



# ANNUAL REPORT

July 1, 2010 – June 30, 2011



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September 2011

Honorable Brian Schweitzer, Montana State Governor  
Honorable Monica Lindeen, Montana State Insurance Commissioner  
Members of the Montana State Legislature  
Members of the Montana Congressional Delegation  
Montana Comprehensive Health Association Member Companies  
Montana State Insurance Brokers and Agents  
Interested Persons and Organizations

Ladies and Gentlemen:

On behalf of the Board of Directors of the Montana Comprehensive Health Association (MCHA), we are pleased to present this Annual Report for fiscal year 2011.

This report provides summary information about MCHA's operations, plan offerings, insured members as well as other interesting data for the past fiscal year. MCHA is proud to have been of service to Montanans since 1987. MCHA is one of thirty-five risk pools established nationwide that plays a critical role in today's marketplace. MCHA's mission has grown from serving the vital need of offering coverage to persons considered uninsurable to providing "portability coverage" to persons who leave employer group coverage. Risk pools will continue to serve an essential role as our nation implements health care reform solutions and MCHA stands ready to continue in its current role or any expanded coverage option for Montanans.

MCHA thanks Senator Baucus for his past recognition and support of the program and also thanks the State of Montana for providing tobacco settlement monies which supply premium subsidy monies for the Premium Assistance Plans. MCHA will continue to partner with state and federal policymakers to ensure all Montanans receiving coverage through this program are included and cared for as changes are made to the health care system nationally.

We are available to answer any questions you may have about MCHA or its operations. Please contact Specialist Linda Price at 1-800-447-7828, ext. 6048. Additionally, Ms. Ask can be reached via email at [task@nwHP.com](mailto:task@nwHP.com) and Mr. Bykerk at [oakoffice1@cox.net](mailto:oakoffice1@cox.net). Thank you for your time and consideration.

Sincerely,

Cecil D. Bykerk  
Executive Director

Tanya M. Ask  
Board Chairman

## VISION

The Montana Comprehensive Health Association is committed to providing access to quality health insurance coverage for uninsurable Montanans. In fulfilling our vision, we believe in:

- quality health insurance programs
- accessibility for qualifying Montanans
- effective programs to manage health care claims and expenses
- collaborative industry involvement

## WHO WE ARE

In a very forward thinking view, the Montana Legislature created the Montana Comprehensive Health Association (MCHA) to establish a program through which health insurance could be made available to Montana residents who are otherwise considered uninsurable due to medical conditions. The legislation was signed into law in April 1985, and the first policies were issued in 1987.

The MCHA serves those Montanans who are not part of the traditional health insurance market because of a preexisting health condition or a significant exclusion of coverage. MCHA provides coverage of “last resort” and is not intended to duplicate coverage from any other source, public or private.

The 1997 Montana Legislature created a new MCHA plan to comply with the Health Insurance Portability and Accountability Act, federal legislation passed in 1996. This Act requires that individuals who lose employer group coverage have guaranteed access to individual coverage. States were given the option of filing a plan acceptable to the Department of Labor (DOL). The MCHA Portability Plan is the alternative plan that guarantees coverage for most individuals losing eligibility for group coverage.

## MCHA UPDATE

The Montana Comprehensive Health Association (MCHA) Board of Directors is pleased to provide this annual report for fiscal year 2011. This report contains information about the MCHA plans for the period of July 1, 2010 through June 30, 2011.

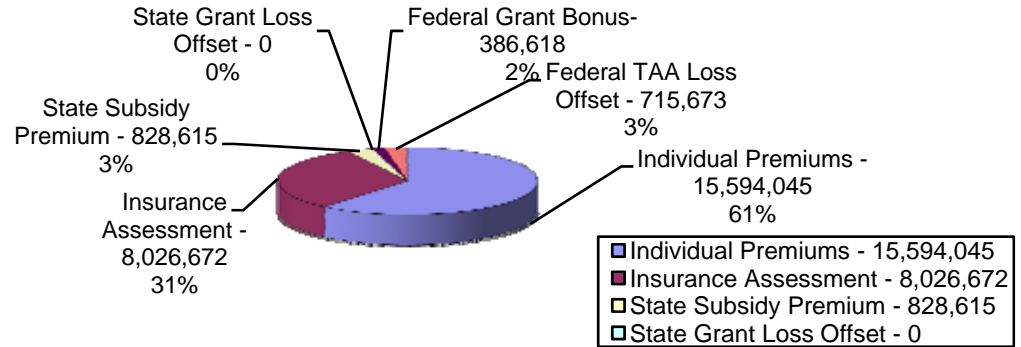
We hope that the information provided in this report will be useful as you consider proposals to improve the delivery and affordability of quality, accessible health care for the citizens of Montana. We welcome your comments.

## BASELINE STATISTICS

(based on plan utilization and financial performance for the period 7/1/10–6/30/11):

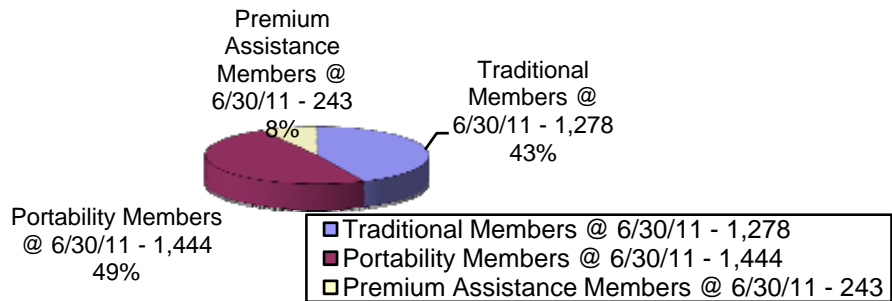
### Fiscal Year 2011

#### Revenue By Source on Combined Plan Basis



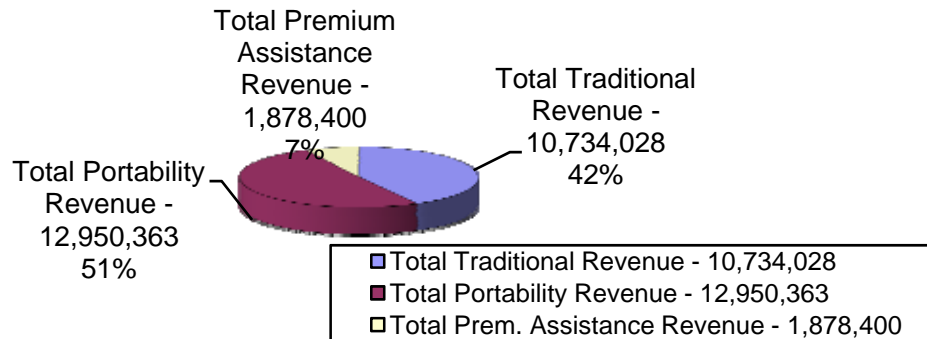
### Fiscal Year 2011

#### Total Enrollment Per Plan

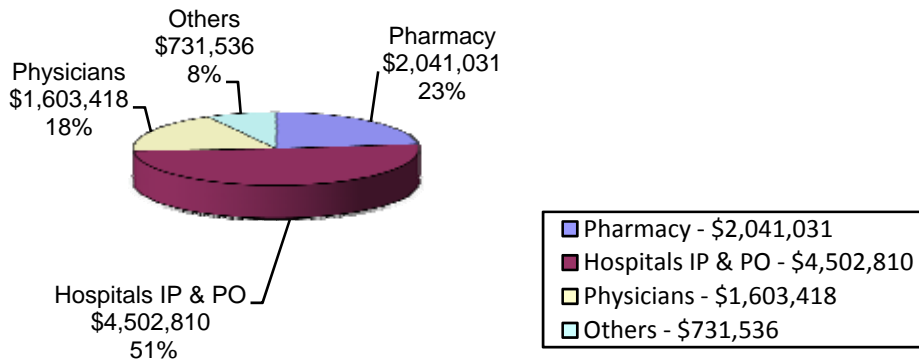


### Fiscal Year 2011

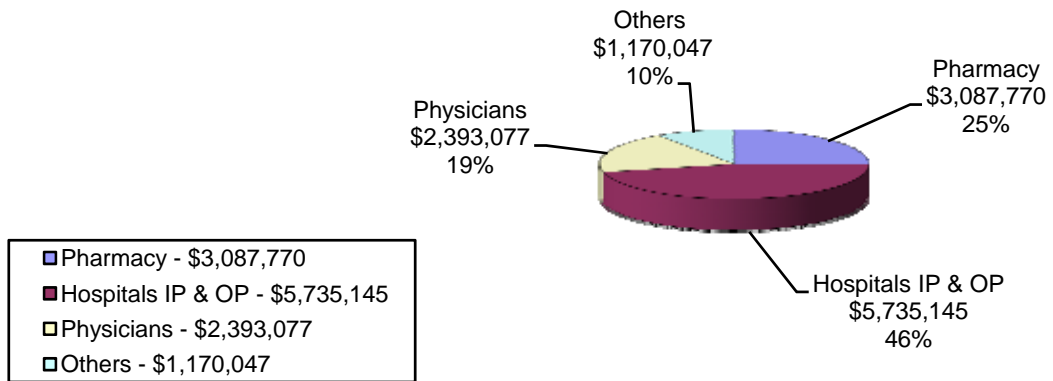
#### Total Revenue Per Plan



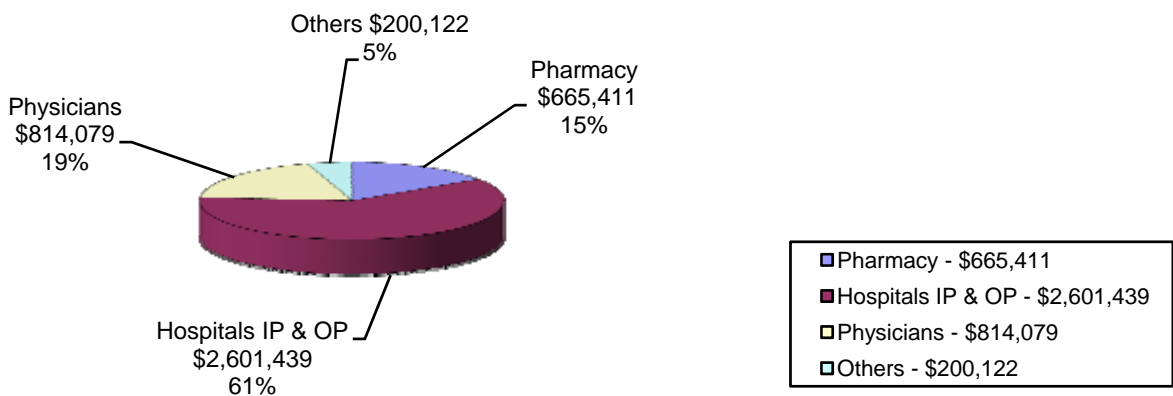
**Fiscal Year 2011  
Claims Paid – Traditional Plan as of June 30, 2011**



**Fiscal Year 2011  
Claims Paid – Portability Plan**



**Fiscal Year 2011  
Claims Paid – Premium Assistance Plan as of June 30, 2011**



## UTILIZATION BY MAJOR DIAGNOSTIC CATEGORY

(July 1, 2010—June 30, 2011)

MDC	Traditional Plan	Portability Plan	Premium Assistance Plan	Total Paid
Nervous	\$471,743	\$1,259,914	\$164,728	\$1,896,385
Eye	59,198	67,699	34,895	161,792
Ear, Nose, Mouth & Throat	137,456	201,688	74,973	414,117
Respiratory	402,234	338,536	790,647	1,531,417
Circulatory	1,277,140	934,482	261,268	2,472,890
Digestive	353,667	701,780	214,967	1,270,414
Liver, Pancreas	252,836	490,119	184,790	927,745
Musculoskeletal	1,247,442	1,710,088	574,215	3,531,745
Skin, Breast	338,167	378,868	138,609	855,644
Metabolic	175,498	190,307	40,244	406,049
Kidney	204,313	221,170	126,789	552,272
Male Reproductive	230,188	56,283	2,365	288,836
Female Reproductive	167,210	135,997	29,860	333,067
Pregnancy, Childbirth	157,927	75,301	31,160	264,388
Newborns	24,423	19,995	10,457	54,875
Blood	51,444	434,296	56,897	542,637
Spine, Bone Marrow	71,416	497,281	202,651	771,348
Infections	88,254	119,210	5,142	212,606
Mental	116,145	157,291	44,029	317,465
Alcohol/Drug Abuse	2,102	38,592	2,602	43,296
Injuries/Poisoning	73,724	115,633	101,469	290,826
Burns	35,594	0	0	35,594
Health Status	248,944	577,085	69,808	895,837
HIV Infections	869	2,982	0	3,851
Other	649,828	573,672	471,075	1,694,575
<b>Total</b>	<b>\$6,837,762</b>	<b>\$9,298,269</b>	<b>\$3,633,640</b>	<b>\$19,769,671</b>

## BENEFITS

### Traditional Plan/Premium Assistance Plan

Coverage is provided up to an annual benefit maximum of \$750,000 on all options.

As of January 1, 2011, MCHA offered the following Traditional Plan coverage options.

Plan/Option	Deductible	Coinsurance*	Maximum Annual Liability**
Traditional Indemnity 1000	\$1,000	80/20	\$5,000
Traditional PPO 1000 or Medicare Carveout PPO 1000	\$1,000	80/20 60/40	\$5,000
Traditional PPO 2500	\$2,500	80/20 60/40	\$6,750
Traditional PPO 5000	\$5,000	80/20 60/40	\$9,500
Traditional PPO 7500	\$7,500	80/20 60/40	\$12,250
Traditional PPO 10000	\$10,000	80/20 60/40	\$15,000

**The MCHA Premium Assistance Plan** became operational on September 1, 2002. The Premium Assistance Plan is a subsidized premium program for persons who qualify for the MCHA Traditional Plan and have family income at or below a qualifying level (150% of federal poverty level.) The premium subsidy has been funded through a federal grant and some state monies. The Premium Assistance Program provides the same benefits as the MCHA Traditional Plan, Option PPO 1000.

As of January 1, 2011, MCHA offered PPO options for coverage through the Premium Assistance Plan.

Plan/Option	Deductible	Coinsurance*	Maximum Annual Liability**
Premium Assistance PPO 1000 or Medicare Carveout PPO 1000	\$1,000	80/20 60/40	\$5,000

\* Coinsurance listed are In-Network & Out-of-Network

\*\* Includes deductible and coinsurance. The maximum annual deductible and coinsurance amounts you will be responsible for vary depending on the option chosen. Your copayments for prescription drugs provided through the Prescription Drug Benefit DO NOT APPLY TO THIS OUT-OF-POCKET MAXIMUM.

## Portability Plan

Coverage is provided up to an annual benefit maximum of \$750,000.

As of January 1, 2011, the following options were available for Portability Plan coverage.

Plan/Option	Deductible	Coinsurance*	Maximum Annual Liability**
Portability Indemnity 1000	\$1,000	70/30	\$3,000
Portability PPO 1000	\$1,000	70/30 50/50	\$4,000
Portability PPO 2500	\$2,500	70/30 50/50	\$5,750
Portability PPO 5000	\$5,000	70/30 50/50	\$8,500
Portability PPO 7500	\$7,500	70/30 50/50	\$11,250
Portability PPO 10000	\$10,000	70/30 50/50	\$14,500

\* Coinsurance listed are In Network & Out of Network

\*\* Includes deductible and coinsurance. The maximum annual deductible and coinsurance amounts you will be responsible for vary depending on the option chosen. Your copayments for prescription drugs provided through the Prescription Drug Benefit DO NOT APPLY TO THIS OUT-OF-POCKET MAXIMUM.

Some services for which MCHA coverage is provided:

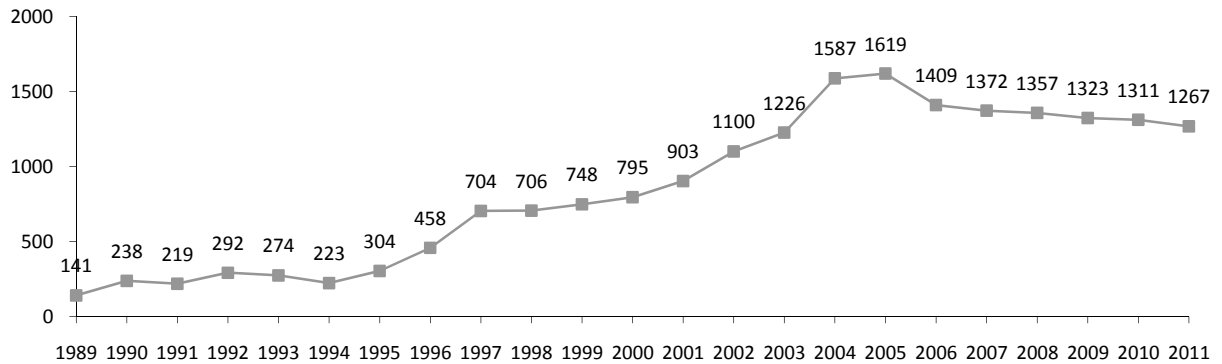
- Inpatient Hospital Care
- Durable Medical Equipment (limited on Traditional and Premium Assistance)
- Outpatient Hospital Care
- Home Health Care (180 visits/year)
- Professional Services
- Immunizations
- Office Visits
- Inpatient Rehabilitation Therapy
- Maternity
- Maternity Screening Program
- Mammography
- Newborn and Adopted Children Covered for First 31 days
- Well Child Care (through 7 years of age)
- Prosthetics
- X-ray and Lab
- Radiation and Chemotherapies
- Treatment For Chemical Dependency (Portability Plan only)
- Treatment For Mental Illness (Portability Plan only)
- Ambulance
- Surgery and Anesthesia
- Convalescent Home Care (60 days per year)
- Transplants (\$500,000 lifetime maximum)
- Diabetes Education
- Prescription Drugs
- Individual Assistance Program to provide confidential, no cost access to short term counseling for any personal problems
- Hospice Care
- Severe Mental Illness

## ENROLLMENT

### Eligibility

Montana residents are eligible for the MCHA Traditional Plan if they have certain specified major illnesses or have been rejected or offered a restrictive rider by two insurers within the last six months. This includes individuals on Medicare due to disability or age. Medicare is the primary payer in these cases.

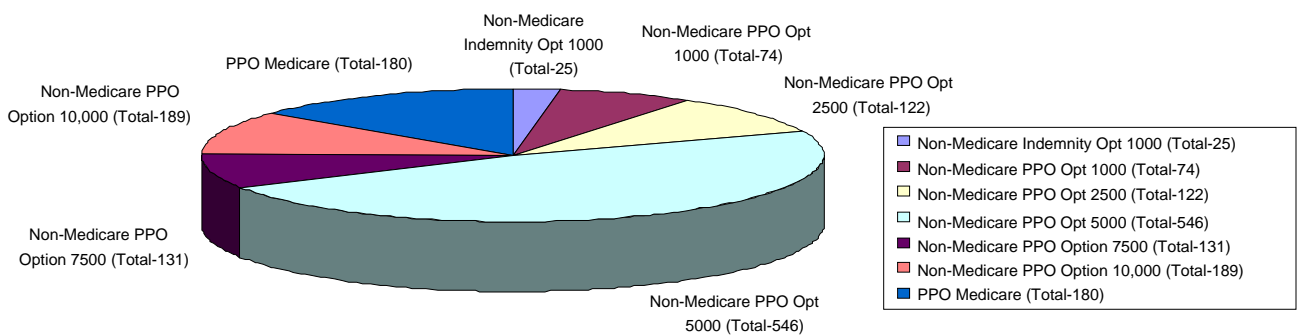
### MCHA Traditional Plan Enrollment by the Year Since Inception through June 30, 2011



### Waiting Period

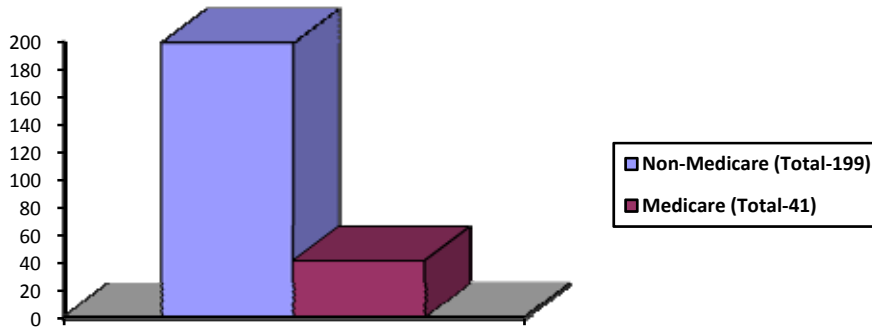
In order to ensure the long term viability of the MCHA Traditional Plan, a twelve month waiting period must be served for any conditions which were diagnosed or treated within the 36 months prior to enrollment on the Plan. As of June 30, 2011, of the 1,267 enrollees on the Plan, 83 were continuing to serve the twelve month waiting period.

### MCHA Traditional Plan Enrollment by Option/Non-Medicare and Medicare Status as of June 30, 2011

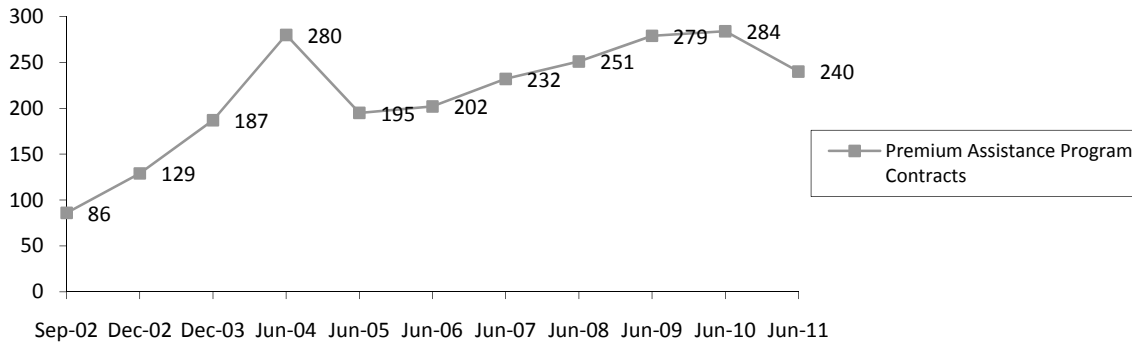


Montana Residents are eligible for the MCHA Premium Assistance Plan if they have certain specified major illnesses or have been rejected or offered a restrictive rider by two insurers within the last six months and have income at or below a qualifying level (150% of federal poverty level.) A federal grant was secured to pay the premium subsidy. This includes individuals on Medicare due to disability or age. Medicare is the primary payer in these cases.

Premium Assistance Program Enrollment by Option as of June 30, 2011

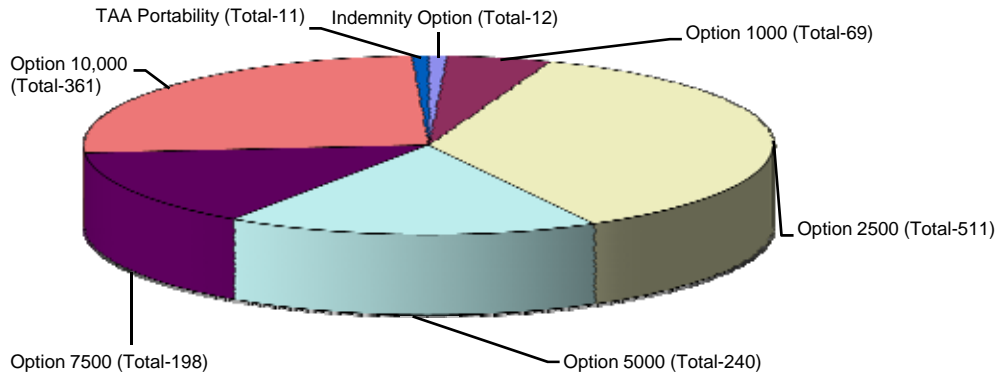


Premium Assistance Program Enrollment by Year Since Inception through June 30, 2011

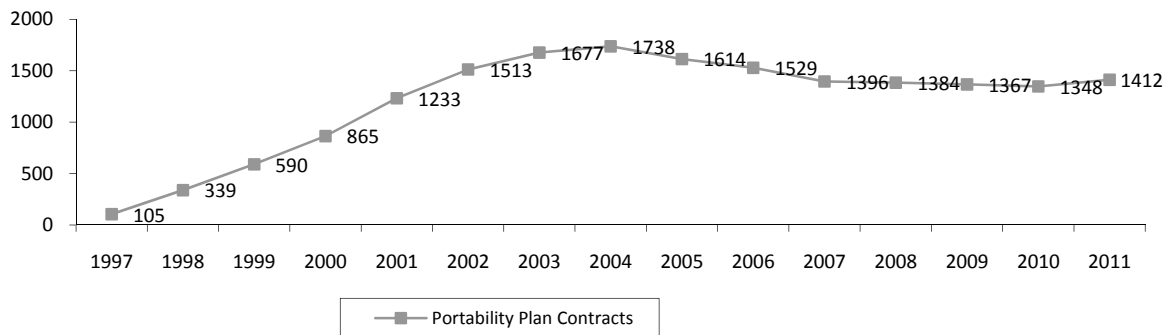


Montana Residents are eligible for the MCHA Portability Plan if their most recent prior creditable coverage was under an employer group health plan, a government plan or a church plan with an aggregate of 18 months or more of creditable prior health coverage, and they must not have, or be eligible for other group coverage. The Portability Plan was first offered September 1, 1997.

### Portability Plan Enrollment by age and Option as of June 30, 2011



### Portability Plan Enrollment by Year Since Inception through June 30, 2011



## **Montana Affordable Care Plan Montana's Preexisting Condition Plan**

On March 23, 2010, President Obama signed the Patient Protection & Affordable Care Act (P.L. 111-148) into law. The Act contained a provision (Sec. 1101) for a new federal high risk health insurance program to be established within 90 days (the "Federal Pool"). In Montana, this plan is called the MAC Plan. The Montana Comprehensive Health Association (MCHA) offers this health benefit plan.

The coverage option was open to enrollment on July 1, 2010, and the first members were covered as of August 1, 2010. To qualify, an individual must be a citizen or national of the United States, or lawfully present, must be a Montana resident, must have a preexisting medical condition and must have been uninsured for at least 6 months before applying for the federal program.

The MAC Plan has the following features: Deductible: \$2,500; Coinsurance: 70/30 (In network) and 50/50 (Out of network); Maximum Annual Liability: \$5,950\*

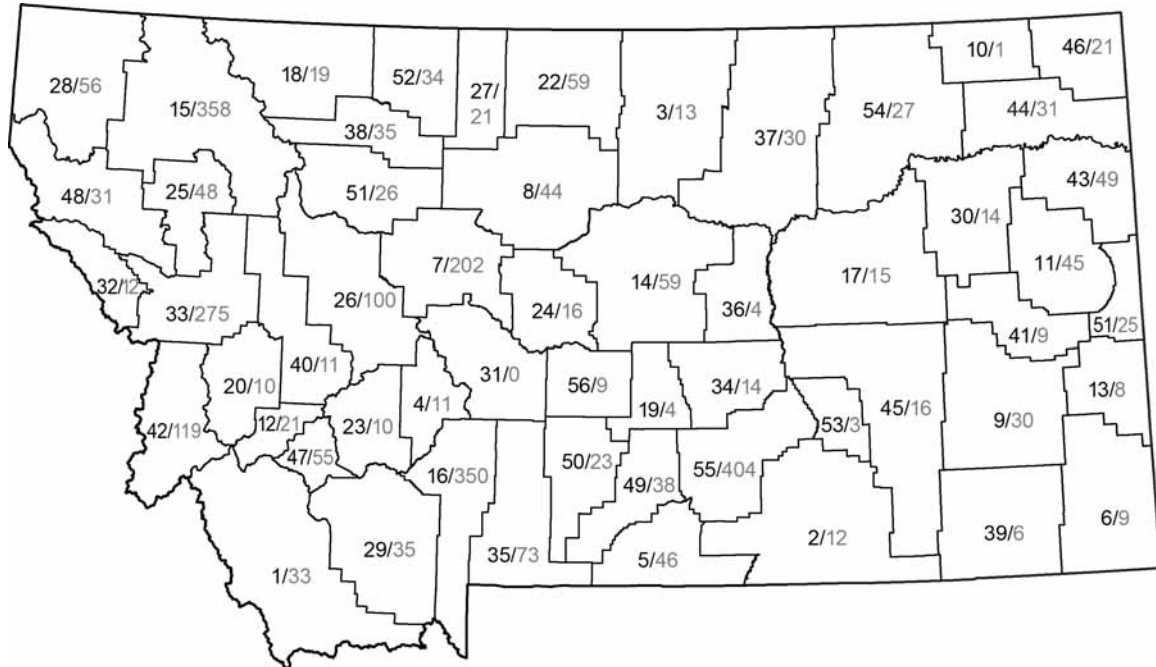
\*Prescription drug copayments WILL apply to the maximum annual liability amount (out of pocket maximum.)

**Here are some statistics for the plan's first year of operation:**

**Total Membership as of June 30, 2011 239**



## MCHA TOTAL ENROLLMENT BY COUNTY



MCHA Total Enrollment by County  
as of June 30, 2011

The first number represents the county number. The second number represents total MCHA enrollment in that county.

1	Beaverhead	33
2	Bighorn	12
3	Blaine	13
4	Broadwater	11
5	Carbon	46
6	Carter	9
7	Cascade	202
8	Choteau	44
9	Custer	30
10	Daniels	1
11	Dawson	45
12	Deer Lodge	21
13	Fallon	8
14	Fergus	59
15	Flathead	358
16	Gallatin	350
17	Garfield	15
18	Glacier	19
19	Golden Valley	4
20	Granite	10

22	Hill	59
23	Jefferson	10
24	Judith Basin	16
25	Lake	48
26	Lewis and Clark	100
27	Liberty	21
28	Lincoln	56
29	Madison	35
30	McCone	14
31	Meagher	0
32	Mineral	12
33	Missoula	275
34	Musselshell	14
35	Park	73
36	Petroleum	4
37	Phillips	30
38	Pondera	35
39	Powder River	6
40	Powell	11

41	Prairie	9
42	Ravalli	119
43	Richland	49
44	Roosevelt	31
45	Rosebud	16
46	Sheridan	21
47	Silver Bow	55
48	Sanders	31
49	Stillwater	38
50	Sweet Grass	23
51	Teton	25
52	Toole	34
53	Treasure	3
54	Valley	27
55	Yellowstone	404
56	Wheatland	15
57	Wibaux	5

Total Traditional Plan Enrollment: 1,311  
Total Premium Assistance Plan Enrollment: 284  
Total Portability Plan Enrollment: 1,348

## PREMIUM RATES FOR TRADITIONAL PLAN

The MCHA program is funded through the premiums paid by participants in the program and through assessments of insurance carriers operating in Montana. The rates shown are effective January 1, 2011.

Indemnity Option 1000 \$1,000 Deductible MCHA Traditional Plan		PPO Option 1000 \$1,000 Deductible MCHA Traditional Plan		PPO Option 2500 \$2,500 Deductible MCHA Traditional Plan	
Age of Policyholder	Effective 01/01/11	Age of Policyholder	Effective 01/01/11	Age of Policyholder	Effective 01/01/11
0-17	\$270	0-17	\$229	0-17	\$177
18	\$442	18	\$376	18	\$290
19	\$444	19	\$377	19	\$291
20	\$446	20	\$379	20	\$292
21	\$448	21	\$382	21	\$295
22	\$450	22	\$383	22	\$296
23	\$454	23	\$386	23	\$298
24	\$459	24	\$389	24	\$301
25	\$462	25	\$392	25	\$303
26	\$465	26	\$397	26	\$305
27	\$470	27	\$399	27	\$307
28	\$479	28	\$407	28	\$314
29	\$489	29	\$415	29	\$321
30	\$500	30	\$425	30	\$328
31	\$510	31	\$433	31	\$334
32	\$521	32	\$443	32	\$342
33	\$533	33	\$454	33	\$349
34	\$546	34	\$465	34	\$358
35	\$559	35	\$475	35	\$367
36	\$572	36	\$487	36	\$375
37	\$587	37	\$499	37	\$385
38	\$605	38	\$515	38	\$398
39	\$626	39	\$532	39	\$410
40	\$646	40	\$548	40	\$424
41	\$665	41	\$567	41	\$438
42	\$688	42	\$585	42	\$452
43	\$713	43	\$606	43	\$468
44	\$740	44	\$628	44	\$485
45	\$765	45	\$650	45	\$502
46	\$793	46	\$674	46	\$520
47	\$822	47	\$699	47	\$539
48	\$851	48	\$723	48	\$559
49	\$883	49	\$749	49	\$578
50	\$915	50	\$777	50	\$600
51	\$947	51	\$806	51	\$621
52	\$983	52	\$835	52	\$644
53	\$1,016	53	\$863	53	\$667
54	\$1,051	54	\$893	54	\$689
55	\$1,087	55	\$923	55	\$713
56	\$1,123	56	\$955	56	\$737
57	\$1,162	57	\$988	57	\$762
58	\$1,206	58	\$1,026	58	\$791
59	\$1,252	59	\$1,064	59	\$821
60	\$1,300	60	\$1,104	60	\$852
61	\$1,349	61	\$1,147	61	\$885
62	\$1,400	62	\$1,190	62	\$918
63	\$1,419	63	\$1,206	63	\$931
64 & Over	\$1,435	64 & Over	\$1,220	64 & Over	\$942

PPO Option 5000 \$5,000 Deductible MCHA Traditional Plan		PPO Option 7500 \$7,500 Deductible MCHA Traditional Plan		PPO Option 10000 \$10,000 Deductible MCHA Traditional Plan	
Age of Policyholder	Effective 01/01/11	Age of Policyholder	Effective 01/01/11	Age of Policyholder	Effective 01/01/11
0-17	\$132	0-17	\$110	0-17	\$95
18	\$217	18	\$180	18	\$155
19	\$218	19	\$180	19	\$156
20	\$219	20	\$181	20	\$157
21	\$220	21	\$182	21	\$157
22	\$221	22	\$183	22	\$158
23	\$223	23	\$184	23	\$159
24	\$225	24	\$186	24	\$161
25	\$227	25	\$187	25	\$162
26	\$228	26	\$189	26	\$163
27	\$230	27	\$190	27	\$164
28	\$234	28	\$195	28	\$168
29	\$241	29	\$199	29	\$172
30	\$245	30	\$203	30	\$175
31	\$250	31	\$206	31	\$178
32	\$255	32	\$212	32	\$183
33	\$262	33	\$216	33	\$187
34	\$268	34	\$221	34	\$191
35	\$274	35	\$227	35	\$197
36	\$281	36	\$232	36	\$201
37	\$288	37	\$238	37	\$205
38	\$297	38	\$246	38	\$213
39	\$307	39	\$254	39	\$219
40	\$317	40	\$262	40	\$227
41	\$328	41	\$270	41	\$233
42	\$338	42	\$280	42	\$242
43	\$350	43	\$289	43	\$250
44	\$362	44	\$300	44	\$259
45	\$376	45	\$311	45	\$269
46	\$389	46	\$321	46	\$278
47	\$403	47	\$333	47	\$288
48	\$418	48	\$345	48	\$299
49	\$432	49	\$358	49	\$310
50	\$448	50	\$371	50	\$320
51	\$465	51	\$385	51	\$332
52	\$482	52	\$399	52	\$344
53	\$498	53	\$412	53	\$356
54	\$516	54	\$427	54	\$369
55	\$533	55	\$441	55	\$382
56	\$550	56	\$456	56	\$395
57	\$570	57	\$472	57	\$407
58	\$591	58	\$489	58	\$424
59	\$614	59	\$507	59	\$439
60	\$637	60	\$527	60	\$456
61	\$661	61	\$547	61	\$473
62	\$686	62	\$568	62	\$491
63	\$697	63	\$575	63	\$498
64 & Over	\$704	64 & Over	\$583	64 & Over	\$503

<b>\$1,000 Deductible</b>	
<b>Medicare Carveout</b>	
0-17	\$66.00
18 & Over	\$174.00

## Premium Rates for Portability Plan

Indemnity Option 1000 \$1,000 Deductible MCHA Portability Plan		PPO Option 1000 \$1,000 Deductible		PPO Option 2500 \$2,500 Deductible	
Age of Policyholder	Effective 01/01/11	Age of Policyholder	Effective 01/01/11	Age of Policyholder	Effective 01/01/11
0-17	\$274	0-17	\$242	0-17	\$166
18	\$450	18	\$396	18	\$270
19	\$452	19	\$397	19	\$271
20	\$454	20	\$399	20	\$272
21	\$457	21	\$401	21	\$274
22	\$459	22	\$403	22	\$276
23	\$462	23	\$406	23	\$278
24	\$468	24	\$410	24	\$281
25	\$471	25	\$413	25	\$283
26	\$474	26	\$416	26	\$285
27	\$477	27	\$420	27	\$287
28	\$488	28	\$428	28	\$292
29	\$498	29	\$436	29	\$300
30	\$508	30	\$447	30	\$305
31	\$519	31	\$456	31	\$312
32	\$531	32	\$465	32	\$319
33	\$543	33	\$476	33	\$326
34	\$557	34	\$489	34	\$334
35	\$570	35	\$500	35	\$342
36	\$583	36	\$512	36	\$349
37	\$598	37	\$524	37	\$359
38	\$617	38	\$541	38	\$371
39	\$636	39	\$559	39	\$383
40	\$658	40	\$577	40	\$396
41	\$678	41	\$594	41	\$407
42	\$701	42	\$615	42	\$421
43	\$726	43	\$636	43	\$436
44	\$753	44	\$660	44	\$453
45	\$779	45	\$684	45	\$469
46	\$807	46	\$708	46	\$486
47	\$837	47	\$734	47	\$502
48	\$866	48	\$761	48	\$520
49	\$899	49	\$788	49	\$540
50	\$932	50	\$817	50	\$559
51	\$965	51	\$847	51	\$581
52	\$1,001	52	\$877	52	\$601
53	\$1,035	53	\$907	53	\$621
54	\$1,071	54	\$940	54	\$643
55	\$1,107	55	\$971	55	\$665
56	\$1,145	56	\$1,005	56	\$688
57	\$1,184	57	\$1,038	57	\$711
58	\$1,229	58	\$1,078	58	\$739
59	\$1,275	59	\$1,119	59	\$765
60	\$1,323	60	\$1,161	60	\$796
61	\$1,374	61	\$1,205	61	\$825
62	\$1,427	62	\$1,250	62	\$857
63	\$1,445	63	\$1,267	63	\$869
64 & Over	\$1,463	64 & Over	\$1,282	64 & Over	\$878

PPO Option 5000 \$5,000 Deductible		PPO Option 7500 \$7,500 Deductible		PPO Option 10000 \$10,000 Deductible	
Age of Policyholder	Effective 01/01/11	Age of Policyholder	Effective 01/01/11	Age of Policyholder	Effective 01/01/11
0-17	\$141	0-17	\$112	0-17	\$96
18	\$230	18	\$183	18	\$158
19	\$231	19	\$184	19	\$158
20	\$232	20	\$185	20	\$159
21	\$233	21	\$186	21	\$160
22	\$234	22	\$187	22	\$161
23	\$238	23	\$188	23	\$162
24	\$240	24	\$190	24	\$163
25	\$242	25	\$191	25	\$164
26	\$243	26	\$194	26	\$167
27	\$245	27	\$195	27	\$168
28	\$249	28	\$199	28	\$171
29	\$255	29	\$203	29	\$174
30	\$261	30	\$207	30	\$178
31	\$267	31	\$212	31	\$182
32	\$272	32	\$216	32	\$186
33	\$278	33	\$221	33	\$190
34	\$286	34	\$227	34	\$195
35	\$292	35	\$232	35	\$200
36	\$299	36	\$238	36	\$204
37	\$306	37	\$243	37	\$209
38	\$316	38	\$250	38	\$216
39	\$326	39	\$259	39	\$223
40	\$336	40	\$268	40	\$230
41	\$347	41	\$276	41	\$238
42	\$359	42	\$285	42	\$245
43	\$373	43	\$296	43	\$254
44	\$385	44	\$306	44	\$263
45	\$400	45	\$317	45	\$273
46	\$414	46	\$328	46	\$283
47	\$429	47	\$341	47	\$293
48	\$445	48	\$353	48	\$303
49	\$460	49	\$366	49	\$315
50	\$477	50	\$378	50	\$326
51	\$495	51	\$392	51	\$338
52	\$513	52	\$406	52	\$350
53	\$531	53	\$420	53	\$362
54	\$548	54	\$435	54	\$375
55	\$567	55	\$450	55	\$387
56	\$587	56	\$465	56	\$401
57	\$606	57	\$482	57	\$415
58	\$630	58	\$500	58	\$430
59	\$654	59	\$518	59	\$446
60	\$678	60	\$539	60	\$463
61	\$704	61	\$559	61	\$481
62	\$730	62	\$579	62	\$499
63	\$741	63	\$588	63	\$506
64 & Over	\$749	64 & Over	\$594	64 & Over	\$512

## Premium Assistance Plan Rates as of January 1, 2011

The MCHA Premium Assistance program is partially funded through a state appropriation. The rates and income guidelines are current through June 30, 2011. On option: \$1000 deductible effective September 1, 2002. To determine the premium, find the correct age band. The premium will be subsidized 45%.

Age of Policyholder	Member Premium	Age of Policyholder	Member Premium
0-17	\$125.95	43	\$333.30
18	\$206.80	44	\$345.40
19	\$207.35	45	\$357.50
20	\$208.45	46	\$370.70
21	\$210.10	47	\$384.45
22	\$210.65	48	\$397.65
23	\$212.30	49	\$411.95
24	\$213.95	50	\$427.35
25	\$215.60	51	\$443.30
26	\$218.35	52	\$459.25
27	\$219.45	53	\$474.65
28	\$223.85	54	\$491.15
29	\$228.25	55	\$507.65
30	\$233.75	56	\$525.25
31	\$238.15	57	\$543.40
32	\$243.65	58	\$564.30
33	\$249.70	59	\$585.20
34	\$255.75	60	\$607.20
35	\$261.25	61	\$630.85
36	\$267.85	62	\$654.50
37	\$274.45	63	\$663.30
38	\$283.25	64 & Over	\$671.00
39	\$292.60	Medicare Carveout	
40	\$301.40	0-17	\$66
41	\$311.85	18 & Over	\$174
42	\$321.75		

**Income Guidelines:** To estimate if gross income is within the limits, find the line for family size and use the formula that shows the allowable incomer and credits. A person may not claim a credit for dependent care unless they are working and paying that expense.

Family Size: Includes parents, step-parents & children living in the same household.	Household Income Limit: Formula: You qualify if your gross income minus \$1,400 for each working adult minus dependent care* expenses up to \$2,400 a year (per dependent) is less than the income listed below. Gross income includes earned and unearned income as defined on the income verification form, but does not include earned income of children attending school.
Family of 1	\$16,335
Family of 2	\$22,065
Family of 3	\$27,795
Family of 4	\$33,525
Family of 5	\$39,255
Family of 6	\$44,985
Family of 7	\$50,715
Family of 8	\$56,445

## UTILIZATION OF HEALTHCARE SERVICES

### Traditional Plan

During the period July 1, 2010 through June 30, 2011, hospital admissions increased .19.6%. The payments per day saw a decrease of 23.18% over the previous comparative period\*. The plan saw a decrease in hospital days of 11% and an increase in average length of stay of 10.7%. Total medical claims decreased by 15.6%, and prescription drug claims increased about 1% over the previous comparative period.

The following are the key comparative utilization statistics:

<b>Volume of Services—Inpatient</b>	<b>7/10-6/11</b>	<b>7/09-6/10</b>	<b>Change</b>
Hospital Admissions per 1,000 Insureds	170	212	-19.63%
Hospital Days per 1,000 Insureds	968	1,089	-11.07%
Average Length of Stay (days) per admission	5.69	5.14	+10.69%
<b>Cost of Services—Inpatient</b>			
Payments per Admission	\$12,488	\$14,697	-15.00%
Payments per Day	\$2,194	\$2,856	-23.18%
<b>Outpatient Care</b>			
Outpatient Services per 1,000 Insureds	26,751	28,756	-6.97%
Payments per Service	\$39.17	\$36.33	+7.81%
<b>Total Costs</b>			
Medical Claims	\$6,837,764	\$8,099,847	-15.58%
Prescription Drugs	\$2,041,031	\$2,022,878	+90%

### Premium Assistance Program

During the period July 1, 2010 through June 30, 2011, hospital days increased 108%. Average length of stay increased 74% over the previous comparative period\*. Payments per admission increased 109% and payments per day increased 20%. Medical claims increased 56% and prescription drug claims increased 30%.

The following are the key utilization statistics:

<b>Volume of Services—Inpatient</b>	<b>7/10-6/11</b>	<b>7/09-6/10</b>	<b>Change</b>
Hospital Admissions per 1,000 Insureds	301	252	+19.42%
Hospital Days per 1,000 Insureds	1,949	938	+107.82%
Average Length of Stay (days) per admission	6.48	3.72	+74.03%
<b>Cost of Services—Inpatient</b>			
Payments per Admission	\$24,073	\$11,514	+109.08%
Payments per Day	\$3,718	\$3,095	+20.14%
<b>Outpatient Care</b>			
Outpatient Services per 1,000 Insureds	41,697	42,580	-2.07%
Payments per Service	\$54.80	\$59.58	-8.01%
<b>Total Costs</b>			
Medical Claims	\$3,633,641	\$2,333,531	+55.71%
Prescription Drugs	\$665,411	\$510,539	+30.33%

\* Previous comparative period is July 1, 2009 through June 30, 2010.

## Portability Plan

During the period July 1, 2010 through June 30, 2011, hospital admissions decreased 23% over the previous comparative period\*, hospital days decreased 24%. The average length of stay decreased less than 1% and payments per day decreased 3%. Prescription drug claims increased 21%, Medical claims increased less than 2%.

The following are the key comparative utilization statistics:

<b>Volume of Services—Inpatient</b>	<b>7/10-6/11</b>	<b>7/09-6/10</b>	<b>Change</b>
Hospital Admissions per 1,000 Insureds	120	157	-23.48%
Hospital Days per 1,000 Insureds	543	711	-23.57%
Average Length of Stay (days) per admission	4.51	4.51	-.12%
<b>Cost of Services—Inpatient</b>			
Payments per Admission	\$18,276	\$18,899	-3.29%
Payments per Day	\$4,053	\$4,187	-3.18%
<b>Outpatient Care</b>			
Outpatient Services per 1,000 Insureds	27,627	27,562	+.24%
Payments per Service	\$52.46	\$47.36	+10.78%
<b>Total Costs</b>			
Medical Claims	\$9,298,268	\$9,127,091	+1.88%
Prescription Drugs	\$3,087,770	\$2,542,921	+21.43%

\* Previous comparative period is July 1, 2009 through June 30, 2010.

## SAVINGS PROVIDED THROUGH “COST CONTAINMENT INITIATIVES”

The MCHA utilizes several cost containment initiatives to help contain the upward trend of health care expenditures. These initiatives include provider networks (both in Montana and nationwide), Blue Card Program, inpatient certification review and large case management. All combined, these initiatives provided substantial savings to the MCHA and MCHA members during the period July 1, 2010 through June 30, 2011.

### Traditional Plan

#### **MCHA – Traditional Plan Savings for period**

- Use of the Blue Cross and Blue Shield of Montana Provider Networks saved \$2,779,356
- BlueCard usage saved \$915,372

### Portability Plan

#### **MCHA – Portability Plan Savings for period**

- Use of the Blue Cross and Blue Shield of Montana Provider Networks saved \$2,652,738
- BlueCard usage saved \$2,306,640

### Premium Assistance Plan

#### **MCHA—Premium Assistance Plan for period**

- Use of the Blue Cross and Blue Shield of Montana Provider Networks saved \$973,012
- BlueCard usage saved \$252,780

# MONTANA COMPREHENSIVE HEALTH ASSOCIATION

## STATEMENT OF FINANCIAL POSITION

	<b>2011</b>	<b>June 30</b>	<b>2010</b>
<b>ASSETS</b>			
CURRENT ASSETS			
Cash on Deposit	7,301,260		7,533,321
A/R Federal TAA Grant	28,489		70,402
A/R - Interest	359		1,877
<b>TOTAL CURRENT ASSETS</b>	<b>7,330,108</b>		<b>7,605,600</b>
LONG TERM ASSETS			
Reserve Deposits	3,233,303		3,228,534
<b>TOTAL LONG TERM ASSETS</b>	<b>3,233,303</b>		<b>3,228,534</b>
<b>TOTAL ASSETS</b>	<b>10,563,411</b>		<b>10,834,134</b>
<b>LIABILITIES AND NET ASSETS</b>			
CURRENT LIABILITIES			
Accounts Payable-BCBSMT	1,640,364		1,150,034
Accounts Payable - miscellaneous	1,289		10,515
Loss Contingency Liabilities	168,157		168,157
Provision for Unpaid Unreported Claims	3,220,500		2,764,500
<b>TOTAL CURRENT LIABILITIES</b>	<b>5,030,310</b>		<b>4,093,206</b>
NET ASSETS (DEFICIT) - Board Restricted	3,233,412		3,229,093
NET ASSETS (DEFICIT) - Unrestricted	2,299,690		3,511,835
<b>TOTAL NET ASSETS</b>	<b>5,533,101</b>		<b>6,740,928</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>10,563,411</b>		<b>10,834,134</b>
<b>PROVISION FOR UNPAID UNREPORTED CLAIMS</b>			
Portability Plan	1,311,000		1,088,700
Association Plan	986,100		1,368,000
Premium Assistance Plan	923,400		307,800
<b>TOTAL</b>	<b>3,220,500</b>		<b>2,764,500</b>

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# Montana Comprehensive Health Association

## Statement of Activities and Changes in Net Assets

### YEAR TO DATE June 30

	2011				2010			
	Portability Plan	Association Plan	Premium Assistance Plan	Total	Portability Plan	Association Plan	Premium Assistance Plan	Total
<b>PREMIUMS</b>								
Premiums Received	8,748,004	6,450,766	1,051,861	16,250,631	8,162,610	6,481,385	1,087,477	15,731,472
Less: Commissions	35,300	16,800	900	53,000	25,900	13,400	6,000	45,300
Net Premiums Received	8,712,704	6,433,966	1,050,961	16,197,631	8,136,710	6,467,985	1,081,477	15,686,172
<b>UTILIZATION</b>								
Claims Paid	12,279,619	8,756,130	4,273,802	25,309,551	11,586,141	10,083,807	2,824,475	24,494,423
Change in IBNR	222,300	(381,900)	615,600	456,000	(131,100)	(34,200)	(176,700)	(342,000)
Legal Settlement	0	0	0	0	118,079	41,229	8,849	168,157
Other Utilization (Pre-cert)	40,882	36,907	7,654	85,442	37,650	37,385	7,542	82,578
Other Utilization (Disease Management)	19,419	17,531	3,635	40,585	17,936	17,810	3,593	39,340
Total Utilization	12,562,219	8,428,668	4,900,691	25,891,579	11,628,707	10,146,030	2,667,760	24,442,497
EXCESS CLAIMS	(3,849,516)	(1,994,702)	(3,849,730)	(9,693,948)	(3,491,997)	(3,678,045)	(1,586,283)	(8,756,325)
<b>OPERATING EXPENSES</b>								
Advertising	268	242	44	553	617	612	109	1,338
Administrative Assistant Costs	15,972	14,419	2,648	33,039	16,949	16,829	2,996	36,774
Administration costs - premiums	413,900	326,787	98,859	839,546	403,388	307,160	97,110	807,658
Administration costs - assessments	182,290	211,443	0	393,733	146,018	238,370	0	384,388
Board Travel and Meetings	11,470	10,355	1,902	23,727	11,360	11,280	2,008	24,649
Professional Fees	967	873	160	2,000	230	229	41	500
Dues and Subscriptions	483	436	80	1,000	807	801	143	1,750
Professional Liability Insurance	4,467	4,033	741	9,240	4,259	4,229	753	9,240
Legal Services	9,345	8,437	1,550	19,332	27,859	27,663	4,924	60,446
Auditing Services	5,049	4,558	837	10,444	4,770	4,736	843	10,349
Actuarial Consulting Services	33,246	30,014	5,513	68,773	26,266	26,081	4,643	56,990
Consultants	31,743	28,657	5,264	65,664	29,044	28,839	5,134	63,016
Lobbying Fees	7,372	6,655	1,222	15,250	4,148	4,119	733	9,000
Supplies, Postage, Printing & Reproduction	71	64	12	146	65	65	12	142
Telephone	33	30	5	68	163	162	29	354
Miscellaneous Expense	53	48	9	110	0	0	0	0
TOTAL EXPENSES	716,729	647,051	118,847	1,482,626	675,943	671,175	119,476	1,466,594
<b>OTHER INCOME</b>								
Interest Income (Expense)	(435)	7,285	0	6,850	1,768	13,525	0	15,293
TOTAL OTHER INCOME	(435)	7,285	0	6,850	1,768	13,525	0	15,293
NET LOSSES BEFORE FUNDING SOURCES	(4,566,680)	(2,634,467)	(3,968,577)	(11,169,724)	(4,166,173)	(4,335,695)	(1,705,759)	(10,207,627)

FUNDING SOURCES								
Subsidy Premiums (TAA Grant)	0	0	0	0	0	0	12,123	12,123
Subsidy Premiums (State Grant)	0	0	828,615	828,615	0	0	873,622	873,622
Federal Bonus Grant (DM and Pre-Ex)	6,010	5,506	375,102	386,619	17,936	17,810	370,798	406,545
Federal TAA Grant Income	616,882	98,791	0	715,673	440,825	554,225	0	995,050
State Subsidy Income	0	0	0	0	0	0	40,713	40,713
Member Assessments	3,852,800	4,173,872	0	8,026,672	2,954,697	5,030,965	0	7,985,662
Interest Income Reserved Deposit	0	0	4,318	4,318	0	0	6,085	6,085
<b>TOTAL OTHER INCOME</b>	<b>4,475,692</b>	<b>4,278,169</b>	<b>1,208,036</b>	<b>9,961,897</b>	<b>3,413,458</b>	<b>5,603,000</b>	<b>1,303,342</b>	<b>10,319,801</b>
NET INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	(90,988)	1,643,702	(2,760,541)	(1,207,827)	(752,714)	1,267,305	(402,417)	112,174
Net assets (deficit) at beginning of year	<u>4,630,817</u>	<u>5,932,671</u>	<u>(3,822,560)</u>	<u>6,740,928</u>	<u>5,383,531</u>	<u>4,665,367</u>	<u>(3,420,143)</u>	<u>6,628,755</u>
Net assets (deficit) at end of period	<u>4,539,829</u>	<u>7,576,373</u>	<u>(6,583,101)</u>	<u>5,533,101</u>	<u>4,630,817</u>	<u>5,932,671</u>	<u>(3,822,560)</u>	<u>6,740,928</u>
KEY RATIO ANALYSIS:								
Claims Loss Ratio	144.2%	131.0%	260.7%	152.1%	142.9%	156.9%	135.6%	147.5%
Gross Operating Expense Ratio	8.2%	10.1%	6.3%	8.7%	8.3%	10.4%	6.1%	8.8%
Net Assets (Deficit) at End of Year	52.1%	117.8%	-350.2%	32.5%	56.9%	91.7%	-194.3%	40.7%
ENROLLMENT AT END OF PERIOD	1,444	1,278	243	2,965	1,348	1,306	281	2,935

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## Board of Directors

*Tanya Ask (Chair)	.....	New West Health Service - Helena, MT
David Hill (Vice Chair)	.....	Assurant Health
Maryetta Bauer (Secretary)	.....	Public Member-at-Large - Polson, MT
Chester Lozowski (Treasurer)	.....	Continental General Insurance Company
Brian Angel	.....	American Family Life Assurance Company (AFLAC)
Bob Corn	.....	Mutual/United of Omaha
Frank Cote	.....	Blue Cross and Blue Shield of Montana - Helena, MT
Doug Gooddell	.....	Public Member-at-Large - Hamilton, MT
Todd Lovshin	.....	Allegiance Life & Health – Helena, MT

Montana law requires that the MCHA Board shall consist of one member from each of the five members of the Association with the highest annual premium volume, (from business derived from Montana residents) two industry members at large (also members of the Association) and a public interest member at large. All insurers that do business in Montana are members of the Association.

\*Cecil Bykerk ..... MCHA Executive Director

## COMMITTEES

### **Actuarial/Audit Committee**

Chester Lozowski, Chair  
Liz Leif  
Todd Lovshin  
Jim Spencer

### **Grievance Committee**

David Hill, Chair  
Brian Angel  
Maryetta Bauer  
Bob Corn

### **Publicity Committee**

Linda Price, Chair  
Maryetta Bauer  
Carol Roy  
Lynn Smigaj

### **Member Benefits Committee**

Brian Angel, Chair  
David Hill  
Frank Cote  
Bob Corn  
Doug Gooddell

### **Legislative Committee**

Frank Cote, Chair  
Brian Angel  
Maryetta Bauer  
Todd Lovshin

\*Tanya Ask, Chair, and Cecil Bykerk, Executive Director, serve as ex-officio members on all committees.

# Montana Comprehensive Health Association

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