

MONTANA MUNICIPAL INTERLOCAL AUTHORITY

BOARD OF DIRECTORS MEETING

Friday, February 26, 2010

MMIA Board Room

Helena, MT

Minutes

The Board of Directors of the Montana Municipal Interlocal Authority met on Friday, February 22, 2010 at the MMIA office in Helena. The meeting was called to order at 10 am by Chair Bruce McCandless.

Members present were Chair McCandless, Treasurer Tim Magee, Marlene Mahlum, Duane Larson, Doris Pinkerton, Necile Lorang, Cal Oraw, Chris Kukulski, Jim Nugent, Eileen Joyce, Kevin Myhre, Joe Menicucci and Ed Meece.

Absent were Kelly Audet and Larry Bonderud.

Also in attendance were MMIA staff Alan Hulse, Ann Komac, John Craig, Vicki Wilham, Amanda Clark, John Cummings, Amber Ireland, Linda Moots, Prudence Wigen; attorney Stan Kaleczyc; consultant Charlynn Harless, Rae Lynn Nielsen and Alec Hansen.

2. Minutes

McCandless

Jim Nugent made a motion to approve the minutes of the January 22, 2010 Board meeting, second by Tim Magee. Motion passed.

3. Finance Reports

Wigen

CFO Prudence Wigen provided the interim financial reports. This is informational only. No motion is needed.

4. EB Meeting

Bonderud

The MMIA EB Committee met on Thursday February 25, 2010. Program Manager Amanda Clark reported on this meeting.

Regarding the PBM Program Recommendations, there were three issues proposed:

1. Formulary optimization. The Committee recommends incorporating into formulary, to take effect July 1, 2010.
2. Dispense as written penalty. No change recommendations here.
3. Currently employees can only purchase a 30 day supply of maintenance drugs at a retail pharmacy. The Committee recommends that members be allowed to fill 90 days of a maintenance prescription at a retail pharmacy after an initial 30 day prescription is filled first. This would take effect July 1, 2010

Cal Oraw made a motion to accept issues one and three, second by Tim Magee.

Staff presented and is recommending the Employee Benefits Financial Targets Policy. The

target goal for this reserve level is set at a 95% confidence level, above and beyond projected claims expenses and IBNR allocations. This means that the reserve margin held would be 95% certain that claims for a given year would not exceed the expected annual premium plus the margin.

Chris Kukulski made a motion that the Board accept the EB Committee's recommendation of the Employee Benefits Financial Targets policy with the following changes under the "Management of Unrestricted Surplus" section , second by Duane Larson:

- **In the second bullet, substitute the word "considerations" for "priorities" and delete "in this order", and**
- **use bullets instead of numbers**

Motion passed.

Regarding the Bariatric Benefit Amendment in the current program policy, the EB Committee is recommending the following:

- Starpoint has indicated there are centers in Montana who provide these services so they feel we could remove that language "centers of excellence" from the language.
- Consultant Charlynn Harless has also recommended we take out "and complications." We should be silent on complications.
- Effective July 1, 2010, the benefit limit is \$30,000 and one procedure per lifetime.

Necile Lorang made a motion to accept the EB Committee's recommendations as stated, second by Tim Magee. Motion passed.

Staff has been notified that there have been some legal cases disputing coordination of benefits provisions, when it applies to third party liability and no-fault coverages. The Committee is recommending to put this provision in abeyance for the time being until further information is collected regarding the outcome of these cases and industry response.

Tim Magee made a motion to put the coordination of benefits provision in our plans, as they relate to third party liability, in abeyance until the outcome of the legal matters is determined, second by Kevin Myhre. After some discussion, the motion passed.

Staff has indicated that the City of Laurel is considering leaving the program to date. They have asked for an extension of the deadline to inform the MMIA of their decision to March 3 so the issue can be taken back to Tuesday's council meeting for clarification. Staff approved their request because the reasons were justified.

The Town of Fairview was making their decision last night. They will let us know by Monday.

The Wellness Program is being rolled out to all the membership.

Staff has learned that because of HIPAA and the Public Health Service Act, we might not be allowed to deny access to our program. Staff will bring more information on this to another meeting.

Conrad has applied for entrance to the EB Program, and staff is recommending their approval.

Alan requested the Board delegate this duty to the Executive Committee because the item was not listed on the agenda.

Alan also informed the Board that the Town of Lodge Grass has made application to our Liability and Property Programs and because they have not budgeted for this expense, they have requested to pay by the month for the remainder of this FY . They will then add this expense to their budget. This issue is time sensitive to Lodge Grass. Because the item was not listed on the agenda, Alan again requested the Board delegate this duty to the Executive Committee .

Jim Nugent made a motion to authorize the Executive Committee to address these two issues, second by Tim Magee. Motion passed.

As of the end of January, the claims data indicates that the rate adjustment will need to be 7.7% for the 2010-2011 year. We'll set preliminary rates at next meeting.

Staff is in the middle of the transition of the billing process to Allegiance. So far, it is going well. Alan updated group on where Great Falls is at regarding joining the EB program.

Amanda indicated she is working with Brockton to join the EB program.

Bruce indicated the City of Billings will have staff come in May to explain program to them.

5. Committee Descriptions Staff

Staff presented descriptions for each of the MMIA Committees. These descriptions have been reviewed and approved by each of the Committee Chairs. There was some discussion about each Committee having their own mission and vision statement. In the Audit Committee description, need to change the bullets to numbers.

Jim Nugent made a motion to approve all the Committee descriptions, second by Tim Magee. Motion passed.

6. Financial Targets – Workers' Compensation, Liability, Property Staff

Staff presented the DRAFT financial targets policies for the Workers' Compensation, Liability and Property programs. Under the second bullet under Management of Unrestricted Surplus, the Board recommended changing the word "priorities" to "considerations" and change the numbers to bullets.

Tim Magee made a motion to adopt the Workers' Compensation, Liability and Property financial target policies with the recommendations made by the Board, second by Jim Nugent. Motion passed.

7. Municipal Handbook Cummings

Staff updated the Board on progress of the Municipal Desktop Reference book we are working on with the Local Government Center at MSU, Ken Weaver and an Advisory group of Clerks to .

8. Mayors Academy Cummings

Staff presented the agenda and overview of the upcoming Mayor's Academy to be held March 2 -

5, 2010 in Bozeman. There are 55 signed up to date.

9. Bylaws/Work Comp Coverage Document

Staff

Staff presented the MMIA Bylaws and Workers' Compensation coverage document that were overlooked in revising our Program Agreements and Interlocal Agreements last year. Both needed to be updated to reflect the changes that were approved by the Board last year.

Jim Nugent made a motion to approve the changes made to the Bylaws and the Workers' Compensation Coverage Document, second by Tim Magee. Motion passed.

Charlynn Harless talked about the COBRA changes. There are now more months of COBRA available over and above the 18 already given.

10. Interim Review of CEO

Menicucci

Chair Bruce McCandless and Personnel Committee Chair Joe Menicucci updated the Board on their quarterly review of the CEO's progress.

11. Reports

Staff

Alec Hansen presented the MLCT Report. The League's focus now is the State budget. The cities and towns need to hang on to the entitlement program. He won't be at the Mayor's Academy. He has been monitoring stimulus \$. All 120 cities and towns have gotten some. League conference will be in Butte this year. The meetings will be at the Civic Center and a bus will run between the motels and the Civic Center. He reported that he has put his experience of the last few years on paper and will have it out soon.

John Cummings presented the Risk Management Report. Work safe Montana. The last Regional Trainings for this year were held in Lewistown, Glasgow and Havre in February. Staff has been in Butte, Helena and Missoula for training over last month. Mayor's Academy is next month.

Amanda Clark had nothing to add to the Employee Benefits Program Report.

John Craig presented the Property Program Report. Today is the last day for member renewals. He has heard from 93 of the 107 so far. He needs to send a final and full tabulation of the schedule declarations to Alliant on Monday. There were lots of questions this time around, and more volunteer construction projects this year. Future discussions of weather related events coverage for trees will forthcoming. There is a need to define intended coverage and work toward a clear definition within the Memorandum. There is a preliminary coverage determination incorporation coverage for vertical underground pipes this would extend coverage to wells for the first 1000 feet of depth. John reminded the Board that the self insured retention has gone from \$250,000 in 2002 to the current \$400,000.

Ann Komac presented the Claims Manager Report. Medicare reporting has been put on hold again to January 2011. The new Workers' Compensation PBM conversion will take effect April 1, 2010. Staff has been meeting weekly with the vendor to get this up and running smoothly. She has been attending the Labor Management Advisory Council meetings as well as Economic

Affairs Interim Committee meetings.

Alan Hulse presented the CEO Report. We have completed the annual Regional Trainings. He attended a GEM Board meeting in February in Albuquerque. The budgeting process has started. We will get competing bids on reinsurance property coverage this year from both PEPIP and GEM. He has asked actuary John Alltop to look at a rating methodology for higher deductibles in the Liability Program -- \$100,000 and \$200,000. Alan also intends to visit with Greg Trout to look at possible structure for a higher retention. The Billings insurance consultant is in the process of reviewing our Workers' Compensation program. Alan attended mediation in Billings this week. The next GEM board meeting is in April. NAGEP has purchased HR Century, an on-line program for training. They bought one license for each member of GEM. Staff will look at the program. If we choose to, we can get a deal on more licenses and possibly get it out to our members for awhile.

12. Other Items

Staff

Future meetings:

- March 26, 2010 - Regular Meeting, Helena
- March 25, 2010 – EB Committee Meeting, Helena
- April 30, 2010 – Regular Meeting, Helena
- June 18, 2010 – Regular Meeting, Helena
- August 20, 2010 – Regular Meeting, Helena

Other meetings:

- GEM Board meeting – April 22-23, 2010 Washington D.C.
- PRIMA Conference – June 6-9 2010, Orlando, FL

Bruce McCandless gave special recognition to Marlene Mahlum for her three years serving as the Chair of the Board.

Chair McCandless closed the meeting for a discussion of claims and litigation matters.

Chair McCandless reopened the meeting.

There being no further business, the meeting adjourned at 1:05 pm

Submitted by

Bruce McCandless
Chair

Vicki Wilham
Recorder

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Minutes of the closed portion of the MMIA Board meetings.

MMIA Board of Directors
February 26, 2010

This portion of the meeting was called to order by Chair Bruce McCandless at 12:45 pm in Helena, MT and, pursuant to MCA 2-3-203(3), was declared closed to discuss claims and litigation.

Members present were Chair McCandless, Treasurer Tim Magee, Marlene Mahlum, Duane Larson, Doris Pinkerton, Necile Lorang, Cal Oraw, Chris Kukulski, Jim Nugent, Eileen Joyce, Kevin Myhre, Joe Menicucci and Ed Meece.

Absent were Kelly Audet and Larry Bonderud.

Also in attendance were MMIA staff Alan Hulse, Ann Komac and Susan Peck; attorney Stan Kaleczyc.

Susan Peck presented the Workers' Compensation Claims Report.

Ann Komac presented the Liability Claims Report.

Ann Komac presented the Property Claims Report.

Stan Kaleczyc presented the Litigation Status Report.

Submitted by

Bruce McCandless
Chair