



The Montana Comprehensive Health Association (MCHA) was established by the Montana Legislature in 1985 to make comprehensive health benefits available to high-risk individuals regardless of their physical condition. This newsletter is provided to inform you about current issues and to explain the programs that are available through your MCHA plan and how they can be of benefit to you.

Controlling Prescription Drug Costs

By Cecil Bykerk, Executive Director

You have no doubt read or heard that the Medicare Drug program scheduled to begin January 2006 has just seen its cost estimates increase dramatically. Without getting into the exact numbers, no one is denying that the cost of drugs is rising very fast. Some of this increase is due to incredible advancements in drug development. Generally, each new drug that comes on the market is more expensive than the one it replaces. The new drug may not be significantly better, but it will be more expensive.

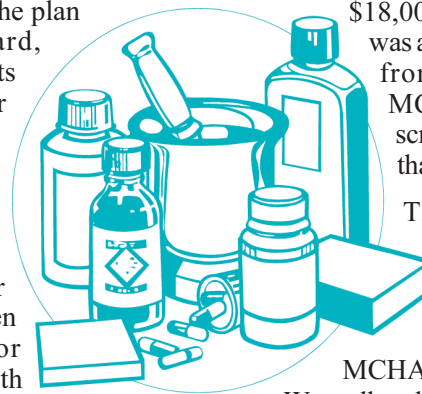
The goal of the Montana Comprehensive Health Association (MCHA) is to provide the best coverage, including drugs, that is comparable with the private marketplace at a cost that stays within statutory limits and your ability to afford the premiums.

Some of you may recall that in the early years the MCHA Traditional Plan didn't provide any coverage for prescription drugs. It wasn't until December 1, 1994, that a prescription drug benefit was added. This benefit had a \$100 deductible and an annual maximum benefit of \$1,000. In 2001, the MCHA Board raised the prescription drug annual maximum from \$1,000 to \$2,000. January 1,

2003, the Board eliminated the prescription drug annual maximum to provide full pharmacy coverage for all plan members. As the plan utilizes a drug card, substantial discounts are provided on your prescriptions. The drug card approach is much more favorable than plans that require you to purchase your prescriptions and then file claims for reimbursement. With this latter type of arrangement you don't receive any discount, paying the full retail price.

The Board realizes the benefit changes that went into place January 1, 2005 have an impact on many MCHA policyholders. The Board held many long discussions about how to handle the rising costs of the program. Clearly, drugs have been a major contributor to the increase in the cost of providing this coverage. Again, the approach that was taken follows the marketplace. The copays, including the percent of cost sharing for the formulary and non-formulary drugs, provide strong incentive for you to manage your costs. If a generic drug works, then the cost remains a low \$10 per script. If a name-brand drug is needed, it is still available to you with the price being capped. While \$200 and \$300 is a lot of money,

this must be put in perspective of the fact that MCHA had 1166 scripts filled in 2004 that cost between \$900 and \$18,000 per script. This was a significant increase from 2003, when MCHA paid for 766 scripts that cost more than \$900 per script.



The Board and the Department of Insurance are working hard to continue to keep MCHA available for you.

We walk a delicate line between price and benefits and keeping the plans afloat. While you also saw a significant increase in your monthly premium at the beginning of the year, that increase as a percentage is less than the average increase in the marketplace. In part we were able to hold that increase down by making the drug benefit changes. For those policyholders who don't use the drug benefit extensively or mostly use generic drugs, the lower increases are fairer. For other policyholders, the new approach provides incentives to move to generics if possible and to consider use of the mail order program.

We realize that the premium increase and the increase in drug copays had an impact on each of you. At the same time, the Board is charged with keeping MCHA financially solvent and open to enrollment for all qualifying Montanans. If we fail to accomplish that, MCHA will cease to exist. We don't want that to happen.

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Why Did You Raise My Premium And Increase My Drug Copays?

By Linda Price, MCHA Specialist

Many of you have written or called to voice your frustration about the premium and drug copay increases. We would like to address your concerns.

Original Purpose: In 1985, the state of Montana created MCHA to make health insurance accessible for residents who were unable to get health insurance or were offered coverage with a significant rider on pre-existing health conditions. In other words, MCHA was created to be Montana's health insurer of "last resort." The coverage was not intended to duplicate coverage from any other source. MCHA was an access mechanism, with premiums subsidized by those Montanans with private health insurance.

In 1997, MCHA became Montana's portability mechanism (to comply with the federal HIPAA law.) The Portability Plan was created to provide guaranteed access to Montanans who lost employer group coverage.

In 2002, the MCHA Board added the Premium Assistance Plan to provide a further subsidy for qualifying low-income persons, helping those persons who had no other access to coverage to remain covered. A federal grant was used to provide a significant premium subsidy, with state funds filling in later.

Enrollment on these plans has steadily increased over the years. In 1987, the high-risk Traditional Plan had enrollment of 141 persons. In 1997, the Portability Plan opened with 107 enrolled persons. Today the plan covers about 3,600 uninsurable Montanans – 1,657 in the Traditional Plan, 1,728 in the Portability Plan and 240 in the Premium Assistance Plan.

The Premium Assistance Plan also has people on a waiting list who want and need the coverage.

MCHA is funded by the premiums each of you pay as well as an assessment paid by all Montana individuals and employers through their Montana health insurance premiums. (NOTE: Employers who self-insure do not pay the assessment.) For fiscal year 2004, plan insureds paid \$13,411,745 for coverage. Total claims paid, AFTER deductibles and out-of-pocket costs, totaled \$19,196,366. This left a balance of \$5,784,621 to be picked up by assessments, federal grants and state funds.

Even with the assessment and other income, the plan spent \$242,214 more than was brought in. Financial projections indicate that the losses will continue (unless the amount paid out by the plan is reduced). If the assessment income and other funding is excluded, the actual cost of this coverage is 30% higher than the premiums being charged. The premium MCHA members pay is actually a subsidized premium.

To keep the plans open and paying claims, the premiums had to be raised and the cost sharing on the prescription drugs had to be changed. You are probably asking, "Why are the costs so high?" MCHA provides coverage to people who can't get coverage from another insurance company. Many have significant health conditions. Significant health conditions frequently require more care. The cost of providing this coverage is driven by the cost of paying for healthcare, prescription drugs, and other covered health related items. As reported in the prescription drug article on page one, these costs have increased tremendously.

The premiums, assessments, and other income have to cover the amount paid for MCHA member's healthcare. Unfortunately, the income has not been sufficient to cover the amount paid for claims in recent years. This is eating

up reserves from prior years. For instance, the loss ratios for fiscal year 2004 ranged from 120% to 166%. This means that the amount paid for claims exceeded the income by 20% to 66% depending on the plan, or for each dollar paid in premium, \$1.20 to \$1.66 was paid in claims.

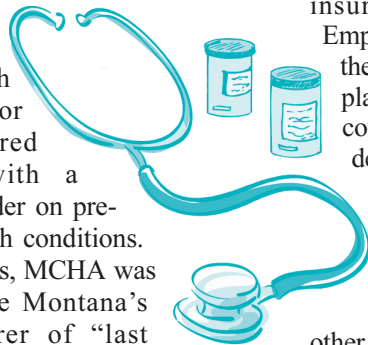
Because of increasing enrollment and increasing costs, MCHA has asked the state legislature to provide additional funding. As these plans were created by the state legislature to provide health coverage for qualified individuals, MCHA is hopeful that additional state funding will also be provided.

MCHA will continue to pay healthcare bills. You can help. If you are taking maintenance medications, ask your healthcare provider if a generic is available. Talk to your healthcare professional about ways to keep the cost down.

Let's face it. If expenses continue to exceed income, MCHA will not be around to provide coverage for anyone. The goal of the MCHA Board is to keep coverage accessible to all qualified Montanans.

If you can get coverage through another plan, such as your spouse's group plan, you must take that coverage. As stated earlier, this is the coverage of "last resort" and is not intended to duplicate any other available coverage.

More than likely, coverage through a group or other plan will be less expensive than MCHA coverage.



A Word From Your Plan Administrator

Pre-Authorization for Prescription Drugs

To make your pharmacy processes more user-friendly, we have added information to your Member Certificate/Guide about the prior authorization drug program. This information is designed to help you better understand the process. Prior authorization lets you know in advance exactly what is or is not covered, so you have an opportunity to work with your provider to obtain a reasonable alternative medication if appropriate.

You will find additional information in the Benefit Management section of your Member Certificate/Guide. Included is

information on the process to follow when obtaining prior authorization for a drug, how to find the Prior Authorization Drug List (which lists all the drugs that require prior authorization) on our Web site www.bluecrossmontana.com, and Customer Service contact information if you need additional assistance with prior authorization.

For your convenience, enclosed is a list of drugs that currently require prior authorization and those drugs that will require prior authorization beginning July 1, 2005.

Keep in mind that any costly medications being used for indications other than those approved by the FDA should be prior authorized, and a number of new, high priced biological and other medications coming on the market will likely require prior authorization.

When in doubt about whether any specific medication requires prior authorization, please contact Customer Service at 1-800-447-7828. We appreciate the opportunity to serve you and hope this information will help you get the most benefit from your health care dollars.

PRESCRIPTION DRUGS AND DRUG CLASSES REQUIRING PRIOR AUTHORIZATION

The following drugs continue to require prior authorization:

Aciphex	Nephrocaps
Allegra	Nexium
Amevive	Omeprazole
Arthrotec	Oral Contraceptives
Avastin	Ponstel
Bextra	Phoslo
Botulinum Toxin	Prevacid
Calcitrol	Prilosec
Celebrex	Protonix
Cialis	Retin A
Claritin	Raptiva
Clarinx	Remicade
Erectile Dysfunction Drugs	Renova
Forteo	Rocaltrol
Growth Hormones	Smoking Cessation Products
Herceptin	Synagis
Intravenous Immune Globulin	Synvisc
Iressa	Thalidomide
Levitra	Viagra
Lupron	Vitamins (prescription)
Minerals (prescription)	Xolair
Mobic	Zyrtec

CHANGE IN LIST EFFECTIVE 7/1/2005

Additional drugs that will require prior authorization:

Accolate	Paxil CR
Advicor	Pexeve
Altoprev	Pravachol
Caduet	Pravigard
Celexa	Prozac
Crestor	Prozac Weekly
Lescol, Lescol XL	Singulair
Lexapro	Topamax
Lipitor	Zocor
Luvox	Zoloft
Paxil	Zyflo

**Prior Authorization is not a guarantee of payment by your health plan.

For additional information call
Customer Service
1-800-447-7828.

MCHA Board of Directors

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Tanya Ask (Chair)	Blue Cross and Blue Shield of Montana
Julie Bard-McConahay (Vice Chair)	Continental General
Maryetta Bauer (Secretary)	Public Member at Large
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Chet Lozowski	Conseco Companies
Jimmy Senterfitt	New West Health Plan
Robyn Rowen	UnitedHealth Group
Bob Corn	Mutual/United of Omaha

Upcoming MCHA Board Meetings

The MCHA Board of Directors welcomes your input. All MCHA Board of Directors meetings are open to the public. Please check our Web site www.mthealth.org for a comprehensive list of upcoming meetings. The Board meets in Montana twice each year with the remainder of the meetings being held via teleconference. If you are interested in attending a meeting or would like to provide written comments, please contact Linda Price at 1 (800) 447-7828 Ext. 3474. Ms. Price is the liaison to the Board of Directors and will be happy to assist you. The face-to-face meeting schedule is as follows:

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| May 16th and 17th, 2005 | Spring Board Meeting
Helena, Montana |
| July 28th and 29th, 2005 | Annual Meeting of the
Association & MCHA Board
Red Lodge, Montana |



P.O. Box 4309
Helena, MT 59604

Are You Medicare Eligible?

Medicare Part D

Prescription Drug Coverage

Set to begin January 1, 2006

Medicare will send out
information later
this year to all Medicare
beneficiaries.

To learn more:

Visit www.medicare.gov or

Call 1-800-MEDICARE

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