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September 10, 2013

TO: Commissioner Monica Lindeen
From: The Board of Directors of the Montana Comprehensive Health Association
RE: Termination Plan for MCHA health benefit plans

The following Montana law was enacted during the 2013 legislative session in response to the implementation of the federal health care law that requires guarantee issue in the insurance marketplace. This law makes MCHA obsolete and no longer needed. The statute requires:

33-22-1504 MCA. Association board of directors -- organization -- duties. . . .

(7) (a) The board of directors of the association shall develop a termination plan that specifies a time when the eligibility requirements for an eligible person and a federally defined eligible individual are no longer valid because of changes in the health insurance market. The commissioner shall review the termination plan, which is subject to the commissioner's approval.

(b) The termination plan must include:

(i) a proposed timeline to allow enrolled members of the association plan and the association portability plan to acquire other health insurance;

(ii) financial data showing the general plan for completing all financial transactions within the association plan and the association portability plan as provided in [33-22-1513](#) and the effect that the plan will have on funding sources, including tobacco settlement funds allocated pursuant to [17-6-606](#);

(iii) documents and related educational materials designed to inform enrolled members of the association plan and the association portability plan of obligations and methods to transfer to other health insurance plans. The plan must include at least a 90-day notice of nonrenewal.

(iv) proposed language for the repeal of Title 33, chapter 22, part 15.

(8) The commissioner shall present the termination plan to the economic affairs interim committee.

Per the applicable laws set forth above, the following is offered as the termination plan for MCHA's health benefit plans:

Timeline:

The health plans will be terminated as of 12:01 a.m., January 1, 2014, which is the date when the eligibility requirements are no longer valid for person applying for coverage. After much consideration, the MCHA Board passed a resolution which allows for the health benefit plans to be terminated as of this date. It was the consensus of the MCHA that terminating the coverage as of this date makes the most sense and allows MCHA insureds the best option to transition to other coverage.

Notices have been and will be provided as follows:

A first notice was sent to insureds in July 2013 as part of the "Notice of the Annual Meeting."

A second advisory notice will be sent by September 20, 2013.

A termination notice will be sent on October 1, 2013, to comply with the 90 day notice provided in Montana Law.

Additionally, a mailing will be sent to Medicare eligibles regarding coverage options.

MCHA will work with Medicaid to ensure dual eligibles are moved off of the MCHA plans.

Financial Data:

The July draft financial statements are attached for your information. The annual fiscal year assessment has been collected for fiscal year 2013. The funding is sufficient at the current time and will be monitored as the claims utilization continues as the plans wind down and then move into run out. If the funding becomes insufficient, MCHA has an established relationship with the Montana Board of Investments and will turn to that agency to fund any shortfalls. The loan would then be repaid with future assessment monies from the member companies of the Association.

The effect that MCHA's discontinuation will have on the State funding sources is that the tobacco settlement monies will eventually not be required by MCHA and the MCHA company assessments will no longer be billed after the plan has been wound down and all debts and liabilities paid or accounted for.

Documents:

MCHA has drafted the September and October member notices which are attached for your reference. Additionally, MCHA has updated its website with facts and links to other websites such as healthcare.gov and Montana Health Insurance Answers so that members and agents can be linked to websites that will regularly update information as new information is available. MCHA will continue to work with the DOI to provide information as needed to the insureds.

Repeal Language:

Bill draft language will be provided by DOI prior to the 2015 legislative session.

Attachments:

July 2013 Draft Financial Statements
July 2013 - Notice of Annual Meeting to Insureds
September 20, 2013 - Notice to Insureds
October 1, 2013 - Termination Notice