Insure Montana Experience Report Subcommittee Meeting Minutes
March 19, 2008

Board Attendees: Gail, Cliff, Connie and Jim

Staff Attendees: Kristy (BCBS), Jill and Jan (SAO)

Public Attendees: None

Jill opened the meeting with a brief description of the purpose of this subcommittee which is to examine the experience reports and make recommendations to the full Board of any possible changes to the 2009 plan to avoid a large increase of premiums. This subcommittee will also keep the full Board and other interested parties informed of the estimated premium increase.

Cliff asked a few questions before the items on the agenda were discussed as he had to leave the meeting early. His first question was regarding net reimbursement—is it paid or incurred. Kristy clarified that it is paid.

Cliff's next question was regarding the top five NDC's—why is there no category for heart or cancer? He found that surprising. The large claims report shows breast disease at $254,000. Cliff feels that should be in the snapshot report.

Cliff asked what is the stop loss? Kristy will get back to the subcommittee with the answer. Cliff asked that the report have a separate column for the stop loss. He feels it is important to show both numbers.

Connie stated that the major category report shows that cancer is spread throughout the categories.

Cliff asked if the income on the summary experience report was gross or net and if the claims are paid or incurred. Kristy clarified that the income was gross and the claims were paid.

Agenda items:

Worker's Comp Issue: Kristy explained that worker's comp savings does not show on the saving report due to a system limitation. BCBS has a service request to enhance the system; until that time the worker's comp savings is calculated separated from the savings report. Kristy provided a worker's comp report as of October 2007. Kristy gave several definitions of the case types.

Large Claims: Kristy explained that the BCBS trigger to case management is a claim of $50,000+. Connie asked if that included prescriptions. Kristy stated that it did include specialty drugs because they are considered medical. Connie

said that if prescriptions were included it would be quicker to reach the $50,000 threshold. Kristy will check into prior authorization.

Case Management: Kristy provided a flyer and stated it is sent to members with their certificates. Case management can negotiate rates. It is a volunteer program with the member. It was asked if BCBS could develop a specific flyer for IM. Kristy will find out and report back.

Waivers to Deductibles: Kristy explained that if IM plan removed waivers to the deductibles except for two office visits, preventable and state mandates, there would be a 3 to 5% decrease in premiums. Because several Board members were surprised at the current plan of waivers to deductibles, Kristy explained how the plan was chosen. Originally the request was for a first dollar or security plan where deductibles were always waived. The premium rates were so expensive that they had to move to a different plan. At that time the process to begin the IM program was rushed and they chose an off-the-shelf plan (Health First). Connie asked what our current plan waives besides the first two office visits, preventable and state mandates. Kristy explained that deductibles are waived on all Participating Professional Provider services.

Gail asked if our current plan can be changed. Jim stated he believed that there is a 12 month guarantee but it could be considered for the RFP and 2009 plan. He asked for an explanation of the par column of the summary savings report. Kristy explain that it's not just par but also includes doctors.

PPO v Non-PPO: The BCBS Preferred Provider Organization (PPO) Network is hospitals and surgery centers. Members have an incentive to use the PPO's because there is a 25% payment reduction for Non-PPO's. Nonparticipating providers (both professional and facility providers) are subject to a 20% differential. Jim asked where the reduction for hospital claims is found on the savings report. Kristy explained the PPO penalty of $520,311 is found in the first column, second box. She also stated that the penalty is very low in the first column, third box because so many facilities are covered.

Detailed Experience Report: The detailed experience report is available quarterly and the one-page summary experience report is available monthly.

Claims Distribution Analysis: In the detailed experience report distributed at the February Board meeting, it appeared that all members had at least one claim. That report was inaccurate and Kristy provided an accurate report that indicates that not all members have submitted a claim.

Contraceptives: Kristy explained that contraceptives are many times lumped into medical because members receive their prescription at the doctor's office. However, express scripts shows no claims for contraceptives. Planned Parenthood claims are considered medical. Connie believes there may be a

coding error. Coverage of contraceptives will be included in the next IM newsletter (to be issued soon).

25% Administrative Costs: Kristy stated that the administrative cost does include the 5.5% producer commissions as well as many other costs such as base administrative fee, MCHA, federal income tax, etc.

Jim gave the members a very thorough lesson on the mathematical calculation to determine rate increase. He determined that if IM were renewing at this time, the rate increase would be 3.8%. He then agreed keep a rolling 12 month report of IM's estimated rate increase. Jill will distribute this information to the Board via e-mail on a monthly basis to avoid any surprises later this year. Jim asked at what level are claims pooled. Kristy will find the answer and report back to the subcommittee.

12-Month Waiver Ending: BCBS is unable to provide the increase in claims due to the 12-month waivers ending.

Other items:

Jan asked that member names be omitted from all reports such as the worker's comp report.

An incentive for the Healthy Generations was discussed. Connie stated that the state plan provides a $100 gift card as an incentive. It was asked if a cash payment could be charged as a claim expense. Kristy will find out. Connie stated that any money spent on the Healthy Generations program was well worth it when compared to the high cost of pregnancies. Jill will e-mail the incentive options to the Board and schedule a 15 minute telephone conference call to ask for a decision on incentives and have a vote so the program can begin.

Next Meeting: The next subcommittee meeting will be in July or August and will be scheduled at the May 6th Board meeting.