

Insure Montana Conference Call Meeting September 6, 2011

Voting Board present: Erin McGowan Fincham

Voting Board present by phone: Katherine Buckley-Patton, John Thomas, Amanda Harrow, David Kendall, Betty Beverly

Governor's Representative: Jessica Rhodes

State of Montana staff: Jill Sark, Carol Roy, Roberta Cross-Guns, Helen Taffs

BBCS Representative: Ginger Lindsey

Erin called the meeting to order at 1:33 pm. Erin thanked everyone involved with the RFP (Request for Proposals) cycle and recognized the time and work the staff at BCBS and Insure Montana contributed, along with that of the subcommittee.

Jill reviewed the BCBS offer. Initially BCBS Underwriting calculated a rate increase of 11.2%. Based on the public partnership with Insure Montana, BCBS reduced that initial amount to 9.7%. The Specific Stop-Loss (SSL) insurance at \$400,000 carries a premium of \$546,000 (payable from the Reserve account) and reduces the premium increase to 5.7%. The subcommittee, which consisted of Erin McGowan Fincham, Amanda Harrow, and Jim Edwards, has recommended the full Board accept the BCBS offer, including the SSL coverage.

Erin pointed out that the Insure Montana pool had a spike in claims in January 2011. Also, last year's 2.2% rate increase was to cover the Affordable Care Act mandates, including autism coverage, no preexisting condition exclusion for members under age 19, and the elimination of lifetime maximums.

Ginger stated another reason BCBS came down from the Underwriting calculation of 11.2% to 9.7% is the RFP. BCBS wanted to present as competitive a bid as possible. The proposed rate increase is lower than trend.

Jill compared this year's current average loss ratio of 81.59% with the prior year's ratio of 60.6%.

David requested an explanation of the drop in the proposed increase from 9.7% to 5.7%. Jill explained the reduction was because the SSL premium was paid with reserve funds rather than by members' premiums.

David asked if Insure Montana was a grandfathered plan. Jill responded that Insure Montana is not grandfathered, and implemented the mandates last year.

Ginger explained the 5.7% increase in premium is with no change to benefits.

Katherine asked what the remaining reserve account balance would be after the expenditure for SSL coverage. Ginger stated the remaining balance would be between \$1.1 and \$1.2 million.

Katherine asked about risk management. Ginger stated that since Insure Montana is a fully insured group, BCBS provides case management, wellness, and similar services. Jill added that the Insure Montana Board had also approved data analysis, health screenings, and vision exams with some of the reserve funds to address risk management.

David asked why Insure Montana was leaving a balance in the reserve account. Jill responded that there is no guarantee that additional funds will be added to the account, and the remaining balance (if any) can be used for 2013 to again purchase the SSL coverage for that plan year, keeping the premium increase down.

Erin opened the floor for comments. Seeing none, she requested a motion regarding the rate increase. David moved to accept the BCBS rate offer of 5.7%, including the purchase of stop-loss coverage at \$400,000 for a premium of \$546,000 payable from the reserve account. John seconded the motion. Public comment was invited and none was given. The Board voted unanimously in favor of the motion.

Jill will prepare a memo to be signed by Eric recommending the Commissioner accept the Board's decision to agree to a 5.7% premium increase for 2013. The final contract with BCBS will be prepared for legal review and signatures this week.

Jill will also provide information to the Public Information Officer for a possible a press release regarding the increase. The information will also be included in the next Insure Montana newsletter. Amanda asked if Insure Montana or BCBS was responsible for member notification. Ginger responded that the premiums will be included in the group renewal letters from BCBS. Katherine requested a copy of this notice for Board review. Ginger will provide the notice to Jill for distribution to the Board. Jill will also calculate the average monetary increase in premiums and provide that information to the Board.

The next Insure Montana Board meeting is scheduled for Tuesday, December 6, 2011, at 1:00 pm, in the Colonial Red Lion Hotel in Helena, Montana.

Erin closed the meeting at 1:54 pm.