

Sent Via Electronic Mail to John.Maynard@cms.hhs.gov

Captain John Maynard
Department Director, Division of State & Grant Operations
Consumer Information & Insurance Oversight
Centers for Medicare & Medicaid Services
Department of Health & Human Services

RE: State of Montana Section 1332 State Innovation Waiver Periodic Report

Dear Captain Maynard:

This letter is sent on behalf of the Office of the Governor, Office of the Montana State Auditor, Commissioner of Securities and Insurance, and the Montana Reinsurance Association, and serves as the Periodic Report for the State of Montana Section 1332 State Innovation Waiver that is due on May 29, 2020 ("Report"). This report provides a status update of the operation of the program.

Narrative Summary – Administrator of Program

Montana Senate Bill 125 requires the Montana Reinsurance Association's Board of Directors to select an administrator to administer the reinsurance program. The Board is required to establish qualifications and compensation for the administrator. SB 125 further requires that the administrator shall:

1. Perform all administrative functions relating to the Association;
2. Submit regular reports to the Board regarding the operation of the Association; and
3. Pay reinsurance claims as provided for in the Plan of Operation.

The Board issued a request for information to entities that would be potential administrators of the program. **Exhibit A.** The Board received responses from Benefit Management, LLC and River9 Consulting. The Board issued a request for proposals in February of 2020. **Exhibit B.** The Board received responses from Anderson ZurMuelhlen, Benefit Management, LLC and River9 Consulting. The Board performed interviews with Benefit Management, LLC and River9 Consulting. Pursuant to those interviews and a request for a best and final offer, the Board chose River9 Consulting as the administrator. The effective date of the contract with River9 Consulting is June 1, 2020. **Exhibit C.**

Narrative Summary – Plan of Operation

Montana Senate Bill 125 requires the Montana Reinsurance Association's Board of Directors to update the Plan of Operation. The Board met on March 25, 2020 and updated the Plan of Operations to include, among other items, timelines for reporting, auditing and claims

processing. The Montana State Auditor, Commissioner of Insurance, approved the updated Plan of Operations on May 5, 2020. **Exhibit D.**

Narrative Summary – Independent Audit

Montana Senate Bill 125 requires that an independent certified public accountant must review the reinsurance program for solvency and compliance with applicable laws. The certified public accountant must use generally accepted accounting principles in performing the audit. The audit must be submitted to the Commissioner and the Economic Affairs Interim Committee by June 30 of each year beginning in 2020.

The Montana Reinsurance Association has hired Anderson ZurMuelhlen to conduct the required audit. **Exhibit E.** The audit is currently underway.

Narrative Summary – Montana Reinsurance Association Board of Directors

The Montana Reinsurance Association Board of Directors has conducted regular board meetings as the need has arisen. **Exhibit F, G, H, & I.** The Board has created a subgroup to develop the details related to the claim payment process. The subgroup is expected to report back to the Board on June 1, 2020. Depending on the subgroup's report, the Board may amend the Plan of Operations.

Conclusion

We appreciate the opportunity to update you on the progress of the Montana Reinsurance program. If you have any questions please contact Janell Depner at Janell Depner janell.depner@mt.gov or Sean Slanger at sslanger@jmgm.com.

Very truly yours,

Montana Reinsurance Association



Cody Langbehn