

# **MONTANA MEDICAL LEGAL PANEL**

AUDITED FINANCIAL STATEMENTS

December 31, 2009 and 2008



**Prepared Under Contract With:  
MONTANA LEGISLATIVE BRANCH, AUDIT DIVISION  
PO Box 201705, Helena, MT 59620-1705**

**MONTANA MEDICAL LEGAL  
PANEL**

**AUDITED FINANCIAL STATEMENTS**

**December 31, 2009 and 2008**

# LEGISLATIVE AUDIT DIVISION

Tori Hunthausen, Legislative Auditor  
Monica Huyg, Legal Counsel



Deputy Legislative Auditors:  
James Gillett  
Angie Grove

June 2010

The Legislative Audit Committee  
of the Montana State Legislature:

Enclosed is the report on the audit of the Montana Medical-Legal Panel, Montana Supreme Court,  
for the year ended December 31, 2009.

The audit was conducted by Junkermier, Clark, Campanella, Stevens, P.C., under a contract  
between the firm and our office. The comments and recommendations contained in this report  
represent the views of the firm and not necessarily the Legislative Auditor.

The agency's written response to the report recommendations is included in the back of the audit  
report.

Respectfully submitted,

*/s/ Tori Hunthausen*

Tori Hunthausen, CPA  
Legislative Auditor

10C-05

## MONTANA MEDICAL LEGAL PANEL

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**MONTANA MEDICAL LEGAL PANEL  
ADMINISTRATIVE OFFICIALS**

G. Brian Zins  
Kathleen Stepp

Director  
Assistant Director



**Junkermier • Clark  
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Certified Public Accountants and Business Advisors

## INDEPENDENT AUDITORS' REPORT

To the Director  
Montana Medical Legal Panel  
Helena, Montana

We have audited the accompanying statements of assets, liabilities, and surplus - cash basis of Montana Medical Legal Panel, as of December 31, 2009 and 2008, and the related statements of revenues, expenses, and changes in surplus - cash basis for the years then ended. These financial statements are the responsibility of Montana Medical Legal Panel's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, Montana Medical Legal Panel prepares its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and surplus of the Montana Medical Legal Panel, as of December 31, 2009 and 2008, and its revenue, expenses and changes in surplus for the years then ended, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated June 15, 2010, on our consideration of Montana Medical Legal Panel's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Montana Medical Legal Panel taken as a whole. The schedules of revenue collected and expenses paid - budget vs actual for the years ended December 31, 2009 and 2008 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information, except for that marked budget, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

***Junkermier, Clark, Campanella, Stevens, P.C.***

Helena, Montana

June 15, 2010

**MONTANA MEDICAL LEGAL PANEL**  
**STATEMENT OF ASSETS, LIABILITIES, AND SURPLUS - CASH BASIS**  
**December 31, 2009 and 2008**

		<b>December 31</b>	
		<b>2009</b>	<b>2008</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash in bank		\$ 353,153	\$ 393,709
Total assets		\$ 353,153	\$ 393,709
<b>LIABILITIES AND SURPLUS</b>			
<b>SURPLUS</b>			
Surplus		\$ 353,153	\$ 393,709
Total liabilities and surplus		\$ 353,153	\$ 393,709

See the notes to financial statements.

**MONTANA MEDICAL LEGAL PANEL**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN SURPLUS - CASH BASIS**  
**December 31, 2009 and 2008**

	<b>Years ended December 31</b>	
	<b>2009</b>	<b>2008</b>
<b>REVENUES</b>		
Assessment fees	\$ 721,246	\$ 875,717
Interest income	2,773	5,657
Miscellaneous income	5,832	2,769
	<u>729,851</u>	<u>884,143</u>
<b>EXPENSES</b>		
Administrative	318,852	318,852
Computer software	51,013	90,825
Panelist travel	74,455	77,416
Panelist hearing time	76,619	71,634
Records reproduction	48,353	53,411
Panelist preparation and travel time	41,410	42,640
Panel legal counsel	42,100	42,000
Medical records and x-rays	36,900	25,602
Postage	23,373	24,815
Temporary personnel	12,478	18,785
Panel consultant	8,276	13,250
Meeting rooms	11,611	11,932
Office supplies	6,245	5,670
Telephone	3,622	3,459
Miscellaneous	12,132	2,959
Liability insurance	2,968	401
	<u>770,407</u>	<u>803,651</u>
<b>CHANGE IN SURPLUS</b>	(40,556)	80,492
Surplus, beginning of year	<u>393,709</u>	<u>313,217</u>
<b>SURPLUS, END OF YEAR</b>	<u>\$ 353,153</u>	<u>\$ 393,709</u>

See the notes to financial statements.

**MONTANA MEDICAL LEGAL PANEL  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2009 and 2008**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Nature of Activities*

Montana Medical Legal Panel ("the Panel") was established by the "Montana Medical Legal Panel Act" as authorized by Section 27-6-101 and 104 MCA. The panel is attached to the Montana Supreme Court for administrative purposes only, except that 2-15-121(2) M.C.A. does not apply.

The Montana Medical Legal Panel was created to review all malpractice claims or potential claims against health care providers. The purpose of the Montana Medical Legal Panel is to prevent, whenever possible, the filing of court actions against health care providers and their employees for professional liability situations in which the facts do not permit at least a reasonable inference of malpractice, and to make possible the fair and equitable disposition of such claims against health care providers as are or reasonably may be well founded.

*Basis of Accounting*

The accompanying financial statements have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Accordingly, revenue is recorded when received rather than when earned and expenses are recognized when paid rather than when the obligation is incurred.

*Assessment Fees*

The Montana Medical Legal Panel is funded by an annual assessment fee levied against licensed physicians, dentists, podiatrists, hospitals, and other health care facilities in an amount sufficient to meet all panel costs. Annual assessments are apportioned among each group of health care providers according to the number of claims brought against each type of provider.

*Cash and Cash Equivalents:*

The Montana Medical Legal Panel considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents. Due to their highly liquid nature, carrying value approximates fair value.

**2. CASH DEPOSITS**

Cash in the bank consists of the following deposit accounts as of December 31:

	2009	2008
Valley Bank - checking	\$ 27,402	\$ 85,204
US Bank - money market	91,745	89,767
American Federal Savings Bank - money market	9,549	9,591
First Community Bank - money market	100,089	99,408
First Interstate Bank - money market	9,253	4,339
First Security Bank - money market	9,542	5,132
Mountain West Bank - money market	9,110	3,969
Flint Creek Valley Bank - savings	96,463	96,299
	\$ 353,153	\$ 393,709

**MONTANA MEDICAL LEGAL PANEL  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2009 and 2008**

**2. CASH DEPOSITS (Continued)**

Individual accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 and balances throughout the year did not exceed this amount.

**3. LINE OF CREDIT**

The Panel has available a \$75,750 unsecured line of credit with Valley Bank. Interest on the outstanding balance is 8.25%, due monthly. The line expired in November 2009, and management is currently negotiating an extension of the line with similar terms.

**4. RELATED PARTIES**

Brian Zins is director of both the Montana Medical Association and the Montana Medical Legal Panel. The Montana Medical Association bills the Montana Medical Legal Panel for services and facilities provided to that organization. This administrative fee is subject to the approval of the Chief Justice of the Montana Supreme Court. The Montana Medical Association was paid administrative fees of \$318,852 and \$318,852 for the years ended December 31, 2009 and 2008, respectively. Actual cost for administrative fees for the year ended December 31, 2009 were \$341,905. The difference of \$23,053 will be reimbursed to Montana Medical Association as part of the 2010 administrative fees.

**5. RISK MANAGEMENT**

The Panel is exposed to risk of loss primarily through the possible errors and omissions pertaining to claims filed with the Panel. This risk is transferred through the purchase of a professional liability policy from a private insurance carrier.

**6. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through June 15, 2010, the date on which the financial statements were available to be issued.

**MONTANA MEDICAL LEGAL PANEL  
SCHEDULE OF REVENUES COLLECTED AND EXPENSES PAID - BUDGET VS. ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>TOTAL</u>	<u>BUDGET</u>	<u>VARIANCE</u> <u>FAVORABLE</u> <u>(UNFAVORABLE)</u>
<b>REVENUE</b>			
Assessment fees - physicians	\$ 721,246	\$ 710,808	\$ 10,438
Interest income	2,773	6,403	(3,630)
Miscellaneous income	<u>5,832</u>	<u>2,921</u>	<u>2,911</u>
	<u>729,851</u>	<u>720,132</u>	<u>9,719</u>
<b>EXPENSE</b>			
Administrative	318,852	350,000	31,148
Computer software	51,013	50,000	(1,013)
Panelist travel	74,455	90,000	15,545
Panelist hearing time	76,619	85,000	8,381
Records reproduction	48,353	58,000	9,647
Panelist prep and travel time	41,410	50,000	8,590
Panel legal counsel	42,100	42,000	(100)
Medical records and x-rays	36,900	26,000	(10,900)
Postage	23,373	30,000	6,627
Temporary personnel	12,478	10,000	(2,478)
Panel consultant	8,276	25,000	16,724
Meeting rooms	11,611	13,000	1,389
Office supplies	6,245	8,000	1,755
Telephone	3,622	5,000	1,378
Miscellaneous	2,132	5,000	2,868
Liability insurance	2,968	1,000	(1,968)
Annual audit	10,000	6,000	(4,000)
Legal defense	<u>-</u>	<u>10,000</u>	<u>10,000</u>
	<u>770,407</u>	<u>864,000</u>	<u>93,593</u>
Net Income (Loss)	<u>\$ (40,556)</u>	<u>\$ (143,868)</u>	<u>\$ 103,312</u>

See the accompanying independent auditors' report.

**MONTANA MEDICAL LEGAL PANEL  
SCHEDULE OF REVENUES COLLECTED AND EXPENSES PAID - BUDGET VS. ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>TOTAL</u>	<u>BUDGET</u>	<u>VARIANCE</u> <u>FAVORABLE</u> <u>(UNFAVORABLE)</u>
<b>REVENUE</b>			
Assessment fees - physicians	\$ 875,717	\$ 867,789	\$ 7,928
Interest income	5,657	5,029	628
Miscellaneous income	<u>2,769</u>	<u>5,702</u>	<u>(2,933)</u>
	<u>884,143</u>	<u>878,520</u>	<u>5,623</u>
<b>EXPENSE</b>			
Administrative	318,852	332,029	13,177
Panelist hearing time	71,634	95,000	23,366
Panel consultant	13,250	50,000	36,750
Panelist travel	77,416	90,000	12,584
Computer software	90,825	50,000	(40,825)
Records reproduction	53,411	70,000	16,589
Panelist prep and travel time	42,640	60,000	17,360
Panel legal counsel	42,000	50,000	8,000
Postage	24,815	32,500	7,685
Medical records and x-rays	25,602	28,000	2,398
Meeting rooms	11,932	13,500	1,568
Office supplies	5,670	9,500	3,830
Temporary personnel	18,785	12,500	(6,285)
Miscellaneous	2,959	5,000	2,041
Telephone	3,459	5,000	1,541
Liability insurance	401	2,000	1,599
Annual audit	-	6,000	6,000
Legal defense	<u>-</u>	<u>10,000</u>	<u>10,000</u>
	<u>803,651</u>	<u>921,029</u>	<u>117,378</u>
Net Income (Loss)	<u>\$ 80,492</u>	<u>\$ (42,509)</u>	<u>\$ 123,001</u>

See the accompanying independent auditors' report.



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Certified Public Accountants and Business Advisors

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Director  
Montana Medical Legal Panel  
Helena, Montana

We have audited the financial statements of Montana Medical Legal Panel as of and for the year ended December 31, 2009, and have issued our report thereon dated June 15, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Montana Medical Legal Panel's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Montana Medical Legal Panel's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as Finding 09-01 to be a material weakness.

A significant deficiency is a deficiency, or combination of deficiencies in internal control, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Montana Medical Legal Panel's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Montana Medical Legal Panel in a separate letter dated June 15, 2010.

Montana Medical Legal Panel's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit The Panel's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the legislative audit committee and the Director and is not intended to be and should not be used by anyone other than these specified parties.

***Junkermier, Clark, Campanella, Stevens, P.C.***

Helena, Montana  
June 15, 2010

**MONTANA MEDICAL LEGAL PANEL  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

Finding 09-01 Failure to properly segregate authority, custody, and record keeping in the cash disbursements process

Criteria: Internal controls should be in place to provide reasonable assurance that misappropriation of assets does not occur and that cash is accounted for properly.

Condition: One person is charged with approving invoices, recording the cash disbursement in the accounting software, and signing the check.

Cause: There were not adequate internal controls in place to provide reasonable assurance that misappropriation of assets did not take place and cash is accounted for properly.

Effect: Lack of segregations of duties increases the risk that misappropriation of assets and material misstatements will occur and not be detected by the Panel's internal controls.

Recommendation: Someone separate from the person recording the cash disbursements in the accounting software should approve invoices and sign off on checks.

Client Response: The Panel agrees with the recommendation and the recommended procedures are in the process of being implemented.

# MONTANA MEDICAL LEGAL PANEL

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Telephone (406) 443-1110 • Fax (406) 443-4042

June 15, 2010  
Tuesday

Junkermier, Clark, Campanella, Stevens, P.C.  
Certified Public Accountants  
P.O. Box 1164  
Helena, Montana 59624

## RE: Montana Medical Legal Panel

Dear Junkermier, Clark, Campanella, Stevens, P.C.

We have reviewed the draft audit report for the Montana Medical Legal Panel. We have responded to your comments and recommendations contained in this report and our responses are contained in this report.

Sincerely,



G. Brian Zins  
Director

# **MONTANA MEDICAL LEGAL PANEL**

2021 Eleventh Avenue • Suite 1 • Helena, MT • 59601-4890

Telephone (406) 443-1110 • Fax (406) 443-4042

June 15, 2010  
Tuesday

Junkermier, Clark, Campanella, Stevens, P.C.  
Helena, Montana

Dear Sir or Madam:

We are providing this letter in connection with your audits of the statements of assets, liabilities and surplus - cash basis of Montana Medical Legal Panel as of December 31, 2009 and 2008 and the related statements of revenues, expenses and changes in surplus - cash basis for the years then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the assets, liabilities and surplus, and revenues, expenses, and other changes in surplus of Montana Medical Legal Panel on the cash basis of accounting. We confirm that we are responsible for the fair presentation in the financial statements of assets, liabilities and surplus, and revenues, expenses, and change in surplus on the cash basis of accounting. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered to be material if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of June 15, 2010, the following representations made to you during your audits.

1. The financial statements referred to above are fairly presented in

conformity with the cash basis of accounting which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

2. We have made available to you all:
  - a. Financial records and related data.
3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
5. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
6. We have no knowledge of any fraud or suspected fraud affecting the Organization involving -
  - a. Management,
  - b. Employees who have significant roles in internal control, or
  - a. Others where the fraud could have a material effect on the financial statements.
7. We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, analysts, regulators, or others.
8. We have a process to track the status of audit findings and recommendations.
9. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
10. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.

11. The Organization has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
12. The following, if any, have been properly recorded or disclosed in the financial statements:
  - a. Related party transactions, including revenues, expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
  - b. Guarantees, whether written or oral, under which the Organization is contingently liable.
  - c. All accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates, and we believe the estimates are reasonable in the circumstances, consistently applied, and adequately disclosed.
13. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
14. There are no:
  - a. Violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance
  - b. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with FASB Accounting Standards Codification 450, *Contingencies*, (formerly *Statement of Financial Accounting Standards No. 5*), and

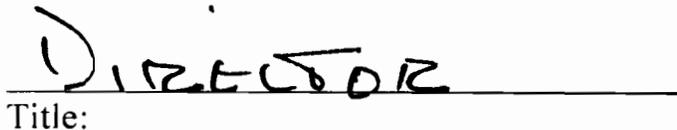
- we have not consulted a lawyer concerning litigation, claims, or assessments.
- c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by generally accepted accounting principles.
  - d. Reservations or designation of fund equity that were not properly authorized and approved.
15. As part of your audit, you assisted with preparation of the financial statements and related notes. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
16. The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged.
17. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

No events, including instances of noncompliance, have occurred subsequent to the statement of assets, liabilities and surplus - cash basis date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.

**MONTANA MEDICAL LEGAL PANEL**

A handwritten signature in black ink, appearing to read "May 2010", written over a horizontal line. The signature is stylized and somewhat illegible.

Signature:

A handwritten title in black ink, appearing to read "DIRECTOR", written over a horizontal line. The title is in all caps and is somewhat stylized.

Title:



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Campanella • Stevens • P.C.**

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Certified Public Accountants and Business Advisors

June 15, 2010

To the Board of Directors  
Montana Medical Legal Panel  
Helena, Montana

We have audited the financial statements of Montana Medical Legal Panel as of and for the year ended December 31, 2009, and have issued our report thereon dated June 15, 2010. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Government Auditing Standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 23, 2010. Professional standards also require that we communicate to you the following information related to our audit.

**Significant Audit Findings**

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Montana Medical Legal Panel are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended December 31, 2009. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no estimates affecting the financial statements.

*Difficulties Encountered In Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Board of Directors  
Montana Medical Legal Panel  
June 15, 2010

Page 2

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated June 15, 2010.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of Montana Medical Legal Panel and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

***Junkermier, Clark, Campanella, Stevens, P.C.***

Helena, Montana