

**MONTANA MUNICIPAL INTERLOCAL AUTHORITY  
BOARD OF DIRECTORS MEETING  
Wednesday, October 7, 2009  
Montana/Alberta Room in the Heritage Inn  
Great Falls, Montana**

**Minutes**

The Board of Directors of the Montana Municipal Interlocal Authority met on Wednesday, October 7, 2009 in the Montana/Alberta Room of the Heritage Inn in Great Falls, Montana. The meeting was called to order at 2:30 pm by Chair Marlene Mahlum.

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

Absent were Duane Larson and Kelly Audet.

Also in attendance were MMIA staff Alan Hulse, John Craig, John Cummings, Amanda Martin, Vicki Wilham, Prudence Wigen, Amber Ireland, Ann Komac, Susan Peck, Linda Coombs, and Debbie Vonada; Attorney Stan Kaleczyc, Consultant Charlynn Harless, Actuary John Alltop via conference call and Accountant Terry Alborn.

**2. Minutes**

**Mahlum**

**Jim Nugent made a motion to approve the minutes of the August 21, 2009, second by Cal Oraw. Motion passed.**

**3. Finance Reports**

**Wigen**

CFO Wigen provided an interim financial report for the Boards review. There were no questions.

**Workers' Compensation:**

Cash Flow Activities through 8/31/09

Total Receipts	\$ 1,882,341
Total Disbursements	\$ 1,599,647
Total Investments on 8/31/09	\$32,880,713

**Liability:**

Cash Flow Activities through 8/31/09

Total Receipts	\$ 7,610,532
Total Disbursements	\$ 1,572,774
Total Investments on 8/31/09	\$43,668,942

**Property:**

Cash Flow Activities through 8/31/09

Total Receipts	\$2,361,333
Total Disbursements	\$ 619,461
Total Investments on 8/31/09	\$6,304,893

**Employee Benefits:**

Cash Flow Activities through 8/31/09

Total Receipts	\$3,181,768
Total Disbursements	\$2,761,100
Total Investments on 8/31/09	\$7,896,481

CFO Wigen provided a brief overview of the financial report that will be presented at the Annual Meeting of the Membership on Thursday October 8 , 2009.

CFO Prudence Wigen presented a resolution to open a new investment account at DAD for Employee Benefits.

**Jim Nugent made a motion to approve a resolution to open a new investment account at DAD for Employee Benefits , second by Larry Bonderud. Motion passed.**

CFO Prudence Wigen presented the JCCS Audit Engagement Letter for authorization.

**Jim Nugent made a motion to approve the JCCS Audit Engagement Letter , second by Tim Magee. Motion passed.**

Terry Alborn presented a short report on the audit process. He hopes to have drafts to MMIA the first part of November. There were no questions.

**4. Actuarial Report**

**Alltop**

Actuary John Alltop of Bickmore Risk Service presented a preliminary actuarial analysis of the MMIA Liability and Workers' Compensation Programs via conference call.

Liability: John expected the loss runs to increase by \$6 million during FY08-09. The actual increase was \$4.3 million, a positive difference of \$1.7 million. Paid losses were higher than expected, but that is a reflection of several claims which settled and closed during the period. John has decreased estimates of the ultimate cost of the program by just over \$1 million, reducing outstanding liabilities (and increasing current earnings) by that amount. That is very good news. The Board of Directors had previously decided to reserve at the 85% confidence level, resulting in total reserves to be booked at 6/30/09 of \$22.1 million for this program.

Jim Nugent made a motion to accept the actuarial report for the Liability Program, second by Joe Menicucci. Motion passed.

Workers' Compensation: Actual incurred development was slightly greater than anticipated in the prior report. Although it appears the FY08 -09 year may be more expensive than previously anticipated, three of the prior four years have developed

favorably. Overall, John has decreased estimated ultimate costs by \$98,000. Case reserves increased while IBNR reserves decreased. The net result, factoring in investment income, was a decrease of \$37,000 in total reserves from the prior report. At the 85% confidence level, total reserves to be booked at 6/30/09 are \$25.7 million for this program.

Joe Menicucci made a motion to accept the actuarial report for the Workers' Compensation Program, second by Jim Nugent. Motion passed.

## 5. AGRiP Resolution

Hulse

Alan Hulse presented Resolution #2009-003 naming the CEO as the MMIA representative to AGRiP. AGRiP still has Bob's name as our representative.

**Larry Bonderud made a motion to approve the resolution naming the CEO as the MMIA representative to AGRiP, second by Tim Magee. Motion passed.**

## 6. EB Committee Report

Bonderud

The EB Committee held a meeting at 12:00 pm, October 7, 2009. Chair Bonderud and Amanda Clark provided the Board with a report on that meeting.

Maureen Roy and Nina Evans from Catalyst Rx presented a year-end report on the Pharmacy Benefit Management services for 2008-2009. It is too early to tell how many changes were made on the generic copay holiday granted by the Board for July/ August/ September 2009. To date, it is looking successful.

Staff reported on progress made on service gaps in the Sidney, MT area. MMIA has been working with Allegiance and the few doctors in the area who are not in the network. Recently, the MUST (schools) self funded pool has gone to a PPO setup similar to ours which puts even more pressure on these doctors to join the network. We also now have the attention of the CEO at the local hospital which could lose business if we direct our employees elsewhere.

One alternative in mind is a travel benefit for employees to go elsewhere, therefore, the Committee is recommending the Board approve a \$0.55 per mile travel reimbursement for Fairview and Sidney employees to travel to Williston and/or Glendive for ENT and General Surgeon services.

**Larry Bonderud made a motion that the Board approve a mileage reimbursement of \$0.55 per mile for employees of Sidney and Fairview to travel Williston and/or Glendive for ENT and General Surgeon services, second by Tim Magee. Motion passed.**

Charlynn Harless reviewed the current service provided by Optum Health. She and staff have concluded it is time for a change -- that Optum's services are not up to par. The Committee is recommending the Board terminate the contract.

**Larry Bonderud made a motion to initiate termination provisions of the Optum contract, second by Kevin Myhre. Motion passed.**

Amanda reported that the Committee has determined the issues to be talked about at the retreat in Great Falls in January.

Amanda reported the pilot wellness program is moving along well. Wellness vendors are now scheduling blood screenings, educational sessions, and health assessments. About four groups have completed the blood screenings and the educational sessions. We don't have enough numbers yet to compare to last year. We should have more and better information in January. Incentives are \$25 gift card for the blood screening and \$25 gift card for the health assessment. These are being sent out as soon as employees complete the activities.

A discussion was held whether or not to include payment for the H2N1 flu shot in the EB Program. The committee would like staff to have the ability to make that decision should it be needed.

**Larry Bonderud made a motion to allow staff to make an administrative decision to implement coverage for the H1N1 flu vaccine or not to implement when the picture becomes clearer, second by Necile Lorang. Motion passed.**

Amanda pointed out that the provider of our EAP coverage is owned by the same company that owns Optum, however, the contracts are separate and will not affect each other. It was noted that members that do not participate in our medical plan, can purchase our EAP program.

Charlynn reported contract negotiations with Noble Guardian and HealthSmart are going well.

## **7. Underwriting Committee Report**

**Nugent**

The Underwriting Committee met prior to this meeting to hear a coverage appeal from the City of Miles City. Committee Chair Nugent reported on the issues and findings of this meeting.

The City of Miles City appealed a coverage denial on a claim. The initial event occurred in 1998 and allegedly continued up to present day. MMIA denied the claim because our Memorandum of Liability (MOL) is occurrence based and the first occurrence was in 1998 therefore the 1996 MOL applied. The City of Miles City reads the 2009 MOL as having a claims made provision under Section 12.1.

The MMIA had three options:

1. Determine the 2009 MOL is a claims based policy and provide the coverage.
2. Determine 2009 MOL is an occurrence based policy and deny coverage.
3. Agree the language is ambiguous in the 2009 MOL and rule in favor of Miles

City, then authorize staff correct the language so it is clear it is an occurrence based policy.

The Committee chose Option 3.

**Tim Magee made a motion to accept the Underwriting Committee's report , second by Joe Menicucci. Motion passed.**

Stan Kaleczyc handed out a red lined version of the MOL. He indicated the sooner the updated MOL is approved and sent to the members, the better.

**Tim Magee made a motion to approve the changes to the MOL to clarify that the MOL is an occurrence based policy, second by Kevin Myhre. Motion passed.**

Staff will send new MOL's with a cover letter right away.

Alan Hulse presented an issue with the Whitefish Convention Center. The Center will be attending a trade show in Calgary and the show wants to be named as additional covered party. The issue is whether or not the Convention Center is covered by the MMIA. If not, and we should be, how do we assess them for premium - based on payroll of executive director? They only have two employees.

There was much discussion on this issue.

**Larry Bonderud made a motion to refer this issue to the Underwriting Committee, second by Doris Pinkerton. Motion passed.**

In the meantime, is the board comfortable that staff issue an additional covered party endorsement for the specific event Whitefish is talking about?

**Larry Bonderud made a motion to allow the staff to give Whitefish the additional covered party status as requested for this one circumstances only, second by Jim Nugent. Motion passed.**

**8. Board Elections Hulse**

Alan Hulse reviewed the slate of candidates up for election and the election process which will take place at the Annual Meeting of the Membership to be held on Thursday October 8, 2009 at 4:15 p.m.

**9. Annual Meeting Overview Hulse**

Alan Hulse provided the agenda and an overview of the 23<sup>rd</sup> Annual Meeting of the Membership to be held Thursday October 8, 2009 at 4:15 p.m.

**10. Claims Specialist Replacement Update Komac**

Ann Komac reported that staff recently conducted interviews to replace the vacant claims specialist position at the MMIA. Richard Allums will begin on October 26 and comes to us with much experience.

#### **11. Liability/Property Claims Audit Overview**

**Komac**

Ann Komac reported on the MMIA Liability/Property Claims units recent independent claims audit. There are some areas that need improvement, but overall it was a good audit. She should have the final audit for the November Board meeting.

#### **12. Reports**

**Staff**

John Cummings presented the Risk Management Report. John is in the process of setting up a regional training tour with the Local Government Center to focus risk management to newly elected officials. In addition a Clerks Handbook has been discussed with the Local Government Center for development.

Amanda Clark presented the Employee Benefits Program Report. She had nothing to add from her previous report.

John Craig presented the Property Program Report. He has been on the road, touring through the northwest part of the state and will do the southwest corner soon. He indicated there is a big claim coming down the line.

Ann Komac presented the Claims Manager Report. The Workers' Compensation audit is coming up soon. The RFP for pharmacy benefit management services on workers' compensation claims was issued September 21 and proposals are due November 2.

Alan Hulse presented the CEO Report. He provided an update on the presumptive disease statute. Oliver Goe presented our side at a labor management meeting last week. He did a very good job. Bob Worthington is on that committee and keeps us updated. He provided an update on Duane Larson's health. He is doing well. Alan led a short discussion to remind Board members our policy on paying expenses for the League conference.

#### **13. Other Items**

**Staff**

Future meetings:

November 20, 2009 – Regular Meeting, Helena MT  
January 20, 2009 – Strategic Planning EB Retreat, Great Falls  
January 21, 2010 – Strategic Planning Retreat, Great Falls  
January 22, 2010 – Regular Meeting, Great Falls  
February, 25, 2010 – EB Committee Meeting, Helena  
February 26, 2010 – Regular Meeting, Helena  
March 26, 2010 - Regular Meeting, Helena

Other meetings:

October 19-21, 2009 –AGRIP Leadership Conference Seattle WA

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

Chair Mahlum reopened the meeting.

There being no further business, the meeting adjourned at 4:30 pm. ????

Submitted by

Larry Bonderud  
Secretary

Vicki Wilham  
Recorder

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Minutes of the closed portion of the MMIA Board meeting.

MMIA Board of Directors  
October 7, 2009

This portion of the meeting was called to order by Chair Marlene Mahlum at 4:05 pm in Helena, MT and, pursuant to MCA 2-3-203(3), was declared closed to discuss claims and litigation.

Members present were Chair Mahlum, Larry Bonderud, Kevin Myhre, Bruce McCandless, Jim Nugent, Chris Kukulski, Ed Meece, Cal Oraw, Eileen Joyce, Doris Pinkerton, Tim Magee and Joe Menicucci.

Absent were Duane Larson, Kelly Audet, and Necile Lorang.

Also in attendance were MMIA staff Alan Hulse, Ann Komac, Susan Peck, Linda Coombs; Attorney Stan Kaleczyc.

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Susan Peck presented the Workers' Compensation Claims Report.

Linda Coombs presented the Liability Claims Report.

Linda Coombs presented the Property Claims Report.

Stan Kaleczyc presented the Litigation Status Report.

Submitted by

Larry Bonderud  
Secretary