

# ***Insure Montana Program***

## ***Conference Call Meeting Minutes***

September 16, 2010

### **I. Call to order**

Jim called the meeting to order at 3:05 p.m.

### **II. Roll call**

**Board Members Present:** Erin McGowan Fincham, Katherine Buckley-Patton, David Kendall, Jim Edwards, Betty Beverly and John Thomas

**Non-Voting Members Present:** Carol Roy

**Insure MT Staff Present:** Jill Sark, Renee Little, David Dachs and Helen Taffs

**Public:** Ginger Lindsey

### **III. Summary of Purpose for Meeting:** This meeting has been called to provide an explanation to the full Board of the negotiated rate increase for 2011. Also, ideas of how the reserve funds can be used will be discussed.

The Subcommittee members that negotiated the rate increase with BCBS were: Jim Edwards, Betty Beverly, and John Thomas

### **IV. Open issues**

- a) **Rate Increase Proposal:** Jim explained that the original proposed increase was higher than expected due to compliance with healthcare reform mandates but no big surprises. He stated that the proposed increase was 2.2% if the stop loss insurance is paid with the reserve funds available rather than through premiums. Currently the stop loss insurance is at \$250,000 which has proven to be too low since only \$45,000 was used in 2010. Jim gave an example of stop loss insurance: the program had a member with a \$1,000,000 claim, the stop loss would cover any amount of the claim exceeding \$250,000. The subcommittee proposes increasing the stop loss to \$400,000 and paying the stop loss premium with the reserve funds.

Katherine asked what would be an average stop loss amount for a group similar to size of Insure MT. Jim said that \$250,000 was on the low side and \$400,000 would be at the top end. Because of the past experience of spending \$867,000 in stop loss insurance premium to use only \$45,000, he recommends changing the amount to \$400,000.

David questioned who owns the reserve account and who carries the stop loss insurance. Jim explained that BCBS does not outsource the stop loss insurance and takes on all the risk. Fifty percent of the reserve funds are available to Insure Montana with 25% available to buy down costs of premium. BCBS retains 50% of the reserves; however, if the account is negative, only BCBS realizes a loss. David said he thinks that the Board should error on the side aggressively spending the reserve funds now. Jim agreed since there are two more renewals to go through before healthcare reform will likely change the program.

David made a motion to accept the Subcommittee's recommendation to accept the 2.2% rate increase, increase the stop loss insurance to \$400,000 and pay the stop loss premium with the reserve funds. Betty seconded the motion. There was no public comment. All members voted in favor of the motion. Motion passed. (NOTE: Bob called in prior to the meeting and cast a vote in favor of the Subcommittee recommendation.)

- b) **Reserve Funds:** The idea of spending the reserve funds on a consultant to complete a data analysis of the program's claims experience was discussed. John mentioned that the State does this for the State Employees plan and it has been very successful. Betty made a motion for the Board to receive some further education on the subject prior to the December meeting. Katherine seconded the motion. Public comment was from Ginger stating that she will work with Jill to schedule a meeting with the BCBS consultant, Dr. Axelrod. All members voted in favor. The motion passed. (The issue will be added to the December meeting agenda.)

Other ideas to spend reserve funds were to purchase a vision benefit and a health screening for members. Both ideas will be discussed at the December meeting.

Betty made a motion to adjourn the meeting. John seconded the motion. No public comment. The meeting adjourned.

## V. Adjournment

Jim adjourned the meeting at 3:45 p.m.

Minutes submitted by: Jill Sark