

Montana Reinsurance Association Board of Directors
Regular Board Meeting
Minutes

Date: May 31, 2019
Time: 9:30 am
Location: Commissioner's Office – 840 Helena Avenue, Helena MT.

Attendance:

Board Members: Mike Batista, Chairman; Monica Berner, Richard Daniels, and Cody Langbehn.
Additional Attendees: Commissioner Rosendale, Janell Williams, Regan Hess, Christina Goe, Jessica Rhoades, Chris Laslovich, Nick Racine, Mary Belcher, Jennifer Hensley, Bruce Spencer, Nic Ramey (Phone), Julie Peper (phone), and Clara Comes (phone).

Roll/Call to Order: made by Mike Batista, Chairman, at 9:35 am.

Quorum: A quorum was present.

Minutes:

Agenda items were reviewed and an amendment was requested by Monica Berner as follows:

1. On 5/13, it should be noted that Mary Belcher's comments regarding the Wakely contract were made on behalf of HCSC only.

Cody Langbehn made a motion to approve the minutes *as amended*.

Monica Berner seconded the motion.

Chairman Batista called a voice vote, and the motion was approved by unanimous vote.

Monica Berner proposed that going forward, communications with Wakely include all Board Members rather than specifically with the CSI.

Julie Peper with Wakely discussed the updated deliverable with the attendees and answered questions.

Considerations that need to be discussed and decisions made for Wakely:

1. Determine total state funding;
2. Confirmation on "best estimate" scenario;
3. Determine which scenario to include in the report;
4. Confirmation on payment parameters to use; and
5. Confirmation on assumptions for future years.

With regard to state funding, the Board discussed potential costs for standing up the program vs. first year operating costs and what portions are reimbursable from the 1.2% assessment and federal passthrough dollars.

In review of SB 125, a one-time administrative assessment may be assessed by the Board. Bruce Spencer explained that this is separate from the 1.2% assessment outlined in Section 8 of the bill.

Cody Langbehn asked if there was consensus on whether the "stand up costs/seed money" could be differentiated for reimbursement purposes from first year operational costs. The Board agreed that this could be done.

The Board discussed the potential dollar amount for start-up costs to include fees for an attorney, administrator, and others.

A discussion regarding the Administrator will need to be held at the next Board Meeting.

Julie Peper explained the different options for maximizing federal passthrough dollars through either a. assessing outside of the state assessment amounts (no impact to state or federal dollars); b. take money out for reimbursing from total funds (a smaller impact – scenario 1) or c. take administrative costs out of state dollars (most impact on federal dollars).

Richard Daniels proposed an estimated amount with multiple parts for startup costs to be used and modified as needed given unknown administrative variables (cost, timing, and others.)

Julie Peper provided further explanation regarding the scenario impact from administrative costs.

Jennifer Hensley referred back to SB 125 and explained that the Board may decide on whether and when any initial assessment should be assessed and decide on what will and will not be reimbursed as first year operating costs.

The attendees took a break from 11:00 – 11:10.

Richard Daniels raised the issue of an attorney being retained for purposes of discussing liability issues. The Board will issue its own RFP for an attorney based on the document prepared by Mary Belcher since the Commissioner would have to go through the state process.

The Commissioner's office presented drafted Articles of Incorporation for the Board's review and approval.

Bruce Spencer discussed compliance with requirements of the Secretary of State to file incorporation documents. Mary Belcher and Janell Williams reviewed the Articles and did not note any compliance issues. The Board initially decided to table on voting to approve the Articles of Incorporation until the next meeting, however, Commissioner Rosendale cautioned the Board that they may want to approve prior to assessing and budgeting funds.

Richard Daniels motioned to approve the Articles of Incorporations.

Cody Langbehn seconded the motion.

Chairman Batista called a voice vote, and the motion was approved by unanimous vote.

The board discussed potential payment parameters for the first benefit year. Julie Peper explained that these could be amended later, and that a best estimate would be acceptable to use for the waiver. Cody Langbehn asked Julie Peper which scenarios and payment parameter the best estimates are based on the data compiled to date. Julie stated that the closest scenarios to what the Board intends to do and answered several questions relating to the conservativeness of the scenarios.

Cody Langbehn moved that the Board accept Configuration A2 for payment parameters, which provide for a \$40,000 attachment point, 60% coinsurance, and a reinsurance cap of \$101,750.

Chairman Batista seconded the motion.

Chairman Batista called a voice vote, and the motion was approved by unanimous vote.

Jessica Rhoades provided the board with an update on public meetings, the first to be held in Butte on June 4, 2019, and the

Christina Goe raised the issue of which parameter would be variable. The Board agreed that the coinsurance would be the best parameter to keep variable to ensure a pro-rata share for claims in the event of a shortfall.

Julie Peper requested a total funding decision be made on or before Monday.

Cody Langbehn moved that the state funding assumed is \$12.9 million, and that \$500,000 in administrative costs come out of the combined state and federal dollars for the program.

Monica Berner seconded the motion.

Chairman Batista called a voice vote, and the motion was approved by unanimous vote.

Julie asked if there were any concerns with using the other general assumptions proposed. The Board had no concerns and agreed to allow their use.

Chairman Batista asked for further business. Hearing none, the meeting was adjourned at 12:37 pm.

Next Meeting: The next Board Meeting will be held on Friday, June 7th at 8:00 am at the Commissioner's office, 840 Helena Avenue, Helena MT.