection and Affordable Care Act from eligibility for the Insure Montana tax credit. Additionally, it proposed excluding families with incomes over 300% of the Federal Poverty threshold from receiving premium assistance payments. The Commissioner's office opposed the 300% FPL exclusion and ultimately succeeded in amending it out of the bill. The Governor vetoed HB 612 on May 9, 2011, citing concerns for small businesses and their employees. Unfortunately the general appropriations bill, HB 2, only appropriated sufficient funds for Insure Montana based upon HB 612, which would have excluded approximately 2/3 of the tax credit program enrolled businesses from eligibility. This leaves Insure Montana with a projected budget shortfall of approximately $2.6 million per year over the next biennium, based on current enrollment.

HB 2 does allow for Insure Montana to add two full time employees. This would enable the program to employ a second auditor. The veto of HB 612 does show that Insure Montana does have broad-based support. As the veto was unexpected, the Commissioner's office is still determining options to restructure the program or recover funds. The Governor still has line-item veto power over HB 2, but the Commissioner is unsure if that would allow him to restore funding to the program, or if he would be willing to do so. The Commissioner is also exploring the possibility that administrative rule or executive order could resolve the budget issues.

HB125, the "housekeeping" bill, did pass. This bill clarified some language regarding related businesses, and allows the program to schedule is renewals to run concurrently with insurance company renewals (purchasing pool) and at the end of the program year (tax credit). Betty advised that the board would need to meet prior to the scheduled meeting on August 9, as a quorum was not present and the board will be expected to provide guidance on program priorities in the face of the budget shortfall. The Commissioner advised that the board wait until the Governor takes action on HB 2, so as to know what the final budget picture is. Amanda asked about other possible funding sources. Grants would be permitted but availability is unsure.

Wellness Programs: Renee Little prepared a presentation on wellness programs currently available to members of Insure Montana. The proposal to offer pool members an incentive for participating in Well With Blue was postponed, as a quorum was not present. The incentive of a $25.00 VISA gift card on completion could encourage awareness and participation. This incentive would only be available for pool members and not those in qualified association plans, as the reserve funds are paid from pool premiums and held exclusively for the benefit of the pool membership.

Well With Blue http://wellwithbluemt.com/ is a broad-scope wellness program which offers many benefits, including recipes, nutrition, fitness, a medical encyclopedia, health screening recommendations, and even a blog to connect with other members via message boards. This benefit is already available to BCBS members (including the Insure Montana pool) and increased participation could be beneficial to the pool.

Healthy Wonders is a prenatal wellness program available to members. Participants receive their choice of three books: What to Expect When You're Expecting; What to Expect the First Year; or What to Eat When You're Expecting. Additionally, they receive a free ultrasound, waived co-payments on pre-natal vitamins, and nurse support. Insure Montana also provides a $100.00 VISA gift card to members upon completion of the program. Insure Montana actively promoted this program in prior years, but participation has fallen off recently, likely due to lack of awareness of the availability of the program.

Cancer screenings are available with waived co-payments for members. Depending on member age, free screenings are available for prostate cancer, colonoscopy, mammography, and PAP/pelvic exams. Currently the EFT advice and check stubs for Insure Montana promote colorectal screenings for members age 50 and over, however, this message could be changed to promote more wellness programs, including those available to qualified association plan members through New West or Western Mutual.

Renee has also been working on updating the Insure Montana website. The site is being given a new look, and will be more user-friendly and up-to-date. The site will include a wellness page with links and be updated regularly. Renee has been given access to BCBS marketing materials, which she can brand for Insure Montana. Carol suggested e-mailing wellness links to participating groups. Agents can also assist with outreach.

RFPs in progress: The vision exam RFP closes May 13, 2011. John Thomas and Jim Edwards have been instrumental to this process. Scoring will be scheduled within the next month, and Jill anticipates awarding the contract after July 1, 2011.

The Data Analysis and Health Screening RFPs will go out for bids shortly. John indicated that the Montana University System is currently writing an RFP for health screenings and has the option of including other state agencies in that RFP. If so, Insure Montana may be able to be included with their RFP and will not need to do a separate RFP.

The Carrier RFP may not be feasible for implementing a new carrier for January 1, 2012. Originally the board planned to vote at this meeting, but a quorum was not present. Jill will schedule a conference call meeting the week of May 16-20 to obtain the board's decision on this matter. John said it's rather late to be starting such a complex RFP. Ginger pointed out that the last time the pool went out for RFP, the process began in March and barely got done in time. Betty agreed that it is really too late to start with the intention of having a carrier in place for January 1, 2012. John suggested the board consider starting soon for a January 1, 2013 implementation. Daren expressed concerns regarding the RFP process as it relates to pricing. How can an insurance company bid price accurately when the pool is experience rated when the carrier does not have access to proprietary information? Jill explained that rates are part of the scoring process along with many other factors including network and claims processing. The board does recognize the complexity of the rating issue.

Reserve (RSR) Account: The board has previously approved the use of RSR funds for vision exams, data analysis, and health screenings. Jill suggests the board consider approving the $25.00 gift card incentive for participation in Well With Blue and completion of a health screening, but since a quorum was not present, the vote was delayed.

Ginger reviewed the accounting process for the RSR account and a copy of the current balance and budget projections is in the meeting materials. Based on the first quarter of 2011, there will not be any additions to reserve funds for 2011. Ginger added that all five of the top claims for 2011 have been contacted and offered case management services, and four have accepted.

Experience Report: Loss ratios for 2011 have increased, and based upon current experience, Insure Montana would anticipate a rate increase of 10.65% if renewal occurred at this time. Specific Stop Loss (SSL) coverage has saved approximately 3%; without SSL coverage, the anticipated increase would be about 14%. Ginger and Jill will meet to attempt to determine the reason for the spike in claims. The negotiated increase for 2011 was 2.2%. The board noted that hospitals and providers increased rates in 2010, and that trend will likely continue as more people become covered; negotiated rates with insurers are deeply discounted.

Budget Report: The budget projections were made with the assumption that HB 612 would be signed by the Governor. Jill is not yet sure what the final appropriation for the FY 2012-2013 biennium will be as the information is not yet available. Currently the pool has 871 participating businesses and the tax credit program has 802 businesses. HB 612 would have resulted in approximately 536 businesses losing eligibility. Retaining these businesses at their current credit amount will result in a shortfall of

approximately $5.2 million over the upcoming biennium. Daren asked if the tax credit amounts could be reduced to cover the shortfall. The Commissioner's office will review multiple options as soon as the Governor takes final action on HB 2. The program does have funds to add tax credit businesses for the first half of 2011, but insufficient funds for the upcoming biennium.

Next Insure Montana board meeting will be August 9, 2011 at 1:00 pm. This is the annual planning meeting. Additionally Jill will schedule a conference call meeting in the very near future to vote on issues which were postponed due to the lack of a quorum today.

Adjournment: The meeting informally concluded at 4:24 pm.