

INSURE MONTANA
Annual Governing Board Meeting
August 10, 2006

| [AMENDED 11/17/06](#)

THOSE PRESENT: Chair Cliff Larsen, Allegiance Benefit Plan Management
Gail Briese-Zimmer, Department of Public Health and Human Services
Jim Edwards, Mountain West Benefit Solutions
Connie Welsh, State of Montana Department of Administration

STAFF: Emily Lipp Sirota, Office of the Governor
Erin McGowan, State Auditor's Office
Lisa Crowley, Insure Montana
Wendy Theodore, Insure Montana
Jarel LaPan, State Auditor's Office
Christina Goe, State Auditor's Office

OTHERS: Tanya Ask, Blue Cross Blue Shield
Mike Burke, Office of the Governor
Kris Wilkinson, Legal Fiscal Division
John Bennion, Montana Chamber of Commerce

THOSE ABSCENT: Bob Marsenich, Mountain West Benefit Solutions
Kate Wilson, Lewis & Clark Co. Cooperative Health Center
Christian Mackay, Prudential Floberg Realtors

Chair Cliff Larsen called the meeting to order at 1:00 pm.

Chair Cliff Larsen welcomed the public. Each member of the public introduced themselves for the record.

- MINUTES:

Chair Cliff Larsen asked for a motion to approve the minutes of the Regular Board meeting dated June 13, 2006 as presented.

Motion 81006-1: Gail Briese-Zimmer moved to accept the minutes.

Second: Jim Edwards.

Vote: Motion passed unanimously.

Jim Edwards noted that there should be a correction made to the minutes to reflect that he stated that we should "prepare for an insurance rate increase of approximately 10% or more" instead of less.

Motion 81006-2: Gail Briese-Zimmer moved to accept the minutes with amendment.

Second: Connie Welsh.

Vote: Motion passed unanimously.

- PLAN OF OPERATION SUBCOMMITTEE

Gail Briese-Zimmer reviewed the meeting of July 11, 2006, as outlined in the minutes as presented: proposed mission statement, means and goals.

Chair Cliff Larsen asked for a motion to accept the recommended guidelines as additions to the existing Plan of Operation as presented.

Motion 81006-3: Jim Edwards moved to accept the recommended guidelines.

Second: Connie Welsh.

Vote: Motion passed unanimously.

Chair Cliff Larsen recommended that the Plan of Operation should be revisited regularly. Connie Welsh proposed that the Plan of Operation be amended to include a proposed review of the Plan of Operation by the Standing Subcommittee on an annual basis in the second quarter of the calendar year – April, May or June - to be presented at the annual board meeting. Christina Goe proposed that the other standing subcommittees also meet on an annual basis, or as needed. It was also proposed by Christina Goe that the word “standing” be added to the name of the subcommittees at the time of adoption.

Chair Cliff Larsen asked for a motion to amend the Plan of Operation to include the proposals made by Connie and Christina.

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Motion 81006-4: Jim Edwards moved to accept the motion.

Second: Gail Briese-Zimmer.

Vote: Motion passed unanimously.

- ENROLLMENT UPDATES

Lisa Crowley informed the Board that she is now the Acting Director of Insure Montana.

Wendy Theodore reviewed the tax credit enrollment update as presented, followed by discussion by the Board members and staff.

Lisa Crowley reviewed the purchasing pool enrollment update and 2006 fiscal year financial update as presented, followed by discussion by the Board members and staff. It was noted that the average household income level of employees is approximately \$29,000. Lisa Crowley

stated that the earliest coverage effective date for new applications received after October 1, 2006 would be January 1, 2007. Lisa indicated that we are hoping to have the 2007 Blue Cross Blue Shield premium rates by Sept. 15, 2006, and we are waiting for claims data that should be available soon. So far things are sounding good and there have not been any catastrophic losses. However, there is not very much history because it is the first year, staggered enrollment throughout the year, and a lot of businesses enrolled around July 1, 2006.

Lisa Crowley stated that renewal applications for the 2007 calendar year would be mailed at the end of September 2006.

Lisa Crowley stated that the agents received a newsletter informing them of the rule change of increasing eligibility from five to nine employees. She also reviewed the news clips as presented, and relayed the increase in applications and volume of phone calls due to the recent media outreach and business notification of rule change. The Board members and staff discussed the issue of staff requirements due to the absence of Todd Lovshin, former Director. Discussion followed regarding the issue of a temporary staff employee to help with the work load until the Director position is filled.

Lisa Crowley pointed out that the RFP process for the Section 125 plan should be happening in the next month to two months. Lisa Crowley stated it would be administered by a separate vendor for the small employers in the purchasing pool.

- REINSURANCE GRANT REVIEW/LEGISLATIVE ISSUES

Erin McGowan stated Lisa Crowley and Christina Goe will attend a conference regarding the Reinsurance Institute. The Institute wants states to look at reinsurance as a possible way to make their money stretch farther. The first part of the grant is to attend a seminar conducted by the Urban Institute where they have reinsurance experts. That will take place some time in September. The first step is the intensive conference training on reinsurance and how it might fit into the potential model. From there, AcademyHealth will select three to four states for research work encompassing up to \$100,000 to see what the possibilities are. Christina Goe stated that the point of reinsurance is to stabilize risk and keep your rates more even and lower, and to absorb some of the risks of the higher risk individuals.

Erin McGowan relayed that we are in the drafting stage of potentially allowing language to allow for reinsurance in the Insure Montana statute for the 2007 legislative session, and exploring different possibilities for what types of statute revisions may be necessary, and give us some indication into the future for the Insure Montana pool. Reinsurance and the work life wellness initiative are some things we are looking into. Erin suggested that it will be necessary to review legislative issues with the Board as we move towards the 2007 session. Christina Goe suggested setting up a temporary subcommittee for the 2007 legislative session. Erin will conduct the Legislative Temporary Subcommittee, also comprised of Connie Welsh, Jim Edwards and Emily Lipp Sirota.

2:20 – Chair Cliff Larsen announced a 10-minute recess.

2:30 – Meeting re-adjourned.

- RENEWAL OF BCBS CONTRACT

Lisa Crowley informed the Board that as the claims history comes in, it will be a better tool for us to go to negotiations on rates and charges for 2007. At this point we are not looking at extending an RFP for new carriers; we will stay with Blue Cross Blue Shield for at least the next year. It was stated that to do another RFP would require Board action. It is a three-year RFP with Blue Cross Blue Shield. Lisa Crowley will keep the Board updated on the negotiations. Jim Edwards stated he would like to be involved in the negotiations.

Jim Edwards suggested that the Board look at another benefit plan if rates increase over a certain percentage amount so that employers on the Standard Healthlink plan have a less expensive plan to go to instead of not being able to afford health insurance anymore. Connie Welsh suggested a periodic review of the benefit design. Chair Cliff Larsen suggested a random survey of enrolled businesses if premium costs go above a 10% increase – ask them if they are still inclined to stay in the pool. Erin McGowen suggested that the Plan Design Subcommittee meet in the second quarter every year to re-address the plans. Jim Edwards said that we don't want to wait until the last minute to have an alternate plan available. Christina Goe and Emily Lipp Sirota stated that there are other ways than increasing rates such as plan design and reinsurance to keep rates down; and to think creatively and outside the box rather than increasing deductibles and cost sharing. Chair Cliff Larsen acknowledged that the Board members present agreed that we need to look at a third option once we have enough data. He proposed that administration address the Board when the rates come in. The Plan Design Subcommittee is comprised of Jim Edwards, Connie Welsh and Gail Briese-Zimmer. Chair Cliff Larsen suggested that the Subcommittee and administration decide if there is a problem once the rates come in, then notify the Board.

- NOMINATION AND ELECTION OF OFFICERS

Chair Cliff Larsen accepted nominations of officers.

Motion 81006-5: Jim Edwards nominated Kate Wilson for Chairperson and Gail Briese-Zimmer for Vice Chairperson. Gail Briese-Zimmer nominated Connie Welsh for Secretary/Treasurer.

Second: Jim Edwards.

Vote: Motion passed unanimously.

- MEETING DATES FOR THE UPCOMING YEAR

Lisa Crowley scheduled tentative meeting dates for the upcoming year for Oct. 17, 2006, Feb. 5 or 6, 2007, early May 2007, and the annual meeting in Sept. 2007. Lisa will notify the Board of the dates, and discussion will follow via email to set specific dates.

- NEW BUSINESS

Christina Goe reviewed ARMS, pointing out the rule change to nine employees.

Jim Edwards questioned when sole proprietors could be eligible. Christina Goe stated that HB667 reflects existing small group law. It was clarified that HB667 states the Board could examine the possibility of offering health insurance through the program to sole proprietors two years after the purchasing pool has been established, which would be Jan. 1, 2008. Tanya Ask informed the Board that it is up to an association as to who they offer insurance to within small group law. Also, it is up to their insurer as to whether they can accept sole proprietors. Christina Goe advised that when the Board decides if they want to go in that direction, it has to be changed in statute, as it is currently limited to two to nine. Chair Cliff Larsen suggested exploring the issue in 2008. Erin McGowen suggested that the issue could be an item at the next annual meeting and have it as a potential item on the Plan Design Subcommittee. Connie Welsh stated we have a commitment to the businesses enrolled on a declining revenue source.

Erin McGowen announced that Insure Montana has been selected to be reviewed through the Executive Planning Process for the next legislative session. The first deadline is to fill out an electronic template by Aug. 31, 2006. Kris Wilkinson stated that the Legislative Finance Committee selects new or expanding programs with high legislative interest to be reviewed, and the report will be submitted to the Legislation for them to make decisions.

Chair Cliff Larsen asked for public comment. There was none.

Meeting adjourned at 3:30 pm.