

**BOARD MEETING MINUTES**  
**MONTANA REINSURANCE ASSOCIATION**  
**May 12th, 2026, 3:00 MST**  
**Virtual Meeting**

**Board Members Present**

- Stephen Tahta, MD (Allegiance/Cigna)
- Blair Fjeseth (Mountain Health Co-op)
- Erik Wood (PacificSource)
- Tony Pfaff (Cypress Health)
- Kate Ellis (BCSBMT)

**Board Members Not Present**

- None

**Others Present**

- Raelynn Williams (MRA Executive Director)
- Dave Sedlock (MRA Director of IT Operations)
- Jay Hashop (BCBSMT)
- CSI (Erin Snyder, Amber Long-Thorvilson, Ashley Perez, Molly VandeVoort)
- Mark Walters (Mountain Health Co-op)
- Eide Bailly (Audra Johnson, Jason Lindstrom)
- Wakely (Lydia Tolman, Jenna Hegemann)
- Stefan Wall (Wall, McLean & Gallagher)
- Nic Ramey (Leif)

**1. Welcome and Call to Order**

Board Chair Blair Fjeseth called the meeting to order and verified a quorum was present.

**2. Public Comments**

No public comments were received.

**3. Changes to the Agenda**

No changes were noted

**4. Approval of January 29th Minutes**

A motion to approve the January 29th, 2026 meeting minutes, was made by Tony Pfaff and seconded by Erik Wood. The Board did not propose any edits or corrections.

The motion passed unanimously.

## **5. Introduction of New Board Member**

Chair Blair Fjeseth welcomed new board member Stephen Tahta, representing Cigna through Allegiance Benefit Plan Management. Dr. Tahta briefly introduced himself and expressed appreciation for the opportunity to serve on the Board.

## **6. Audited Financial Statements**

Jason Lindstrom of Eide Bailly presented the draft audited financial statements for fiscal year 2025. He reported that the auditors anticipate issuing an unmodified (“clean”) audit opinion, indicating that the financial statements are fairly presented in accordance with generally accepted accounting principles.

Mr. Lindstrom noted that audit fieldwork was substantially complete, with only limited carrier claims testing remaining. At the time of the meeting, no audit findings had been identified related to claims testing.

Key financial highlights discussed included:

- The Association’s primary liability remains the incurred but not reported (IBNR) claims reserve, which was reported at approximately \$68.8 million.
- The prior year claims payable balance related to the temporary state appropriation issue had been resolved and returned to zero.
- Contracted management service expenses declined significantly following the transition from outsourced management services to in-house administration.
- Salaries and wage expenses increased correspondingly due to internalization of management functions.
- The Association continues to report a large net deficit position due to the timing difference between claim payments and recognition of reimbursement revenue from the State.

Mr. Lindstrom also reviewed the IBNR reserve development schedule, noting approximately \$6.3 million in favorable reserve development for prior-year claims, indicating that prior reserve estimates were conservatively established.

Discussion occurred regarding the projected funding deficiency schedule included as supplementary information. Erin from CSI raised concerns that the schedule could incorrectly imply that prior-year deficits carry forward under Montana statute. Following discussion, the auditors agreed to revise the presentation to better reflect statutory treatment of prior-year shortfalls.

## **7. Single Audit**

Audra Johnson presented the federal single audit results.

Ms. Johnson reported one recurring significant deficiency related to preparation of the financial statements by the auditors rather than management. She explained that this is

a common finding for organizations of similar size and reflects a cost-benefit decision to outsource financial statement preparation.

No material weaknesses were identified.

The auditors also reported that no federal compliance findings were anticipated in connection with the Association's federal awards testing, although final claims testing remained in progress.

The Board discussed the audit communication letter, which confirmed there were no disagreements with management and no additional matters requiring formal governance communication.

The Board thanked Eide Bailly for its work and presentation.

#### **8. Recast of Reinsurance Recoveries 2025/2026**

Jenna Hegemann and Lydia Tolman of Wakely presented updated projections for the 2025 and 2026 reinsurance program funding results.

##### **2025 Projection Update**

Wakely reported that updated claims and enrollment data improved the projected 2025 shortfall from approximately \$4.8 million to approximately \$1.3 million. Wakely estimated that maintaining a neutral balance would require approximately a 2% reduction in carrier payments.

Primary drivers discussed included:

- Higher-than-expected ACA enrollment resulting from Medicaid disenrollment activity.
- Increased pass-through funding from CMS tied to the enrollment growth.
- Reduced reinsurance cap levels that lowered projected costs.
- Higher-than-anticipated claims experience and medical loss ratios.

Wakely emphasized that estimates remain preliminary pending additional claims runout.

##### **2026 Projection Update**

For 2026, Wakely projected a potential shortfall of approximately \$2.9 million, which could require approximately a 6% reduction in carrier payments to maintain funding neutrality.

Discussion focused on several contributing factors:

- Emerging enrollment appears significantly higher than originally projected.

- CMS pass-through funding for 2026 has not yet been finalized.
- Carrier pricing assumptions regarding premium reductions attributable to reinsurance may have reduced expected federal pass-through funding.

Board members and carrier representatives discussed the challenges created by recent market volatility, Medicaid redeterminations, Enhanced Premium Tax Credit uncertainty, and federal policy changes.

The Board generally agreed that additional enrollment and subsidy data should be gathered to refine projections before finalizing 2027 parameter recommendations.

#### **9. Parameters for 2027 / 2027 Budget**

Wakely presented preliminary 2027 modeling scenarios, noting that the current range of projected enrollment outcomes remains unusually wide due to continued market uncertainty.

Discussion centered on:

- The need for updated carrier enrollment data.
- The importance of distinguishing subsidized (APTC) versus non-subsidized enrollment.
- The sensitivity of reinsurance funding to enrollment assumptions and premium differential calculations.
- Strategies to optimize federal pass-through funding while maintaining actuarially sound pricing assumptions.

Carrier representatives expressed support for additional collaboration and data sharing to improve forecasting accuracy and long-term program stability.

CSI staff confirmed that an enrollment data call had already been initiated and agreed to share aggregate data with Wakely once complete.

The Board agreed that Wakely would further refine projections and return with updated recommendations at a future meeting prior to final parameter decisions.

#### **10. MRA Policies**

Stefan Wall provided an update regarding development of MRA policy documents.

Mr. Wall explained that the policies had undergone several revisions over time due to staffing and leadership transitions but stated that the documents are nearing final form.

He indicated that he expects to provide updated drafts to Board leadership within approximately two weeks for final review before broader distribution to the Board.

The Board anticipates considering formal adoption of the policies at a future meeting.

**11. Open Forum**

No additional comments or concerns were raised by Board members or participants.

**12. Wrap-up and Adjourn**

Chair Blair Fjeseth thanked attendees, presenters, and staff for their participation and coordination efforts.

The meeting adjourned following discussion of scheduling a future follow-up meeting once updated enrollment and funding data become available.