EXHIBIT 2
DATE 3/13/13
SB 181

26 USC § 5000A - REQUIREMENT TO MAINTAIN MINIMUM ESSENTIAL COVERAGE

(a) Requirement to maintain minimum essential coverage
An applicable individual shall for each month beginning after 2013 ensure that the individual, and any dependent of the individual who is an applicable individual, is covered under minimum essential coverage for such month.

(1) In general
The term "applicable individual" means, with respect to any month, an individual other than an individual described in paragraph (2), (3), or (4).

(2) Religious exemptions

(B) Health care sharing ministry
(i) In general Such term shall not include any individual for any month if such individual is a member of a health care sharing ministry for the month.

(ii) Health care sharing ministry The term "health care sharing ministry" means an organization—

(I)which is described in section 501(c)(3) and is exempt from taxation under section 501(a),

(II)members of which share a common set of ethical or religious beliefs and share medical expenses among members in accordance with those beliefs and without regard to the State in which a member resides or is employed,

(III)members of which retain membership even after they develop a medical condition,

(IV)which (or a predecessor of which) has been in existence at all times since December 31, 1999, and medical expenses of its members have been shared continuously and without interruption since at least December 31, 1999, and

(V)which conducts an annual audit which is performed by an independent certified public accounting firm in accordance with generally accepted accounting principles and which is made available to the public upon request.

MCHA
MONTANA COMPREHENSIVE HEALTH ASSOCIATION

ANNUAL REPORT

July 1, 2011 – June 30, 2012

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

November 2012

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 the Annual Report for fiscal year 2012. This report provides summary information about MCHA's operations, plan offerings, insured members as well as other useful data. MCHA is proud to have been of service to Montanans since 1987.

MCHA is one of thirty-five risk pools established nationwide playing a critical consumer role in today's marketplace. MCHA's mission has grown from serving the vital need of providing coverage to persons considered uninsurable to being the "portability mechanism" for individuals leaving employer group coverage. Risk pools continue to serve an essential role as our nation moves forward with changes to its health care and insurance systems. MCHA stands ready to continue in its current role or to assume an expanded role in service to Montanans.

MCHA thanks Senators Baucus and Tester and Congressman Rehberg for their past recognition and support of the program. MCHA also thanks the State of Montana for providing tobacco settlement monies which fund premium subsidies for the Premium Assistance Plan. These subsidies help to make the coverage more affordable for low-income uninsurable Montanans.

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 and Mr. Bykerk at 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

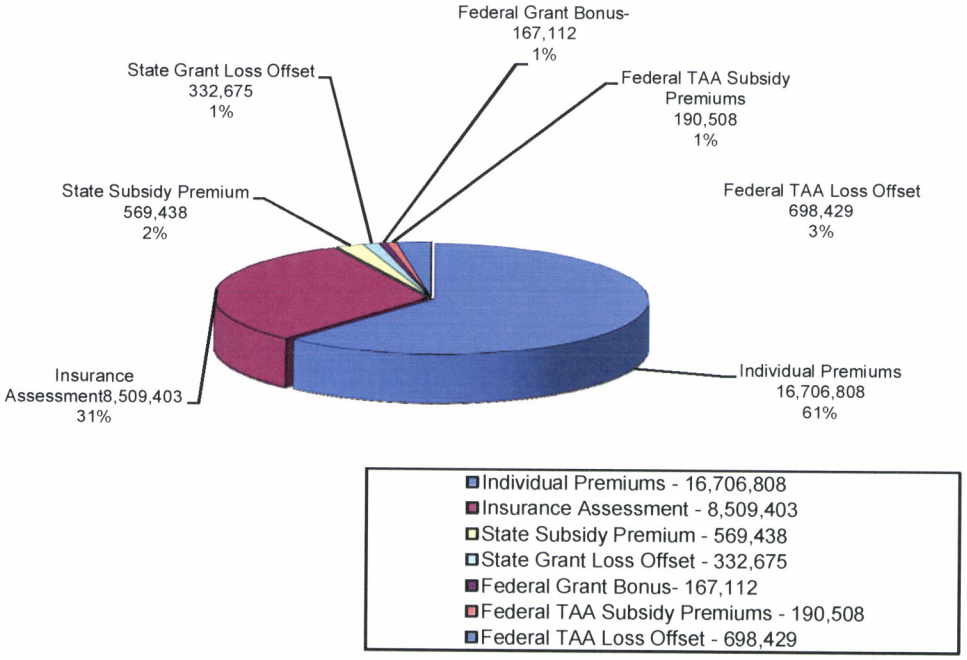
The Montana Comprehensive Health Association (MCHA) Board of Directors is pleased to provide this annual report for fiscal year 2012. This report contains information about the MCHA plans for the period of July 1, 2012 through June 30, 2012.

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.

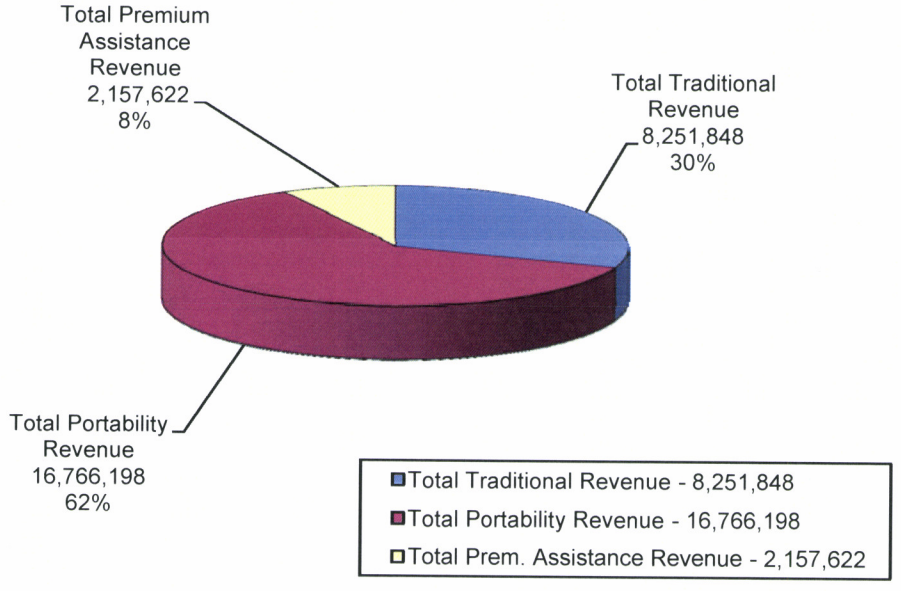
BASELINE STATISTICS

(based on plan utilization and financial performance for the period 7/1/11–6/30/12):

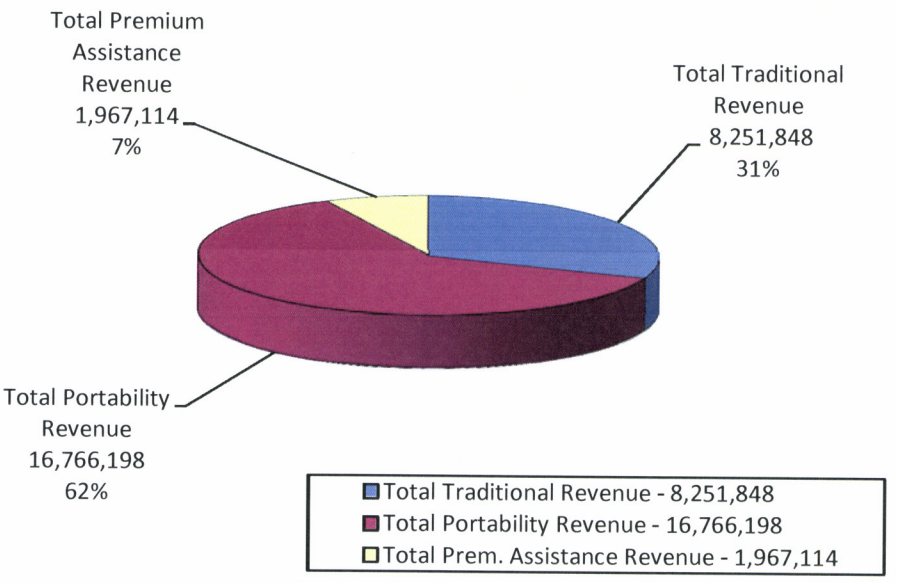
Fiscal Year 2012
Revenue by Source on Combined Plan Basis



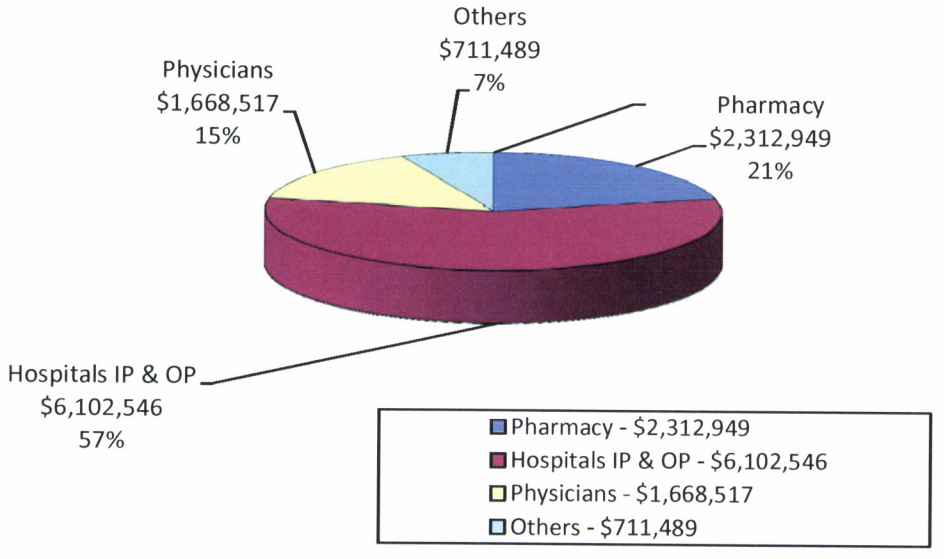
Fiscal Year 2012
Total Revenue By Plan



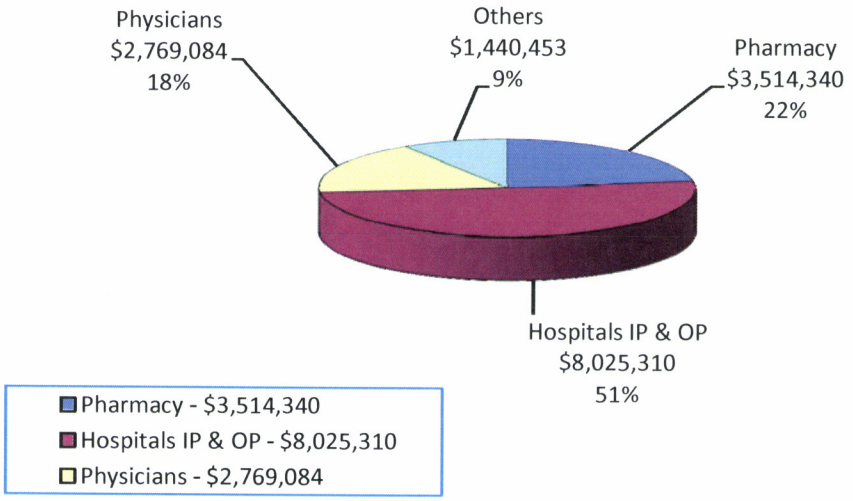
Fiscal Year 2012
Total Revenue Per Plan



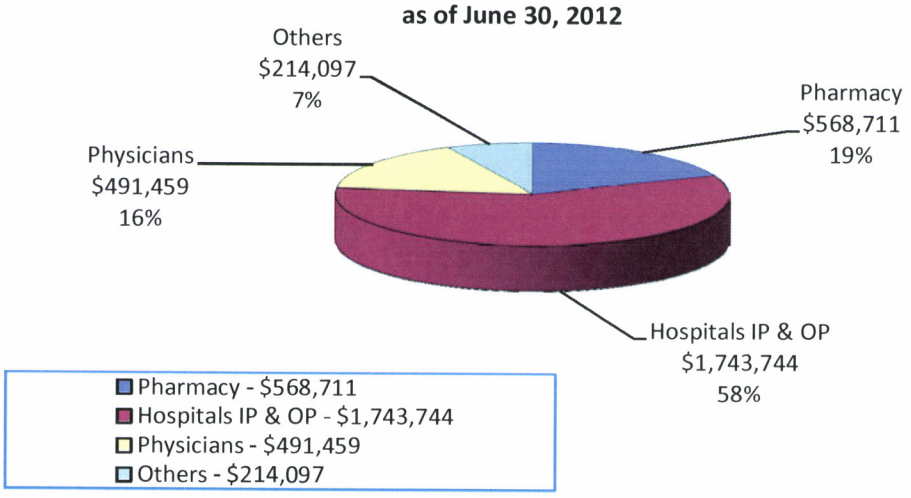
FY2012 Claims Paid - Traditional Plan
as of June 30, 2012



FY2012 Claims Paid - Portability Plan
as of June 30, 2012



FY2012
Claims Paid - Premium Assistance Plan
as of June 30, 2012



Utilization by Major Diagnostic Category

(July 1, 2011—June 30, 2012)

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
Total	**$6,837,762**	**$9,298,269**	**$3,633,640**	**$19,769,671**

BENEFITS

Traditional Plan/Premium Assistance Plan

Coverage is provided up to an annual benefit maximum of $1,250,000 on all options. As of January 1, 2012, 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, 2012, 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 $1,250,000.

As of January 1, 2012, 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

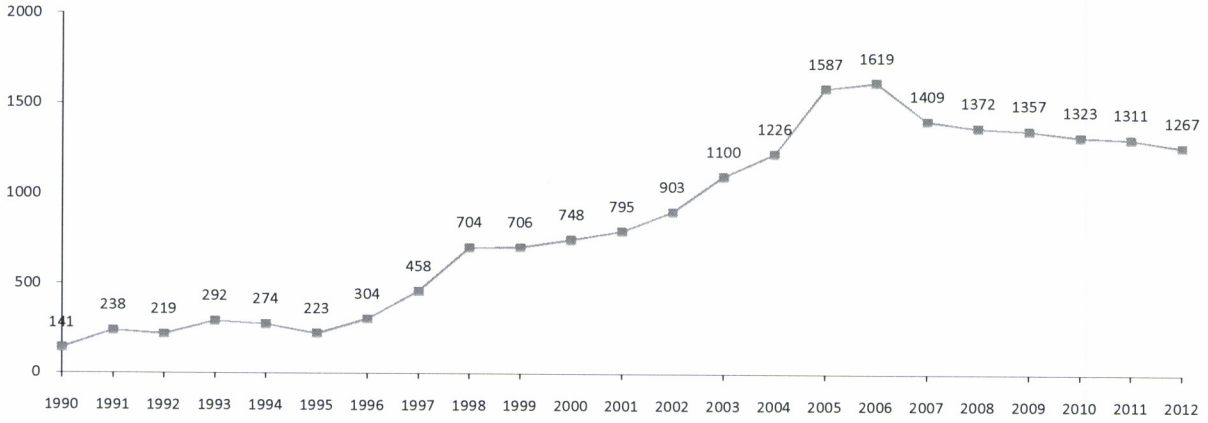
ENROLLMENT

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

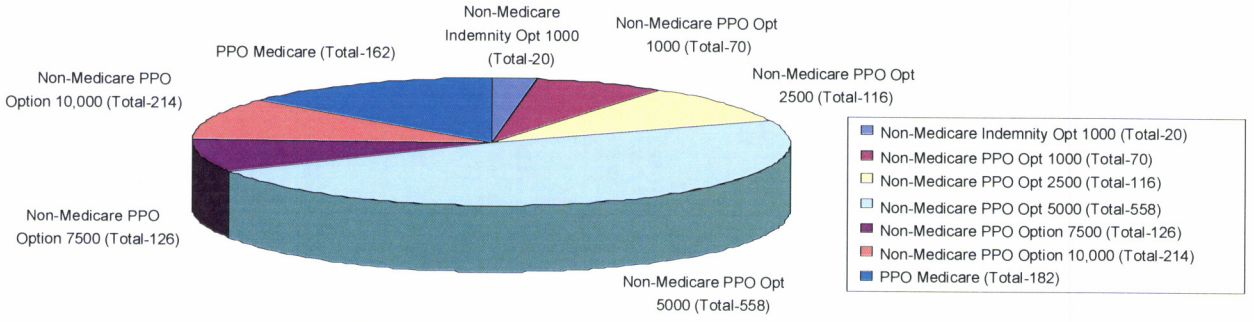
Since Inception through June 30, 2012



Waiting Period

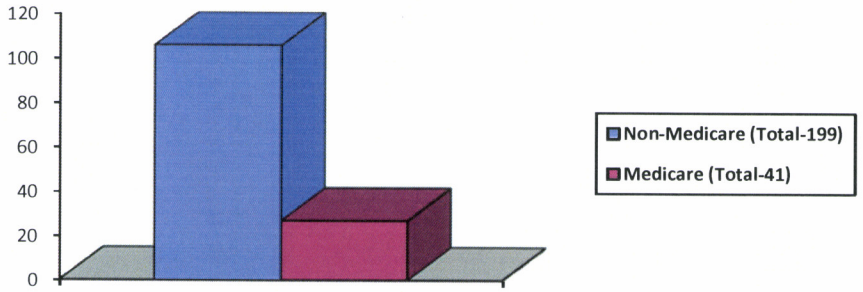
In order to ensure the long term viability of the MCHA Traditional Plan, a twelve month waiting period must be served for any conditions which were diagnosed or treated within the 36 months prior to enrollment on the Plan. As of June 30, 2012, of the 1,286 enrollees on the Plan, 60 were continuing to serve the twelve month waiting period.

MCHA Traditional Plan Enrollment by Option/Non-Medicare and Medicare Status as of June 30, 2012

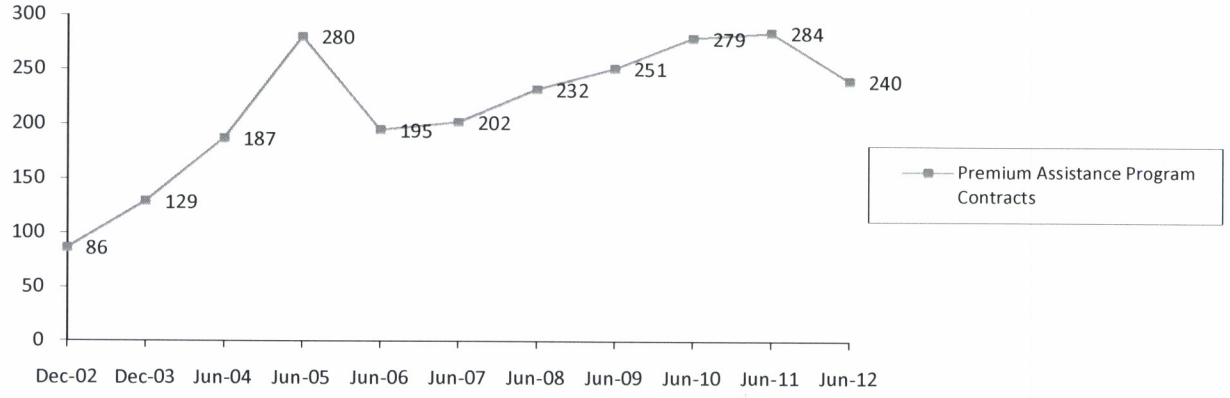


Montana Residents are eligible for the MCHA Premium Assistance Plan if they have certain specified major illnesses or have been rejected or offered a restrictive rider by two insurers within the last six months and have income at or below a qualifying level (150% of federal poverty level.) A federal 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, 2012

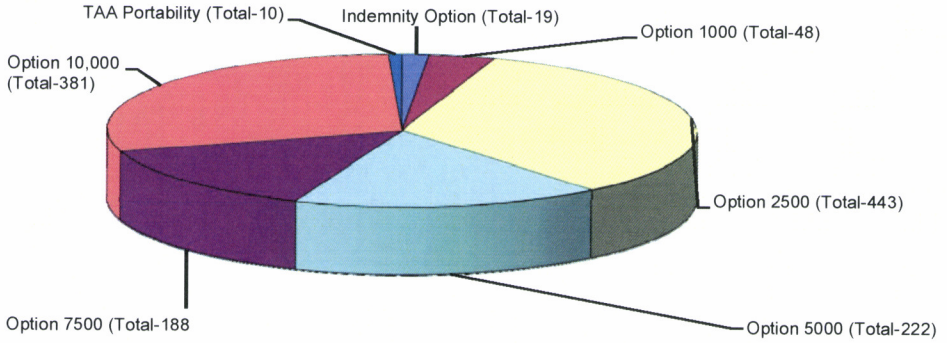


Premium Assistance Program Enrollment by Year Since Inception through June 30, 2012

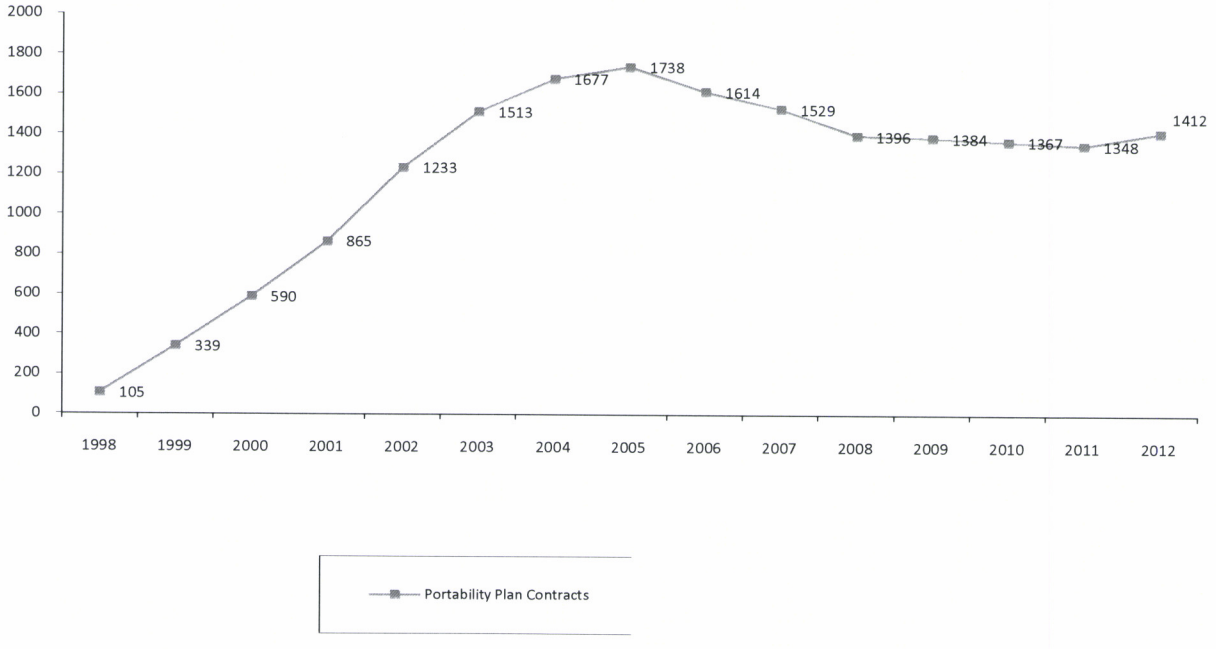


Montana Residents are eligible for the MCHA Portability Plan if their most recent prior creditable coverage was under an employer group health plan, a government plan or a church plan with an aggregate of 18 months or more of creditable prior health coverage, and they must not have, or be eligible for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

Portability Plan Enrollment by Age and Option as of June 30, 2012



Portability Plan Enrollment by Year Since Inception through June 30, 2012



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.

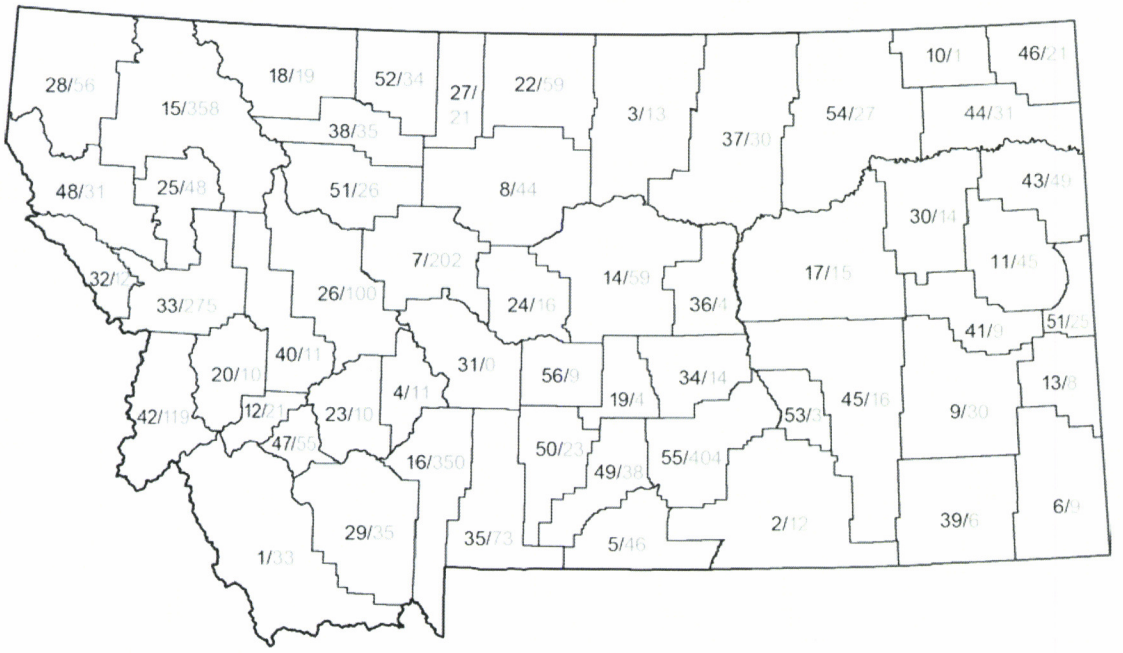
The MAC Plan has the following features: Deductible: $2,500; Coinsurance: 70/30 (In network) and 50/50 (Out of network); Maximum Annual Liability: $5,950*

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

Here are some statistics for the plan:

Total Membership as of June 30, 2012: 329

MCHA Total Enrollment by County



MCHA Total Enrollment by County
as of June 30, 2012

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

1	Beaverhead	32
2	Bighorn	12
3	Blaine	12
4	Broadwater	14
5	Carbon	45
6	Carter	12
7	Cascade	186
8	Choteau	40
9	Custer	26
10	Daniels	4
11	Dawson	42
12	Deer Lodge	12
13	Fallon	11
14	Fergus	47
15	Flathead	311
16	Gallatin	314
17	Garfield	13
18	Glacier	24
19	Golden Valley	4
20	Granite	9

22	Hill	58
23	Jefferson	22
24	Judith Basin	13
25	Lake	48
26	Lewis and Clark	88
27	Liberty	19
28	Lincoln	42
29	Madison	30
30	McCone	11
31	Meagher	5
32	Mineral	12
33	Missoula	275
34	Musselshell	14
35	Park	68
36	Petroleum	5
37	Phillips	25
38	Pondera	28
39	Powder River	4
40	Powell	11

41	Prairie	5
42	Ravalli	118
43	Richland	44
44	Roosevelt	25
45	Rosebud	13
46	Sheridan	20
47	Silver Bow	64
48	Sanders	29
49	Stillwater	42
50	Sweet Grass	19
51	Teton	32
52	Toole	37
53	Treasure	3
54	Valley	28
55	Yellowstone	367
56	Wheatland	16
57	Wibaux	6

Total Traditional Plan Enrollment: 1,286
Total Premium Assistance Plan Enrollment: 133
Total Portability Plan Enrollment: 1,311

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, 2012.

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 01/01/12	Age of Policyholder	Effective 01/01/12	Age of Policyholder	Effective 01/01/12
0-17	$292	0-17	$247	0-17	$191
18	$477	18	$406	18	$313
19	$480	19	$407	19	$314
20	$482	20	$409	20	$315
21	$484	21	$413	21	$319
22	$486	22	$414	22	$320
23	$490	23	$417	23	$322
24	$496	24	$420	24	$325
25	$499	25	$423	25	$327
26	$502	26	$429	26	$329
27	$508	27	$431	27	$332
28	$517	28	$440	28	$339
29	$528	29	$448	29	$347
30	$540	30	$459	30	$354
31	$551	31	$468	31	$361
32	$563	32	$478	32	$369
33	$576	33	$490	33	$377
34	$590	34	$502	34	$387
35	$604	35	$513	35	$396
36	$618	36	$526	36	$405
37	$632	37	$539	37	$416
38	$653	38	$556	38	$430
39	$676	39	$575	39	$443
40	$698	40	$592	40	$458
41	$718	41	$612	41	$473
42	$743	42	$632	42	$488
43	$770	43	$654	43	$505
44	$799	44	$678	44	$524
45	$826	45	$702	45	$542
46	$856	46	$728	46	$562
47	$888	47	$755	47	$582
48	$919	48	$781	48	$604
49	$954	49	$809	49	$624
50	$988	50	$839	50	$648
51	$1,023	51	$870	51	$671
52	$1,062	52	$902	52	$696
53	$1,097	53	$932	53	$720
54	$1,135	54	$964	54	$744
55	$1,174	55	$997	55	$770
56	$1,213	56	$1,031	56	$796
57	$1,255	57	$1,067	57	$823
58	$1,302	58	$1,108	58	$854
59	$1,352	59	$1,149	59	$887
60	$1,404	60	$1,239	60	$920
61	$1457	61	$1,285	61	$956
62	$1,512	62	$1,318	62	$991
63	$1,533	63	$1,302	63	$1,005
64 & Over	$1,550	64 & Over	$1,318	64 & Over	$1,017

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 01/01/12	Age of Policyholder	Effective 01/01/12	Age of Policyholder	Effective 01/01/12
0-17	$143	0-17	$119	0-17	$103
18	$234	18	$194	18	$167
19	$235	19	$194	19	$168
20	$237	20	$195	20	$170
21	$238	21	$197	21	$170
22	$239	22	$198	22	$171
23	$241	23	$199	23	$172
24	$243	24	$201	24	$174
25	$245	25	$202	25	$175
26	$246	26	$204	26	$176
27	$248	27	$205	27	$177
28	$253	28	$211	28	$181
29	$260	29	$215	29	$186
30	$265	30	$219	30	$189
31	$270	31	$222	31	$192
32	$275	32	$229	32	$198
33	$283	33	$233	33	$202
34	$289	34	$239	34	$206
35	$296	35	$245	35	$213
36	$303	36	$251	36	$217
37	$311	37	$257	37	$221
38	$321	38	$266	38	$230
39	$332	39	$274	39	$237
40	$342	40	$283	40	$245
41	$354	41	$292	41	$252
42	$365	42	$302	42	$261
43	$378	43	$312	43	$270
44	$391	44	$324	44	$280
45	$406	45	$336	45	$291
46	$420	46	$347	46	$300
47	$435	47	$360	47	$311
48	$451	48	$373	48	$323
49	$467	49	$387	49	$335
50	$484	50	$401	50	$346
51	$502	51	$416	51	$359
52	$521	52	$431	52	$372
53	$538	53	$445	53	$384
54	$557	54	$461	54	$399
55	$576	55	$476	55	$413
56	$594	56	$492	56	$427
57	$616	57	$510	57	$440
58	$638	58	$528	58	$458
59	$663	59	$548	59	$474
60	$688	60	$569	60	$492
61	$714	61	$591	61	$511
62	$741	62	$613	62	$530
63	$753	63	$621	63	$538
64 & Over	$760	64 & Over	$630	64 & Over	$543

$1,000 Deductible	
Medicare Carveout	
0-17	$71.00
18 & Over	$188.00

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 01/01/12	Age of Policyholder	Effective 01/01/12	Age of Policyholder	Effective 01/01/12
0-17	$296	0-17	$261	0-17	$179
18	$486	18	$428	18	$292
19	$488	19	$429	19	$293
20	$490	20	$431	20	$294
21	$494	21	$433	21	$296
22	$496	22	$435	22	$298
23	$499	23	$438	23	$300
24	$505	24	$443	24	$303
25	$509	25	$446	25	$306
26	$512	26	$449	26	$308
27	$515	27	$454	27	$310
28	$527	28	$462	28	$315
29	$538	29	$471	29	$324
30	$549	30	$483	30	$329
31	$561	31	$492	31	$337
32	$573	32	$502	32	$345
33	$586	33	$514	33	$352
34	$602	34	$528	34	$361
35	$616	35	$540	35	$369
36	$630	36	$553	36	$377
37	$646	37	$566	37	$388
38	$666	38	$584	38	$401
39	$687	39	$604	39	$414
40	$711	40	$623	40	$428
41	$732	41	$642	41	$440
42	$757	42	$664	42	$455
43	$784	43	$687	43	$471
44	$813	44	$713	44	$489
45	$841	45	$739	45	$507
46	$872	46	$765	46	$525
47	$904	47	$793	47	$542
48	$935	48	$822	48	$562
49	$971	49	$851	49	$583
50	$1,007	50	$882	50	$604
51	$1,042	51	$915	51	$627
52	$1,081	52	$947	52	$649
53	$1,118	53	$980	53	$671
54	$1,157	54	$1,015	54	$694
55	$1,196	55	$1,049	55	$718
56	$1,237	56	$1,085	56	$743
57	$1,279	57	$1,121	57	$768
58	$1,327	58	$1,164	58	$798
59	$1,377	59	$1,209	59	$826
60	$1,429	60	$1,254	60	$860
61	$1,484	61	$1,301	61	$891
62	$1,541	62	$1,350	62	$926
63	$1,561	63	$1,368	63	$939
64 & Over	$1,580	64 & Over	$1,385	64 & Over	$948

PPO Option 5000 $5,000 Deductible		PPO Option 7500 $7,500 Deductible		PPO Option 10000 $10,000 Deductible	
Age of Policyholder	Effective 01/01/12	Age of Policyholder	Effective 01/01/12	Age of Policyholder	Effective 01/01/12
0-17	$152	0-17	$121	0-17	$104
18	$248	18	$198	18	$171
19	$249	19	$199	19	$171
20	$251	20	$200	20	$172
21	$252	21	$201	21	$173
22	$253	22	$202	22	$174
23	$257	23	$203	23	$175
24	$259	24	$205	24	$176
25	$261	25	$206	25	$177
26	$262	26	$210	26	$180
27	$265	27	$211	27	$181
28	$269	28	$215	28	$185
29	$275	29	$219	29	$188
30	$282	30	$224	30	$192
31	$288	31	$229	31	$197
32	$294	32	$233	32	$201
33	$300	33	$239	33	$205
34	$309	34	$245	34	$211
35	$315	35	$251	35	$216
36	$323	36	$257	36	$220
37	$330	37	$262	37	$226
38	$341	38	$270	38	$233
39	$352	39	$280	39	$241
40	$363	40	$289	40	$248
41	$375	41	$298	41	$257
42	$388	42	$308	42	$265
43	$403	43	$320	43	$274
44	$416	44	$330	44	$284
45	$432	45	$342	45	$295
46	$447	46	$354	46	$306
47	$463	47	$368	47	$316
48	$481	48	$381	48	$327
49	$497	49	$395	49	$340
50	$515	50	$408	50	$352
51	$535	51	$423	51	$365
52	$554	52	$438	52	$378
53	$573	53	$454	53	$391
54	$592	54	$470	54	$405
55	$612	55	$486	55	$418
56	$634	56	$502	56	$433
57	$654	57	$521	57	$448
58	$680	58	$540	58	$464
59	$706	59	$559	59	$482
60	$732	60	$582	60	$500
61	$760	61	$604	61	$519
62	$788	62	$625	62	$539
63	$800	63	$635	63	$546
64 & Over	$809	64 & Over	$642	64 & Over	$553

Premium Assistance Plan Rates as of January 1, 2012

The MCHA Premium Assistance program is partially funded through a state appropriation. The rates and income guidelines are current through June 30, 2012. 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	$135.85	43	$359.70
18	$223.30	44	$372.90
19	$223.85	45	$386.10
20	$224.95	46	$400.40
21	$227.15	47	$415.25
22	$227.70	48	$429.55
23	$229.35	49	$444.95
24	$231.00	50	$461.45
25	$232.65	51	$478.50
26	$235.95	52	$496.10
27	$237.05	53	$512.60
28	$242.00	54	$530.20
29	$246.40	55	$548.35
30	$252.45	56	$567.05
31	$257.40	57	$586.85
32	$262.90	58	$609.40
33	$269.50	59	$631.95
34	$276.10	60	$655.60
35	$282.15	61	$681.45
36	$289.30	62	$706.75
37	$296.45	63	$716.10
38	$305.80	64 & Over	$724.90
39	$316.25		
40	$325.60	Medicare Carveout	
41	$336.60	0-17	$71
42	$347.60	18 & Over	$188

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

MONTANA COMPREHENSIVE HEALTH ASSOCIATION
STATEMENT OF FINANCIAL POSITION

	June 30 2012	2011
ASSETS		
CURRENT ASSETS		
Cash on Deposit	5,332,170	7,301,260
A/R Federal TAA Grant	9,367	28,489
A/R - Interest	369	369
TOTAL CURRENT ASSETS	5,341,907	7,330,108
LONG TERM ASSETS		
Reserve Deposits	1,194,329	3,233,303
TOTAL LONG TERM ASSETS	1,194,329	3,233,303
TOTAL ASSETS	6,536,235	10,563,411
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable-BCBSMT	1,228,621	1,640,364
Accounts Payable - miscellaneous	1,999	1,289
Loss Contingency Liabilities	168,157	168,157
Provision for Unpaid Unreported Claims	2,922,960	2,764,500
TOTAL CURRENT LIABILITIES	5,030,310	3,220,500
NET ASSETS (DEFICIT) - Board Restricted	1,194,494	3,233,468
NET ASSETS (DEFICIT) - Unrestricted	1,020,004	2,299,633
TOTAL NET ASSETS	2,214,498	5,533,101
TOTAL LIABILITIES AND NET ASSETS	6,536,235	10,563,411
PROVISION FOR UNPAID UNREPORTED CLAIMS		
Portability Plan	1,516,200	1,311,000
Association Plan	1,174,200	986,100
Premium Assistance Plan	232,560	923,400
TOTAL	2,922,960	3,220,500

Montana Comprehensive Health Association
Statement of Activities and Changes in Net Assets

YEAR TO DATE June 30

	2012				2011			
	Portability Plan	Association Plan	Premium Assistance Plan	Total	Portability Plan	Association Plan	Premium Assistance Plan	Total
PREMIUMS								
Premiums Received	8,977,027	6,806,507	923,274	16,706,808	8,748,004	6,450,766	1,051,861	16,250,631
Less: Commissions	19,100	11,700	0	30,800	35,300	16,800	900	53,000
Net Premiums Received	8,957,927	6,794,807	923,274	16,676,008	8,712,704	6,433,966	1,050,961	16,197,631
UTILIZATION								
Claims Paid	15,548,802	10,642,500	2,986,633	29,177,935	12,279,619	8,756,130	4,273,802	25,309,551
Change in IBNR	205,200	188,100	(690,840)	(297,540)	222,300	(381,900)	615,600	456,000
Other Utilization (Pre-cert)	40,787	37,206	6,434	84,427	40,882	36,907	7,654	85,442
Other Utilization (Disease Management)	19,320	17,624	3,048	39,992	19,419	17,531	3,635	40,585
Total Utilization	15,814,109	10,885,429	2,305,275	29,004,814	12,562,219	8,428,668	4,900,691	25,891,579
EXCESS CLAIMS	(6,856,183)	(4,090,623)	(1,382,001)	(12,328,806)	(3,849,516)	(1,994,702)	(3,849,730)	(9,693,948)
OPERATING EXPENSES								
Advertising	432	394	61	888	268	242	44	553
Administrative Assistant Costs	13,140	11,986	1,843	26,968	15,972	14,419	2,648	33,039
Administration costs - premiums	330,951	451,879	83,360	866,189	413,900	326,787	98,859	839,546
Administration costs - assessments	263,517	90,389	0	353,907	182,290	211,443	0	393,733
Board Travel and Meetings	11,564	10,549	1,622	23,734	11,470	10,355	1,902	23,727
Professional Fees	325	297	46	668	967	873	160	2,000
Dues and Subscriptions	0	0	0	0	483	436	80	1,000
Professional Liability Insurance	4,502	4,107	631	9,240	4,467	4,033	741	9,240
Legal Services	17,223	15,710	2,415	35,348	9,345	8,437	1,550	19,332
Auditing Services	5,301	4,836	743	10,881	5,049	4,558	837	10,444
Actuarial Consulting Services	24,686	22,518	3,462	50,666	33,246	30,014	5,513	68,773
Consultants	31,198	28,459	4,375	64,032	31,743	28,657	5,264	65,664
Lobbying Fees	4,020	3,667	564	8,250	7,372	6,655	1,222	15,250
Supplies, Postage, Printing & Reproduction	161	147	23	330	71	64	12	146
Telephone	0	0	0	0	33	30	5	68
Bad Debt Expense - Member Assessments	6,694	1,271	0	7,965	0	0	0	0
Miscellaneous Expense	149	1,129	9	1,287	53	48	9	110
TOTAL EXPENSES	713,864	647,337	99,152	1,460,352	716,729	647,051	118,847	1,482,626
OTHER INCOME								
Interest Income (Expense)	462	1,235	0	1,696	(435)	7,285	0	6,850
TOTAL OTHER INCOME	462	1,235	0	1,696	(435)	7,285	0	6,850
NET LOSSES BEFORE FUNDING SOURCES	(7,569,584)	(4,736,725)	(1,481,153)	(13,787,462)	(4,566,680)	(2,634,467)	(3,968,577)	(11,169,724)

FUNDING SOURCES								
Subsidy Premiums (TAA Grant)	0	0	190,508	190,508	0	0	0	0
Subsidy Premiums (State Grant)	0	0	569,438	569,438	0	0	828,615	828,615
Federal Bonus Grant (DM and Pre-Ex)	13,898	12,782	140,433	167,112	6,010	5,506	375,102	386,619
Federal TAA Grant Income	627,374	71,055	0	698,429	616,882	98,791	0	715,673
State Subsidy Income	0	0	332,675	332,675	0	0	0	0
Member Assessments	7,147,899	1,361,504	0	8,509,403	3,852,800	4,173,872	0	8,026,672
Interest Income Reserved Deposit	0	0	1,294	1,294	0	0	4,318	4,318
TOTAL OTHER INCOME	7,789,171	1,445,341	1,234,348	10,468,859	4,475,692	4,278,169	1,208,036	9,961,897
NET INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	219,586	(3,291,384)	(246,805)	(3,318,603)	(90,988)	1,643,702	(2,760,541)	(1,207,827)
Net assets (deficit) at beginning of year	4,539,829	7,576,373	(6,583,101)	5,533,101	4,630,817	5,932,671	(3,822,560)	6,740,928
Net assets (deficit) at end of period	4,759,415	4,284,989	(6,829,906)	2,214,498	4,539,829	7,576,373	(6,583,101)	5,533,101
KEY RATIO ANALYSIS:								
Claims Loss Ratio	176.5%	160.2%	137.0%	166.4%	144.2%	131.0%	260.7%	152.1%
Gross Operating Expense Ratio	8.0%	9.5%	5.9%	8.4%	8.2%	10.1%	6.3%	8.7%
Net Assets (Deficit) at End of Year	53.1%	63.1%	-405.8%	12.7%	52.1%	117.8%	-350.2%	32.5%
ENROLLMENT AT END OF PERIOD	1,309	1,288	133	2,730	1,444	1,278	243	2,965

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/Mary Belcher	Blue Cross and Blue Shield of Montana - Helena, MT
Doug Goodell	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 Goodell

Legislative Committee
Mary Belcher / 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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