

# MONTANA STATE AUDITOR

Bill No. 3  
Date 3-11-05  
Bill No. HB 562

JOHN MORRISON  
STATE AUDITOR



COMMISSIONER OF INSURANCE  
COMMISSIONER OF SECURITIES

Mr. Chairman and Members of the Committee:

House Bill 562 is a bill to grant immunity to the board members of the MCHA, which includes the consumer representative, and Insurance Commissioner staff members. The other board members are insurance experts who serve without pay. Five of the members are from the health insurance companies that sell the most health insurance in Montana.

The MCHA was formed to protect the individuals in Montana who could not purchase health insurance due to a health condition.

The MCHA also offers the federally required coverage to people who lose their group health insurance offered by their employer. This is the Portability Plan.

National Association of Insurance Commissioners model legislation includes immunity for board members. All of the states that have adopted the model since 1991 have had immunity as an integral part of the operation of the high risk health insurance pool. There are 32 states with high risk health insurance pools similar to the MCHA.

There are over 3600 members whose health insurance coverage would be at risk if a court awarded high damages. .

The 3600 members had over \$19,000,000 in claims paid by the MCHA in 2004. The members paid approximately \$13,200,000 in premiums and the insurance companies were assessed \$5,800,000. Without the MCHA the cost of their care could either end up as unreimbursed care for health care providers, or some would quickly be eligible for Medicaid. The MCHA differs from health insurance companies in that, it takes all eligible people without regard to their health condition and the MCHA does not have a large cash reserve as do insurers.

The claim and eligibility concerns of the MCHA insureds are heard by the Grievance Committee of the MCHA. They can also send a letter of complaint to the Insurance Commissioner. Assistance is available through our toll free number.