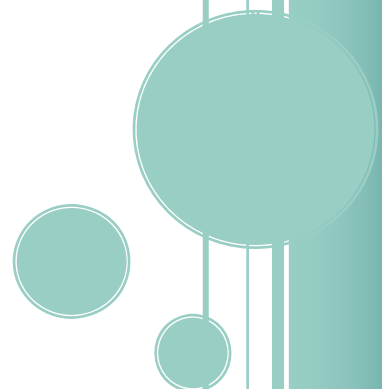




# ANNUAL REPORT

July 1, 2008 – June 30, 2009





560 North Park Avenue  
P.O. Box 4309  
Helena, Montana 59604-4309  
800.447.7828  
www.bcbsmt.com

Administered by Blue Cross and Blue Shield of Montana  
An Independent Licensee of the Blue Cross and Blue Shield Association

October 2009

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 2009.

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 through the "Grants to States for Operation of Qualified High Risk Pools" 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, Mr. Lozowski can be reached via email at lozowski@earthlink.net and Mr. Bykerk at oakoffice1@cox.net. Thank you for your time and consideration.

Sincerely,

Cecil D. Bykerk  
Executive Director

Chester M. Lozowski  
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 2009. This report contains information about the MCHA plans for the period of July 1, 2008 through June 30, 2009.

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.

## KEY FACTS AND INTERESTING STATISTICS

The Montana Comprehensive Health Association has been serving eligible Montanans since 1987. Listed below are some interesting statistics for your information.

### Premium Assistance Plan Facts

The Premium Assistance Plan has been open to enrollment since September 1, 2002.

As of June 30, 2009, the Premium Assistance Plan has provided reimbursement totaling:

\$7,421,441 to Facilities for covered services

\$3,525,527 to Professional and Allied Providers for Covered Services

\$10,946,968 in Total for Covered Services

Through this plan MCHA provided a total of \$4,319,439 to pay premium subsidies.

Enrollment Snapshot: As of March 31, 2008, the plan had covered a total of 529 Montanans.

The shortest period of enrollment was two weeks and the longest period of enrollment was 5.33 years. The average length of enrollment for this time period was 2.16 years.

### Claims Paid Statistics

Listed below are total reimbursements MCHA paid for covered services provided to members on all options made during the period January 1, 2005 through June 30, 2009.

#### Payment for Covered Services

Payment made to Facilities*	\$52,538,969
Payment made for Professional services	\$20,776,595
Payment for Non Professional services	\$ 8,256,271

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Total paid for Covered Services	\$81,571,835
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#### Payment for Drug Card (Pharmacy) Services

Total paid for drug card (pharmacy) claims	\$20,670,283
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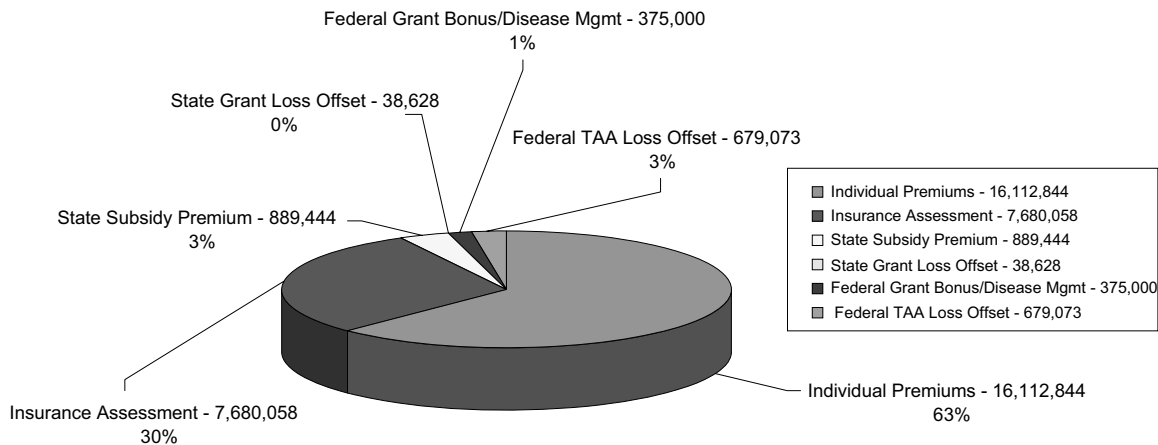
\* Facilities include acute care hospitals, surgery centers, urgent care facilities, mental health facilities, chemical dependency facilities, extended care facilities, convalescent care facilities, rehabilitation facilities, and special care facilities.

Baseline Statistics

(based on plan utilization and financial performance for the period 7/1/08–6/30/09):

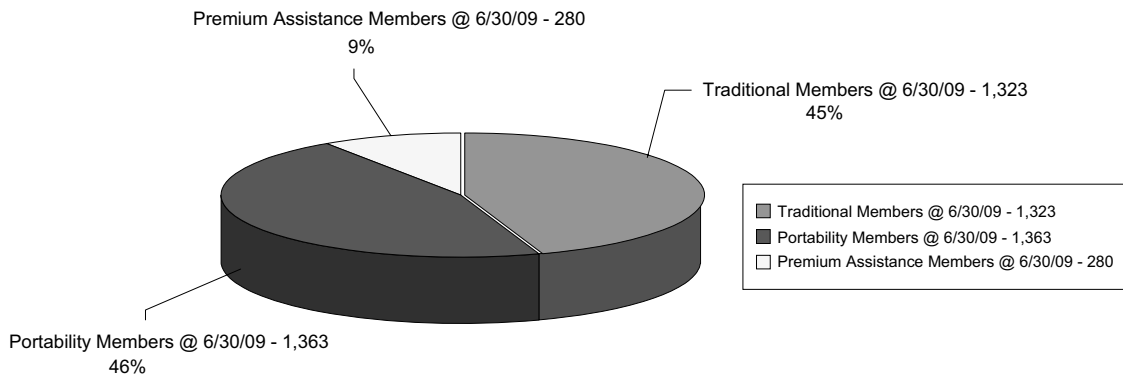
Fiscal Year 2009

Revenue By Source on Combined Plan Basis



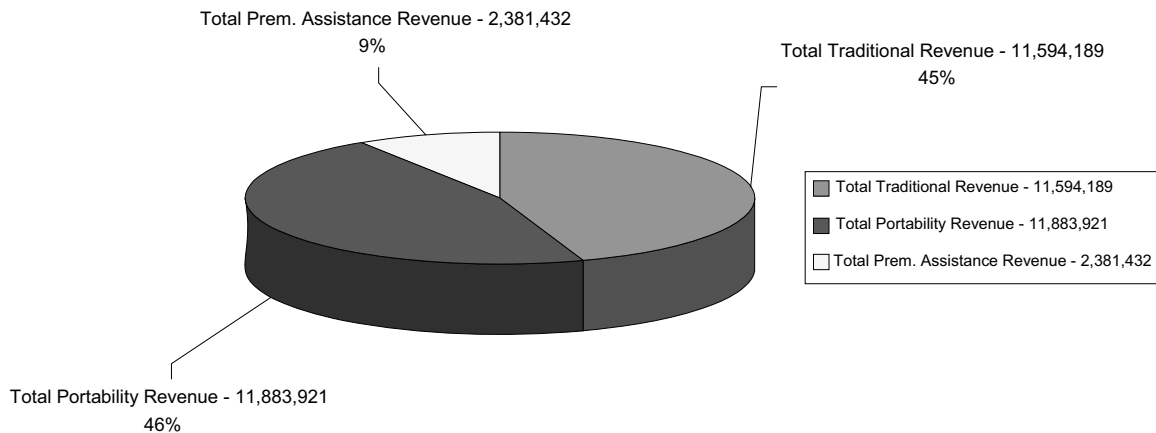
Fiscal Year 2009

Total Enrollment Per Plan

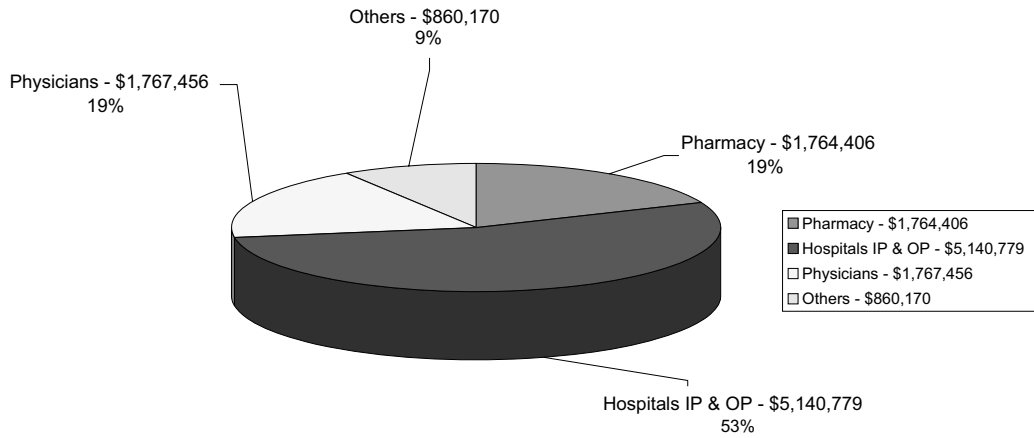


Fiscal Year 2009

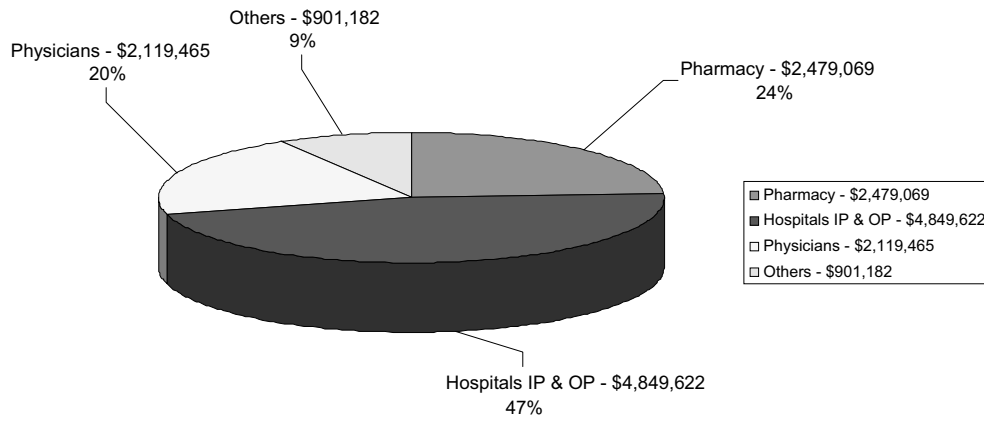
Total Revenue Per Plan



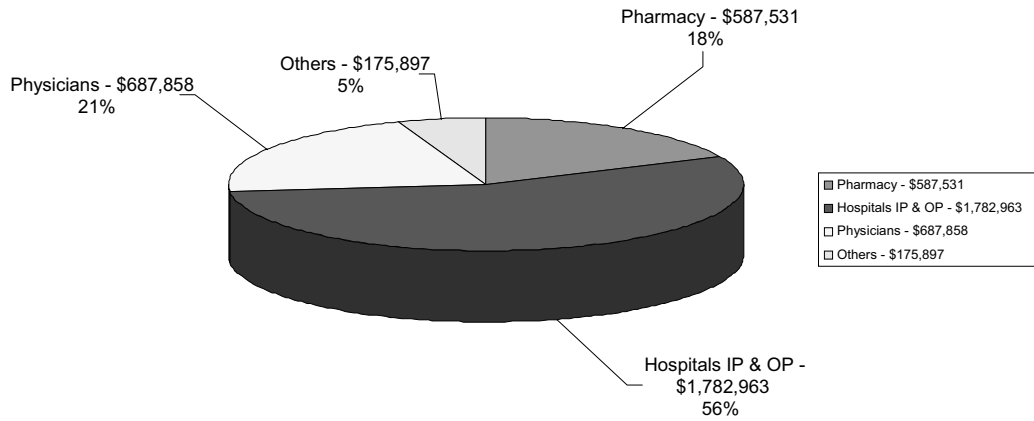
Fiscal Year 2009  
Claims Paid – Traditional Plan as of June 30, 2009



Fiscal Year 2009  
Claims Paid – Portability Plan



Fiscal Year 2008  
Claims Paid – Premium Assistance Plan as of June 30, 2009



## UTILIZATION BY MAJOR DIAGNOSTIC CATEGORY

(July 1, 2008—June 30, 2009)

<b>MDC</b>	<b>Traditional Plan</b>	<b>Portability Plan</b>	<b>Premium Assist. Plan</b>	<b>Total Paid</b>
Nervous	\$534,568	\$436,394	\$179,592	\$1,150,554
Eye	58,137	96,250	36,722	191,109
Ear, Nose, Mouth & Throat	78,488	148,752	14,727	241,967
Respiratory	537,389	716,462	234,326	1,488,177
Circulatory	1,192,437	1,129,776	160,958	2,483,171
Digestive	703,038	1,028,425	64,538	1,796,001
Liver, Pancreas	522,202	108,636	191,150	821,988
Musculoskeletal	1,213,286	1,264,516	646,236	3,124,038
Skin,Breast	283,426	281,600	178,909	743,935
Metabolic	145,569	217,186	58,348	421,103
Kidney	231,145	111,687	187,046	529,878
Male Reproductive	158,125	163,916	556	322,597
Female Reproductive	82,956	255,147	49,906	388,009
Pregnancy, Childbirth	111,708	85,486	43,647	240,841
Newborns	127,363	35,926	58,093	221,382
Blood	266,439	140,783	26,192	433,414
Spine, Bone Marrow	289,374	600,560	175,462	1,065,396
Infections	69,137	60,325	33,616	163,078
Mental	86,483	255,847	24,880	367,210
Alcohol/Drug Abuse	6,147	76,220	3,188	85,555
Injuries/Poisoning	287,794	129,954	35,128	452,876
Burns	18	0	1,807	1,825
Health Status	169,936	185,183	69,724	424,843
HIV Infections	397	41	1,188	1,626
Other	603,843	341,198	170,779	1,115,820
<b>Total</b>	<b>\$7,759,405</b>	<b>\$7,870,270</b>	<b>\$2,646,718</b>	<b>\$18,276,393</b>

## BENEFITS

### Traditional Plan/Premium Assistance Plan

Coverage is provided up to a lifetime maximum of \$2,000,000 on all options.

As of January 1, 2009, 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	\$6,000
Traditional PPO 5000	\$5,000	80/20 60/40	\$7,500
Traditional PPO 7500	\$7,500	80/20 60/40	\$10,500
Traditional PPO 10000	\$10,000	80/20 60/40	\$13,500

**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, 2009, 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 a lifetime maximum of \$2,000,000.

As of January 1, 2009, 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	\$3,000
Portability PPO 2500	\$2,500	70/30 50/50	\$5,000
Portability PPO 5000	\$5,000	70/30 50/50	\$8,000
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:

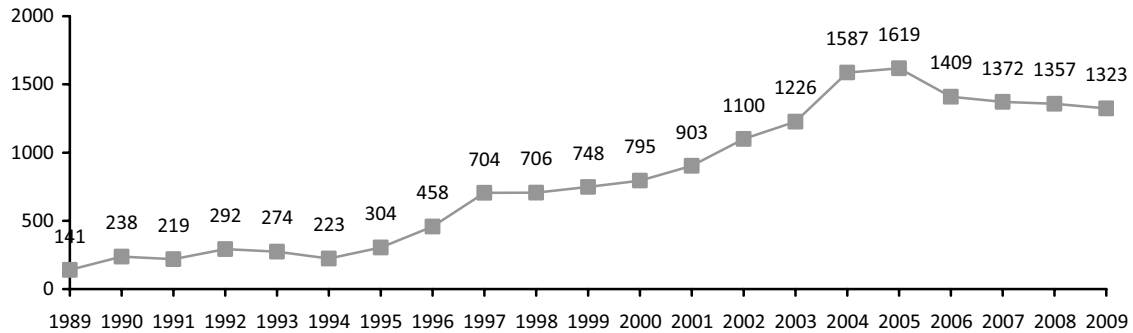
- Inpatient Hospital Care
- Durable Medical Equipment (limited on Traditional and Premium Assistance)
- Outpatient Hospital Care
- Home Health Care (180 visits/year)
- Professional Services
- Immunizations
- Office Visits
- Inpatient Rehabilitation Therapy
- Maternity
- Maternity Screening Program
- 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.

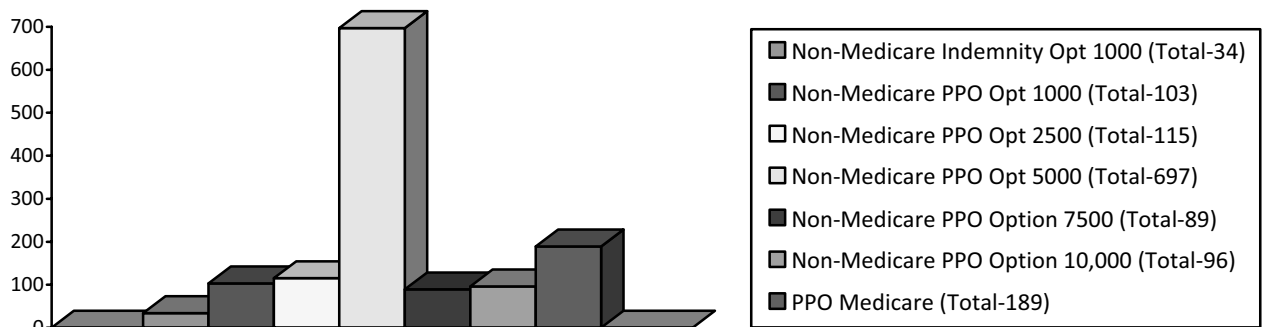
### MCHA Traditional Plan Enrollment by the Year Since Inception through June 30, 2009



### Waiting Period

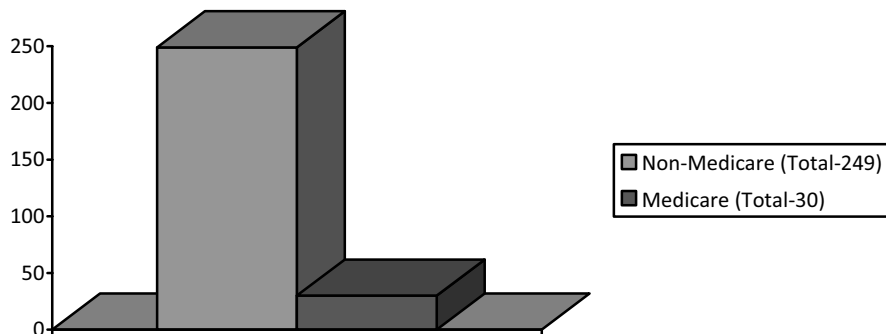
In order to ensure the long term viability of the MCHA Traditional Plan, a twelve month waiting period must be served for any conditions which were diagnosed or treated within the 36 months prior to enrollment on the Plan. As of June 30, 2009, of the 1,323 enrollees on the Plan, 100 were continuing to serve the twelve month waiting period.

### MCHA Traditional Plan Enrollment by Option/Non-Medicare and Medicare Status as of June 30, 2009

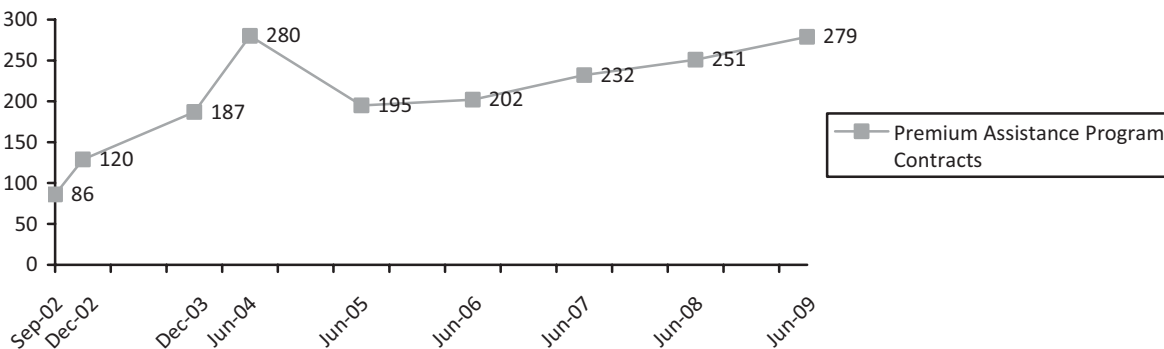


Montana Residents are eligible for the MCHA Premium Assistance Plan if they have certain specified major illnesses or have been rejected or offered a restrictive rider by two insurers within the last six months and have income at or below a qualifying level (150% of federal poverty level.) A federal 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, 2009

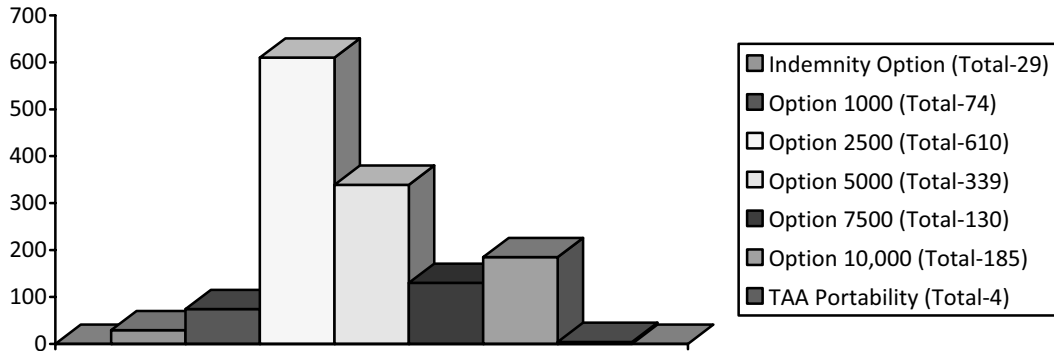


Premium Assistance Program Enrollment by Year Since Inception through June 30, 2009

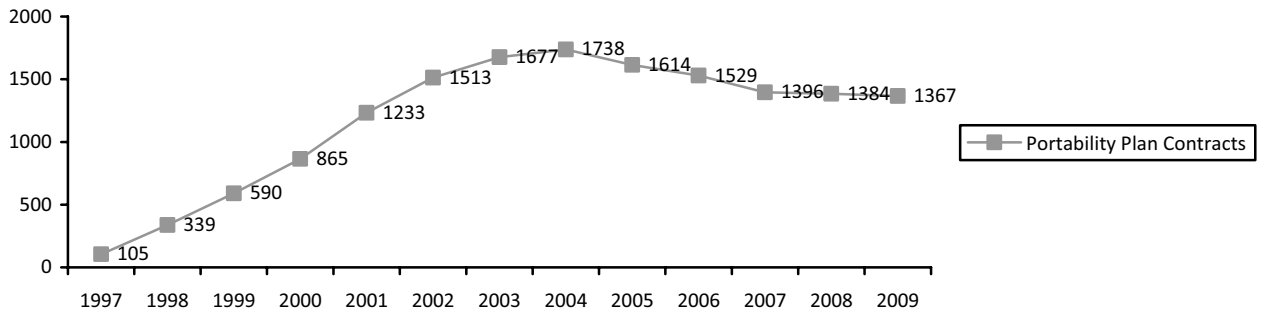


Montana Residents are eligible for the MCHA Portability Plan if their most recent prior creditable coverage was under an employer group health plan, a government plan or a church plan with an aggregate of 18 months or more of creditable prior health coverage, and they must not have, or be eligible for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

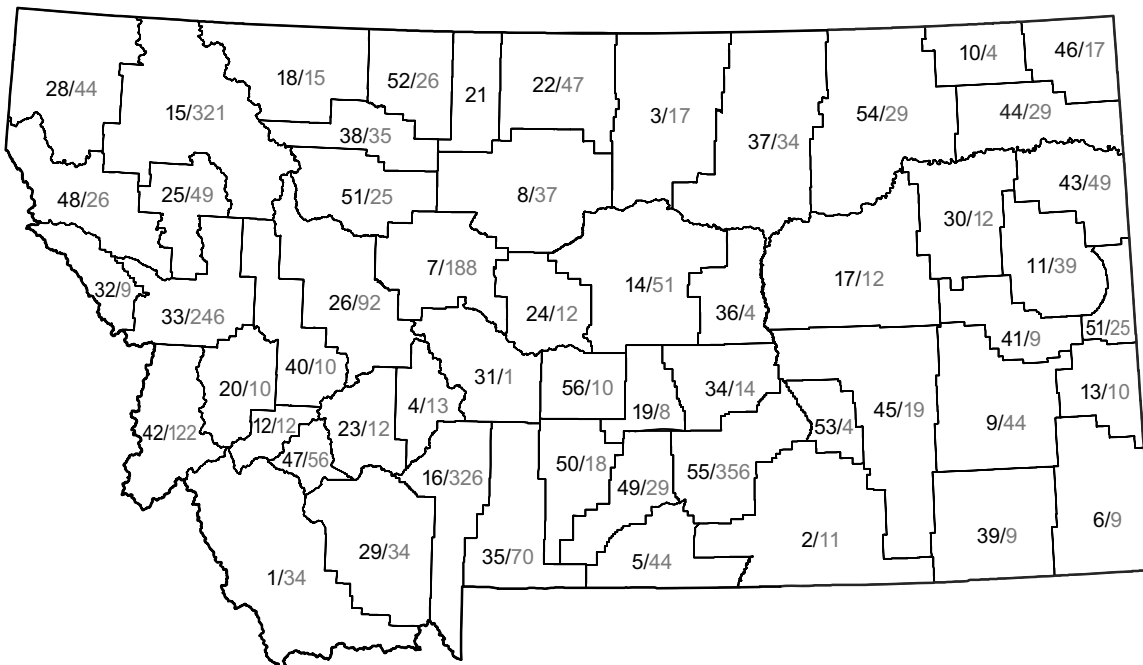
Portability Plan Enrollment by age and Option  
as of June 30, 2009



Portability Plan Enrollment by Year  
Since Inception through June 30, 2009



## MCHA TOTAL ENROLLMENT BY COUNTY



MCHA Total Enrollment by County  
as of June 30, 2009

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

1	Beaverhead	34
2	Bighorn	10
3	Blaine	17
4	Broadwater	13
5	Carbon	44
6	Carter	9
7	Cascade	188
8	Choteau	37
9	Custer	44
10	Daniels	4
11	Dawson	39
12	Deer Lodge	12
13	Fallon	10
14	Fergus	51
15	Flathead	321
16	Gallatin	328
17	Garfield	12
18	Glacier	15
19	Golden Valley	7
20	Granite	10
22	Hill	47
23	Jefferson	12
24	Judith Basin	12
25	Lake	49
26	Lewis and Clark	92
27	Liberty	24
28	Lincoln	44
29	Madison	34
30	McCone	12
31	Meagher	1
32	Mineral	9
33	Missoula	246
34	Musselshell	14
35	Park	70
36	Petroleum	4
37	Phillips	34
38	Pondera	35
39	Powder River	9
40	Powell	10
41	Prairie	9
42	Ravalli	122
43	Richland	49
44	Roosevelt	29
45	Rosebud	17
46	Sheridan	17
47	Silver Bow	56
48	Sanders	26
49	Stillwater	29
50	Sweet Grass	18
51	Teton	25
52	Toole	26
53	Treasure	3
54	Valley	29
55	Yellowstone	334
56	Wheatland	10
57	Wibaux	4

Total Traditional Plan Enrollment: 1,323  
Total Premium Assistance Plan Enrollment: 279  
Total Portability Plan Enrollment: 1,367

## 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, 2009.

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 01/01/09	Age of Policyholder	Effective 01/01/09	Age of Policyholder	Effective 01/01/09
0-17	\$251	0-17	\$213	0-17	\$165
18	\$411	18	\$350	18	\$270
19	\$413	19	\$351	19	\$271
20	\$415	20	\$353	20	\$272
21	\$417	21	\$355	21	\$274
22	\$419	22	\$356	22	\$275
23	\$422	23	\$359	23	\$277
24	\$427	24	\$362	24	\$280
25	\$430	25	\$365	25	\$282
26	\$433	26	\$369	26	\$284
27	\$437	27	\$371	27	\$286
28	\$446	28	\$379	28	\$292
29	\$455	29	\$386	29	\$299
30	\$465	30	\$395	30	\$305
31	\$474	31	\$403	31	\$311
32	\$485	32	\$412	32	\$318
33	\$496	33	\$422	33	\$325
34	\$508	34	\$433	34	\$333
35	\$520	35	\$442	35	\$341
36	\$532	36	\$453	36	\$349
37	\$546	37	\$464	37	\$358
38	\$563	38	\$479	38	\$370
39	\$582	39	\$495	39	\$381
40	\$601	40	\$510	40	\$394
41	\$619	41	\$527	41	\$407
42	\$640	42	\$544	42	\$420
43	\$663	43	\$564	43	\$435
44	\$688	44	\$584	44	\$451
45	\$712	45	\$605	45	\$467
46	\$738	46	\$627	46	\$484
47	\$765	47	\$650	47	\$501
48	\$792	48	\$673	48	\$520
49	\$821	49	\$697	49	\$538
50	\$851	50	\$723	50	\$558
51	\$881	51	\$750	51	\$578
52	\$914	52	\$777	52	\$599
53	\$945	53	\$803	53	\$620
54	\$978	54	\$831	54	\$641
55	\$1,011	55	\$859	55	\$663
56	\$1,045	56	\$888	56	\$686
57	\$1,081	57	\$919	57	\$709
58	\$1,122	58	\$954	58	\$736
59	\$1,165	59	\$990	59	\$764
60	\$1,209	60	\$1,027	60	\$793
61	\$1,255	61	\$1,067	61	\$823
62	\$1,302	62	\$1,107	62	\$854
63	\$1,320	63	\$1,122	63	\$866
64 & Over	\$1,335	64 & Over	\$1,135	64 & Over	\$876

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 01/01/09	Age of Policyholder	Effective 01/01/09	Age of Policyholder	Effective 01/01/09
0-17	\$165	0-17	\$102	0-17	\$88
18	\$270	18	\$167	18	\$144
19	\$271	19	\$167	19	\$145
20	\$272	20	\$168	20	\$146
21	\$274	21	\$169	21	\$146
22	\$275	22	\$170	22	\$147
23	\$277	23	\$171	23	\$148
24	\$280	24	\$173	24	\$150
25	\$282	25	\$174	25	\$151
26	\$284	26	\$176	26	\$152
27	\$286	27	\$177	27	\$153
28	\$292	28	\$181	28	\$156
29	\$299	29	\$185	29	\$160
30	\$305	30	\$189	30	\$163
31	\$311	31	\$192	31	\$166
32	\$318	32	\$197	32	\$170
33	\$325	33	\$201	33	\$174
34	\$333	34	\$206	34	\$178
35	\$341	35	\$211	35	\$183
36	\$349	36	\$216	36	\$187
37	\$358	37	\$221	37	\$191
38	\$370	38	\$229	38	\$198
39	\$381	39	\$236	39	\$204
40	\$394	40	\$244	40	\$211
41	\$407	41	\$251	41	\$217
42	\$420	42	\$260	42	\$225
43	\$435	43	\$269	43	\$233
44	\$451	44	\$279	44	\$241
45	\$467	45	\$289	45	\$250
46	\$484	46	\$299	46	\$259
47	\$501	47	\$310	47	\$268
48	\$520	48	\$321	48	\$278
49	\$538	49	\$333	49	\$288
50	\$558	50	\$345	50	\$298
51	\$578	51	\$358	51	\$309
52	\$599	52	\$371	52	\$320
53	\$620	53	\$383	53	\$331
54	\$641	54	\$397	54	\$343
55	\$663	55	\$410	55	\$355
56	\$686	56	\$424	56	\$367
57	\$709	57	\$439	57	\$379
58	\$736	58	\$455	58	\$394
59	\$764	59	\$472	59	\$408
60	\$793	60	\$490	60	\$424
61	\$823	61	\$509	61	\$440
62	\$854	62	\$528	62	\$457
63	\$866	63	\$535	63	\$463
64 & Over	\$876	64 & Over	\$542	64 & Over	\$468

\$1,000 Deductible	
Medicare Carveout	
0-17	\$61.00
18 & Over	\$162.00

## 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 01/01/09	Age of Policyholder	Effective 01/01/09	Effective 01/01/09	Effective 01/01/09
0-17	\$255	0-17	\$225	0-17	\$154
18	\$419	18	\$368	18	\$251
19	\$420	19	\$369	19	\$252
20	\$422	20	\$371	20	\$253
21	\$425	21	\$373	21	\$255
22	\$427	22	\$375	22	\$257
23	\$430	23	\$378	23	\$259
24	\$435	24	\$381	24	\$261
25	\$438	25	\$384	25	\$263
26	\$441	26	\$387	26	\$265
27	\$444	27	\$391	27	\$267
28	\$454	28	\$398	28	\$272
29	\$463	29	\$406	29	\$279
30	\$473	30	\$416	30	\$284
31	\$483	31	\$424	31	\$290
32	\$494	32	\$433	32	\$297
33	\$505	33	\$443	33	\$303
34	\$518	34	\$455	34	\$311
35	\$530	35	\$465	35	\$318
36	\$542	36	\$476	36	\$325
37	\$556	37	\$487	37	\$334
38	\$574	38	\$503	38	\$345
39	\$592	39	\$520	39	\$356
40	\$612	40	\$537	40	\$368
41	\$631	41	\$553	41	\$379
42	\$652	42	\$572	42	\$392
43	\$675	43	\$592	43	\$406
44	\$700	44	\$614	44	\$421
45	\$725	45	\$636	45	\$436
46	\$751	46	\$659	46	\$452
47	\$779	47	\$683	47	\$467
48	\$806	48	\$708	48	\$484
49	\$836	49	\$733	49	\$502
50	\$867	50	\$760	50	\$520
51	\$898	51	\$788	51	\$540
52	\$931	52	\$816	52	\$559
53	\$963	53	\$844	53	\$578
54	\$996	54	\$874	54	\$598
55	\$1,030	55	\$903	55	\$619
56	\$1,065	56	\$935	56	\$640
57	\$1,101	57	\$966	57	\$661
58	\$1,143	58	\$1,003	58	\$687
59	\$1,186	59	\$1,041	59	\$712
60	\$1,231	60	\$1,080	60	\$740
61	\$1,278	61	\$1,121	61	\$767
62	\$1,327	62	\$1,163	62	\$797
63	\$1,344	63	\$1,179	63	\$808
64 & Over	\$1,361	64 & Over	\$1,193	64 & Over	\$817

PPO Option 5000 \$5,000 Deductible		PPO Option 7500 \$7,500 Deductible		PPO Option 10000 \$10,000 Deductible	
Age of Policyholder	Effective 01/01/09	Age of Policyholder	Effective 01/01/09	Age of Policyholder	Effective 01/01/09
0-17	\$131	0-17	\$104	0-17	\$89
18	\$214	18	\$170	18	\$147
19	\$215	19	\$171	19	\$147
20	\$216	20	\$172	20	\$148
21	\$217	21	\$173	21	\$149
22	\$218	22	\$174	22	\$150
23	\$221	23	\$175	23	\$151
24	\$223	24	\$177	24	\$152
25	\$225	25	\$178	25	\$153
26	\$226	26	\$180	26	\$155
27	\$228	27	\$181	27	\$156
28	\$232	28	\$185	28	\$159
29	\$237	29	\$189	29	\$162
30	\$243	30	\$193	30	\$166
31	\$248	31	\$197	31	\$169
32	\$253	32	\$201	32	\$173
33	\$259	33	\$206	33	\$177
34	\$266	34	\$211	34	\$181
35	\$272	35	\$216	35	\$186
36	\$278	36	\$221	36	\$190
37	\$285	37	\$226	37	\$194
38	\$294	38	\$233	38	\$201
39	\$303	39	\$241	39	\$207
40	\$313	40	\$249	40	\$214
41	\$323	41	\$257	41	\$221
42	\$334	42	\$265	42	\$228
43	\$347	43	\$275	43	\$236
44	\$358	44	\$285	44	\$245
45	\$372	45	\$295	45	\$254
46	\$385	46	\$305	46	\$263
47	\$399	47	\$317	47	\$273
48	\$414	48	\$328	48	\$282
49	\$428	49	\$340	49	\$293
50	\$444	50	\$352	50	\$303
51	\$460	51	\$365	51	\$314
52	\$477	52	\$378	52	\$326
53	\$494	53	\$391	53	\$337
54	\$510	54	\$405	54	\$349
55	\$527	55	\$419	55	\$360
56	\$546	56	\$433	56	\$373
57	\$564	57	\$448	57	\$386
58	\$586	58	\$465	58	\$400
59	\$608	59	\$482	59	\$415
60	\$631	60	\$501	60	\$431
61	\$655	61	\$520	61	\$447
62	\$679	62	\$539	62	\$464
63	\$689	63	\$547	63	\$471
64 & Over	\$697	64 & Over	\$553	64 & Over	\$476

## Premium Assistance Plan Rates as of January 1, 2009

The MCHA Premium Assistance program is partially funded through a state appropriation. The rates and income guidelines are current through June 30, 2009. 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 Policy Holder	45% Subsidy	Age of Policy Holder	45% Subsidy
0-17	\$117.15	43	\$310.20
18	\$192.50	44	\$321.20
19	\$193.05	45	\$332.75
20	\$194.15	46	\$344.85
21	\$195.25	47	\$357.50
22	\$195.80	48	\$370.15
23	\$197.45	49	\$383.35
24	\$199.10	50	\$397.65
25	\$200.75	51	\$412.50
26	\$202.95	52	\$427.35
27	\$204.05	53	\$441.65
28	\$208.45	54	\$457.05
29	\$212.30	55	\$472.45
30	\$217.25	56	\$488.40
31	\$221.65	57	\$505.45
32	\$226.60	58	\$524.70
33	\$232.10	59	\$544.50
34	\$238.15	60	\$564.85
35	\$243.10	61	\$586.85
36	\$249.15	62	\$608.85
37	\$255.20	63	\$617.10
38	\$263.45	64 & Over	\$624.25
39	\$272.25		
40	\$280.50		
41	\$289.85		
42	\$299.20		
		Medicare Carveout	
		0-17	\$33.55
		18 & Over	\$89.10

**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	\$16,245
Family of 2	\$21,855
Family of 3	\$27,465
Family of 4	\$33,075
Family of 5	\$38,685
Family of 6	\$44,295
Family of 7	\$49,905
Family of 8	\$55,515

## UTILIZATION OF HEALTHCARE SERVICES

### Traditional Plan

During the period July 1, 2008 through June 30, 2009, hospital admissions decreased 5.36%. The payments per day saw a increase of 18.97% over the previous comparative period\*. The plan saw an decrease in hospital days of 18.78% and average length of stay of 14.19%. Total medical claims decreased by 12.91%, and prescription drug claims increased 2.57% over the previous comparative period.

The following are the key comparative utilization statistics:

<b>Volume of Services—Inpatient</b>	<b>7/08-6/09</b>	<b>7/07-6/08</b>	<b>Change</b>
Hospital Admissions per 1,000 Insureds	210	222	-5.36%
Hospital Days per 1,000 Insureds	1051	1294	-18.78%
Average Length of Stay (days) per admission	5.00	5.83	-14.19%
<b>Cost of Services—Inpatient</b>			
Payments per Admission	\$13,279	\$13,007	+2.09%
Payments per Day	\$2,654	\$2,231	+18.97%
<b>Outpatient Care</b>			
Outpatient Services per 1,000 Insureds	18,260	28,188	-35.22%
Payments per Service	\$54.31	\$36.83	+47.44%
<b>Total Costs</b>			
Medical Claims	\$7,768,405	\$8,846,436	-12.19%
Prescription Drugs	\$1,764,406	\$1,720,124	+2.57%

### Premium Assistance Program

During the period July 1, 2008 through June 30, 2009, hospital days increased 22.7%. Average length of stay decreased 10.24% over the previous comparative period\*. Payments per admission decreased 47.68% along with payments per day, which decreased 41.71%. Medical claims decreased 7.45% and prescription drug claims increased 35.24%.

The following are the key utilization statistics:

<b>Volume of Services—Inpatient</b>	<b>7/08-6/09</b>	<b>7/07-6/08</b>	<b>Change</b>
Hospital Admissions per 1,000 Insureds	365	267	+36.70%
Hospital Days per 1,000 Insureds	1,632	1,330	+22.70%
Average Length of Stay (days) per admission	4.47	4.98	-10.24%
<b>Cost of Services—Inpatient</b>			
Payments per Admission	\$13,100	\$25,037	-47.68%
Payments per Day	\$2,928	\$5,023	-41.71%
<b>Outpatient Care</b>			
Outpatient Services per 1,000 Insureds	42,098	35,733	+17.81%
Payments per Service	\$48.39	\$55.99	-13.58%
<b>Total Costs</b>			
Medical Claims	\$2,646,718	\$2,859,697	-7.45%
Prescription Drugs	\$587,531	\$434,442	+35.24%

\* Previous comparative period is July 1, 2007 through June 30, 2008.

## Portability Plan

During the period July 1, 2008 through June 30, 2009, over the previous comparative period\*, hospital days decreased 21.91%. The average length of stay decreased 5.54% and payments per day which increased 3.85%. Prescription drug claims increased 3.96%, Medical claims decreased 15.03%.

The following are the key comparative utilization statistics:

<b>Volume of Services—Inpatient</b>	<b>7/08-6/09</b>	<b>7/07-6/08</b>	<b>Change</b>
Hospital Admissions per 1,000 Insureds	144	175	-17.33%
Hospital Days per 1,000 Insureds	572	732	-21.91%
Average Length of Stay (days) per admission	3.96	4.19	-5.54%
<b>Cost of Services—Inpatient</b>			
Payments per Admission	\$16,768	\$17,093	-1.90%
Payments per Day	\$4,235	\$4,078	+3.85%
<b>Outpatient Care</b>			
Outpatient Services per 1,000 Insureds	23,199	29,136	-20.38%
Payments per Service	\$51.24	\$41.30	+24.07%
<b>Total Costs</b>			
Medical Claims	\$7,870,269	\$9,262,115	-15.03%
Prescription Drugs	\$2,479,069	\$2,384,595	+3.96%

\* Previous comparative period is July 1, 2007 through June 30, 2008.

## 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, 2008 through June 30, 2009.

### Traditional Plan

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

- Use of the Blue Cross and Blue Shield of Montana Provider Networks saved \$2,782,970
- Blue Card usage saved \$1,751,617

### Portability Plan

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

- Use of the Blue Cross and Blue Shield of Montana Provider Networks saved \$650,535
- Blue Card usage saved \$593,315

### Premium Assistance Plan

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

- Use of the Blue Cross and Blue Shield of Montana Provider Networks saved \$2,084,044
- Blue Card usage saved \$1,418,684

# MONTANA COMPREHENSIVE HEALTH ASSOCIATION

## STATEMENT OF FINANCIAL POSITION

**DRAFT**

June 30,

	2009	2008
<b>ASSETS</b>		
CURRENT ASSETS		
Cash on Deposit	6,578,875	4,596,628
Accounts Receivable - BCBSMT	-	387,231
A/R State Subsidy	-	358,755
A/R Federal TAA Grant	74,175	-
A/R - Interest	4,001	14,976
A/R - Miscellaneous	3,822	-
TOTAL CURRENT ASSETS	6,660,874	5,357,589
LONG TERM ASSETS		
Reserve Deposits	3,221,699	3,165,467
TOTAL LONG TERM ASSETS	3,221,699	3,165,467
TOTAL ASSETS	9,882,572	8,523,057
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES		
Accounts Payable-BCBSMT	135,876	-
Accounts Payable - miscellaneous	11,442	10,264
Provision for Unpaid Unreported Claims	3,106,500	2,980,522
TOTAL CURRENT LIABILITIES	3,253,818	2,990,786
NET ASSETS (DEFICIT) - Board Restricted	3,221,699	3,165,467
NET ASSETS (DEFICIT) - Unrestricted	3,407,056	2,366,804
TOTAL NET ASSETS	6,628,755	5,532,271
TOTAL LIABILITIES AND NET ASSETS	9,882,572	8,523,057
<b>PROVISION FOR UNPAID UNREPORTED CLAIMS</b>		
Portability Plan	1,219,800	1,144,000
Association Plan	1,402,200	1,515,259
Premium Assistance Plan	484,500	321,263
TOTAL	3,106,500	2,980,522

Preliminary – Subject to Audit

# Montana Comprehensive Health Association

## Statement of Activities and Changes in Net Assets

DRAFT

	2009				2008			
	Portability Plan	Association Plan	Premium Assistance Plan	Total	Portability Plan	Association Plan	Premium Assistance Plan	Total
Premiums Received	8,532,775	6,483,193	1,096,875	16,112,844	8,769,543	6,520,944	988,785	16,279,271
Less: Commissions	26,100	15,800	4,400	46,300	32,700	21,500	3,100	57,300
Net Premiums Received	8,506,675	6,467,393	1,092,475	16,066,544	8,736,843	6,499,444	985,685	16,221,971
Claims Paid	10,302,967	9,538,994	3,238,729	23,080,690	11,576,141	10,541,979	3,287,228	25,405,348
Change in IBNR	75,800	(113,059)	163,237	125,978	(198,904)	621,944	129,848	552,888
Other Utilization (Pre-cert)	43,177	42,202	8,302	93,681	62,853	60,793	10,702	134,348
Other Utilization (Disease Management)	19,195	18,770	3,698	41,662	19,062	18,437	3,246	40,745
Miscellaneous Refund	(4,681)	(4,582)	(910)	(10,173)	0	0	0	0
Total Utilization	10,436,458	9,482,324	3,413,055	23,331,838	11,459,153	11,243,153	3,431,023	26,133,329
EXCESS CLAIMS	(1,929,783)	(3,014,931)	(2,320,580)	(7,265,294)	(2,722,310)	(4,743,709)	(2,445,338)	(9,911,357)
Advertising	563	551	98	1,212	100	96	15	211
Administrative Assistant Costs	18,478	18,074	3,210	39,762	16,766	16,216	2,569	35,551
Administration costs - premiums	391,667	300,455	91,930	784,052	410,300	315,525	84,211	810,036
Administration costs - assessments	137,485	217,113	0	354,598	139,236	215,995	0	355,231
Board Travel and Meetings	14,024	13,717	2,436	30,177	13,993	13,535	2,144	29,672
Professional Fees	2,556	2,500	444	5,500	0	0	0	0
Dues and Subscriptions	0	0	0	0	354	342	54	750
Professional Liability Insurance	4,294	4,200	746	9,240	4,358	4,215	668	9,240
Legal and Auditing Services	15,503	15,164	2,693	33,360	766	741	117	1,625
Actuarial Consulting Services	36,265	35,471	6,300	78,036	41,208	39,857	6,315	87,380
Consultants	29,053	28,417	5,047	62,518	20,279	19,614	3,108	43,000
Lobbying Fees	10,572	10,341	1,837	22,750	0	0	0	0
Supplies, Postage, Printing & Reproduction	315	308	55	678	198	192	30	420
Telephone	402	393	70	865	416	402	64	882
Miscellaneous Expense	371	364	64	800	169	163	26	358
	661,549	647,068	114,931	1,423,548	648,142	626,893	99,322	1,374,356
Interest Income (Expense)	715	71,274	0	71,989	(2,374)	209,678	0	207,304
TOTAL OTHER INCOME	715	71,274	0	71,989	(2,374)	209,678	0	207,304
NET LOSSES BEFORE FUNDING SOURCES	(2,590,617)	(3,590,725)	(2,435,511)	(8,616,853)	(3,372,826)	(5,160,924)	(2,544,660)	(11,078,410)
Subsidy Premiums (TAA Grant)	0	0	0	0	0	0	129,611	129,611
Subsidy Premiums (State Grant)	0	0	889,444	889,444	0	0	685,292	685,292
Federal Bonus Grant (DM and Pre-Ex)	15,673	15,348	343,979	375,000	14,210	13,773	2,389	30,371
Federal TAA Grant Income	339,537	339,537	0	679,073	0	0	0	0
State Subsidy Income	0	0	38,628	38,628	0	0	146,273	146,273
Member Assessments	2,995,221	4,684,837	0	7,680,058	2,975,963	4,463,946	0	7,439,909
Interest Income Reserved Deposit	0	0	51,134	51,134	0	0	116,990	116,990
TOTAL OTHER INCOME	3,350,430	5,039,722	1,323,185	9,713,337	2,990,173	4,477,719	1,080,554	8,548,446
	759,813	1,448,997	(1,112,326)	1,096,484	(382,653)	(683,205)	(1,464,106)	(2,529,964)
	4,623,719	3,216,370	(2,307,817)	5,532,271	5,006,372	3,899,575	(843,712)	8,062,235
	5,383,531	4,665,367	(3,420,143)	6,628,755	4,623,719	3,216,370	(2,307,817)	5,532,271
Claims Loss Ratio	122.7%	146.7%	172.3%	137.7%	131.2%	173.0%	190.6%	153.4%
Gross Operating Expense Ratio	7.8%	10.0%	5.8%	8.4%	7.4%	9.6%	5.5%	8.1%
Net Assets (Deficit) at End of Year	63.3%	72.1%	-172.6%	39.1%	52.9%	49.5%	-128.2%	32.5%
ENROLLMENT AT END OF PERIOD	1,363	1,323	280	2,966	1,397	1,364	255	3,016

Preliminary – Subject to Audit

## Board of Directors

*Chester Lozowski (Chair).....	Continental General Insurance Company
David Hill (Vice Chair).....	Assurant Health
Frank Cote .....	Blue Cross and Blue Shield of Montana - Helena, MT
Bob Corn (Treasurer) .....	Mutual/United of Omaha
Maryetta Bauer (Secretary) .....	Public Member at Large - Polson, MT
Craig Bodway.....	Sterling Life Insurance Company
Carole Cottrell .....	New West Health Plan - Helena, MT
Brian Angel .....	American Family Life Assurance Company (AFLAC)

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**

Carole Cottrell, Chair  
David Hill  
Peggy Onstott  
Jim Spencer

### **Grievance Committee**

Craig Bodway, Chair  
Brian Angel  
Maryetta Bauer  
Cecil Bykerk  
David Hill

### **Publicity Committee**

Linda Price, Chair  
Maryetta Bauer  
Carol Roy  
Lynn Smigaj

### **Member Benefits Committee**

David Hill, Chair  
Brian Angel  
Craig Bodway  
Bob Corn  
Peggy Onstott  
Carol Roy

### **Legislative Committee**

Frank Cote, Chair  
Brian Angel  
Maryetta Bauer  
Bob Corn  
Carole Cottrell  
Carol Roy

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

Montana Comprehensive Health Association

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