Insure Montana Board Meeting 2/19/2008
State Auditor's Office, Helena, MT

Board Present: Gail Briese-Zimmer, Jim Edwards, Betty Beverly, Cliff Larsen, Anna Whiting-Sorrel
Staff Present: Jan VanRiper, Christina Goe, Jill Sark, Patcharin Williams, Helen Taffs
Others Present: Kristy Amestoy of BCBS, Webb Brown of Montana Chamber of Commerce. Daren Engellant of Montana Retailers' Association and Malinda Shafman of Montana Logging Association attended by phone

The meeting was called to order at 1:15 pm.

Betty moved and Cliff seconded to approve the 11/14/07 and 12/10/07 meeting minutes. There was no discussion, and the motion passed unanimously.

Housekeeping, Board terms: Bob Marsenich was re-appointed to serve on the Board through January 2009.

The issue of adding sole proprietors to the Insure Montana purchasing pool without subsidies was raised. Jim supported the idea to grow the number of subscribers. Cliff stated that the risk was too high, given that IM is guaranteed issue. One or two catastrophic claims could render the coverage unaffordable for everyone. Gail stated that the group was nearly mature (most participants are past their one year preexisting condition exclusion) and the claims are running high. She also cautioned about the upcoming RFP; if the pool ends up with more than one carrier, allowing sole proprietors in will increase the chance of adverse selection. Betty felt Jim's concerns about growing the pool population are valid, but is inclined to wait out of caution. Christina Goe advised the Board they do have the option of opening the pool to groups without subsidies. Jim stated that the pool is stale, and opening it to new risk might be good. Cliff reiterated his concerns and urged the Board to move slowly. The question on adding sole proprietors was tabled until experience reports support their addition.

Jill presented the claims review reports to the Board. The 2007 loss ratio is 80.02%. Ideally it should be closer to 75% or less. Cliff recommended the Board appoint a subcommittee to study claims data and anticipate rate increases. Anna stated that Connie Welsh should be on this committee. Gail said we need the January 2008 numbers, as there were many new groups which began coverage on 1/1/07 and would be concluding their 1 year preexisting condition exclusion on 1/1/08. Gail inquired about subrogation of claims, as this was a major issue at renewal. Kristy did not have the data immediately available. The reports indicate that no claims have been subrogated to Workers' Compensation. Kristy will check to make sure the reports are accurate. Jan suggested that monthly meetings between IM and BCBS should occur to review claims, subrogation, and Healthy Generations participation. Anna asked that staff coordinate this.

Jill noted that in the entire time the program has been in force, there have been no contraceptive claims. The question was raised if this was due to participants not being aware that this was a covered benefit, or if it was being coded under something else. Case management was brought up, and the question of triggers arose. Jim, Anna, Gail, Cliff, and Connie, along with Jan and Kristy, will serve on the subcommittee regarding claims.

Jan inquired about the waived deductible for in-network doctors. She stated that in practice this appeared different from the Board's original intent of two visits per year prior to the deductible engaging. She stated that effectively this means there is no deductible, and speculated that this has increased premium costs significantly. Kristy agreed to research how the deductible waiver became so liberal. The reports indicate every single employee used the benefit at least once during the last 12 months. This will need to be verified.

Jim Edwards needed to leave at 2:30 pm.

Daren inquired about the Department of Revenue's policy about the deductibility of health insurance premiums with regard to the tax credit program. Christina advised that the Board does not control tax credit program issues, and recommended Daren address his concerns to the Department of Revenue.

RFP (Request For Proposals) was the next topic. Cliff reminded the Board that the RFP was only a *potential* addition of a new carrier, not a guaranteed addition. Gail indicated that we would have to do an RFP because of the contract limitations with BCBS...we could not renew the contract for further years. Concerns were raised about having more than one carrier in the pool, particularly regarding the possibility for adverse selection. Jan advised that the results from the CHAT (Choosing Health plans All Together) research project would be available by the end of March. Part of the intent of the Board in authorizing CHAT was to provide direction regarding the plan design for the RFP. The next scheduled Board meeting is May 6; the Board will need to take action on the RFP prior to then in order to meet the timeline.

The RFP subcommittee will consist of Connie Welsh, Jim Edwards, Gail Briese-Zimmer, and Anna Whiting-Sorrell. Jill Sark will arrange the meeting dates for the committee and communicate them via e-mail.

ARM revisions: as originally written, the program rules mandate renewal of all waiting list groups during the month of October. As all participating groups are renewing at that time, this would be extremely cumbersome. Staff have proposed moving the renewal of the waiting list to May. Christina advised that Board approval is not needed for this rule change, but wanted to know if there were any objections. No objections were made.

Plan of Operation: Cliff moved and Betty seconded to approve the Plan of Operation revisions as written. This motion was amended by Cliff to consolidate the plan of operations and premium assistance committees, and add a new standing committee for

Healthcare Management Reports. The motion passed unanimously, with Jim voting via e-mail after the meeting.

The question was raised whether groups would be permitted to move to a Qualified Association Plan during a policy year. Purchasing pool groups are permitted to do so, provided the 30% budgetary cap on QAPs is not exceeded. The 30% cap needs to be placed explicitly in the administrative rules.

Jan brought up the issue of adding new employees to existing policies. Christina explained that since the purchasing pool budget is fully committed to the statutory 95% level, employees cannot be added for subsidies beyond the initial enrollment level for the groups. Jan asked the Board whether adding new employees to existing groups or adding new groups to the program should be the top priority. Cliff stated that existing groups should take priority because the business is legally obligated to accept new members, and attrition in the program should make funding available. Betty moved and Cliff seconded the motion to prioritize the addition of new employees to existing groups for purposes of subsidies over the addition of new employers to the pool. The motion passed unanimously, with Jim voting via e-mail after the meeting.

Jill announced that Insure Montana will be able to accept applications via the internet soon. This was available when the program was initially started, but technical issues forced staff to suspend this capability in early 2006.

Insure Montana staff is also moving toward the capability to send payment advice via e-mail. This will result in cost savings which could reach $20,000 per year.

Jan advised the Board that the survey monkey project is on hold until the CHAT project is complete. When staff is able to move forward with the project, Board will receive communications via e-mail. Board members will be able to provide input regarding this project. CHAT is under way; the first live session was for domestic insurance carriers in Helena. Next on the schedule is Conrad on 2/20/08, and Billings and Glendive the week of 2/25-29.

Qualified Association Plans: Margaret Miksch, actuary for the State Auditor's Office, developed a matrix which will allow for consistent comparison of QAPs with the Standard PPO purchasing pool plan. Christina pointed out that because of all the instances in which the deductible is waived in the pool plan, the IM deductible is more generous than the matrix indicates. Margaret will be asked to re-examine the matrix based on this information, however, for policy consistency, no changes will be made at this time.

Jill Sark brought up the "Healthy Generations" maternity program. This program is not a part of the premium; Insure Montana is billed $75 per hour with a five hour minimum and a maximum of $1,250 per case. Board thought this program was included, not separately billed, but upon review of the minutes from the negotiations, it was found to be a separate expense. Kristy advised that it is more cost-effective to bill this on a case-

by-case basis than to include it in the premiums. Board felt that incentives to use the program should be provided if affordable. Possible incentives include a free car seat, prenatal vitamins, waiving deductibles, or a copy of *What to Expect When You're Expecting*. Betty moved and Cliff seconded to allow staff to move forward with promoting the program and allowing staff to research the cost of incentives, and the motion passed unanimously, with Jim voting via e-mail after the meeting.

Jill requested authorization to seek possible alternate funding sources for the program, such as federal funding and grants, and present them to the Board. No objections were raised.

Proposed legislation: Betty suggested the legislation should include a request for increased funding to allow the program to address the waiting list. Insure Montana staff will research potential sources for funding. Other possible items to include in the 2009 legislation are the inclusion of owners in the $75,000 income cap, and allowing the Board to move unexpended funds from the tax credit program to the purchasing pool program.

The meeting adjourned at 4:30 pm.