

MONTANA STATE AUDITOR

EXHIBIT 1
DATE Tues Feb 15 2005
~~HR~~

JOHN MORRISON
STATE AUDITOR



COMMISSIONER OF INSURANCE
COMMISSIONER OF SECURITIES

Testimony by Erin McGowan-Fincham
Montana Department of Insurance
Before the Joint Sub-committee on Health and Human Services
Rep. Kaufmann, Chair
2/15/2005

The Montana Comprehensive Health Association provides health insurance to Montanans who cannot obtain health coverage due to a health condition. The Plan was authorized by the 1985 Legislature and has been offering coverage since 1987. Since that time, the Plan has grown to its current level of 3617 enrollees. The Premium Assistance Plan is for people with a health condition and incomes at or below 150% of the federal poverty level. The Premium Assistance Plan has been partially funded by Tobacco Settlement dollars to pay part of the enrollees' premiums each month. Currently, in the Governor's budget there is \$1.1 million of Tobacco Settlement Funds allocated for the FY 06 and FY07. The General Government Committee approved this level of funding as part of the SAO base budget. We are asking this committee to continue to support this program by authorizing additional funds.

The Premium Assistance Plan enables individuals to continue working, to continue receiving the necessary health care, and they pay their share of their health care costs through premiums, deductibles, and coinsurance. Without this program some of the Premium Assistance Plan enrollees will either go without health insurance and health care until an emergency, or they will spend down their assets and become eligible for Medicaid.

Chairwoman Kaufmann and members of the committee it is doubtful the Premium Assistance Plan will continue without additional funding. The Board had to vote to reduce the percentage of premium assistance and to close enrollment to new individuals who qualify because of funding limitations.

According to the actuary for the MCHA we need \$3,615,000 to fully fund the Premium Assistance Plan with the current level of enrollment. It takes \$1.4 million to maintain the 45% subsidy level.

In order to serve the qualified applicants on the waiting list we would need additional funding of \$2.2 million for the premium subsidy.

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