

January 26, 2017

Senate State Administration

Room 152

8:00am

HB 226- Increase property tax abatement for new or expanding industry.

Summary: The majority of people testified in support of HB 226. The proposed tax abatement can be used within a TIF district. Many of the committee questions were for Department of Revenue Director Mike Kadas.

Bill Sponsor Introduction: Zac Perry HD 3-This bill comes out of the governor's Main Street program. This bill increases the tax abatement from 50% to 75% for the first five years. HB 226 would help businesses grow and expand. It would also attract new businesses to come to Montana.

Proponents:

Ken Fichtler- Director, Governor's Office of Economic Development - It's important to give local communities the opportunity to attract and grow new local businesses. I urge a do pass on HB 226.

Mike Kadas- Director of Department of Revenue- Handing out an amendment. MACo raised a concern they want to have some flexibility with this bill but not too much flexibility. This other handout shows how the abatement steps through 10 years.

Tim Burton- Executive Director of Montana League of City and Towns- We represent over 126 cities and towns and we support HB 226. This bill is another tool in the box to help our cities and communities grow.

Bob Story- Montana Taxpayers Association- This is a good bill to have in our toolbox. If you look at the biennial report, it shows the amount of abatement for each county. We urge a do pass for HB 226.

Bridger Mahlum- Montana Chamber of Commerce- HB 226 fits with our ten year strategic plan and our entrepreneurial plan. It gives new businesses that are beginning a little relief as they begin their business. This bill will help attract more business in Montana and provide more jobs.

Neil Blossom- Montana Chemet- Chemet is expanding. We compete globally. This bill will help us expand. We pay our employees \$24/hr.

KC Walsh- Simms Fishing Products- This bill won't impact our business much but I strongly support HB 226.

Webb Brown- Montana Manufacturing Association- This is a good start. A lot of business are looking for this bill to help them grow and be able to give back to Montana. This bill will give relief to businesses that are struggling to pay taxes so they have the opportunity to grow in the future.

Opponents:

Shantil Siaperas- Montana Association of Counties- 75% tax abatement is too much. We would support this bill if it could be amended.

Informational Witnesses: None

Committee Questions:

Dunwell- Will the bill affect local services? Who is going to pay if businesses are not going to pay?

Kadas-This is limited to new and expanding. This bill helps more businesses come to and grow in Montana. Having more businesses will help pay. After ten years, these new businesses will pay just like everyone else.

Dunwell- What would keep a company from continuing on and expanding just to take the abatement?

Kadas- Their capital has to continue to increase for them to do that.

Fern- What are your projections on how successful this will be?

Fichtler - I can get that information for you. It is my fourth day on the job.

Hertz- Mountain industries sent a letter in favor of HB 226.

Flynn- Will this bill apply to the agricultural sector?

Kadas- Not that I am aware of, but I can double-check and come back to you with the answer.

Chairman- How do you guys define what new property is? I know this has been a problem in the past.

Kadas-There have been problems in the past but we have a much better system now.

Jacobson- Could this be used with in a TIF district?

Kadas- Yes, this could.

Closing Statement: Thank you for all the great questions and for a great hearing. To explain a little more on what defines company expansion, it is \$50,000 in improvements or additional investments in the company.

Lori Stratton

From: Larry Bonderud
Sent: Thursday, January 26, 2017 2:58 PM
To: Lori Stratton
Subject: Fwd: Week 4 Update

Packets

Sent from my iPhone

Mayor Lar

Begin forwarded message:

From: Melissa Lewis <melissa@mlewisassoc.com>
Date: January 26, 2017 at 2:50:13 PM MST
To: Larry Bonderud <larry@shelbymt.com>
Subject: **Week 4 Update**

Hi Mayor,

The legislature continues work on the budget and infrastructure discussions are underway. Governor Bullock gave his "state of the state" speech Tuesday and outlined his priorities for the 2017 session, which include infrastructure funding, investing in early childhood education and expanding broadband to schools. Discussions about revenue enhancers (increased taxes on tobacco) will likely not begin in earnest until mid-February once constituents hear about proposed budget cuts and expected impacts. As of now, legislators can be encouraged to keep an open mind about revenue enhancers until they hear from their constituents.

Remaining Hearings This Week:

HB 14, Bonding Bill. Hearing is tomorrow at 8:30am in Joint Appropriations on Long-Range Planning.
SB 98, Establish property ownership fairness act. Hearing is tomorrow at 8am in Senate Judiciary.

Advancing:

HJ 3, Interim study of water right change process. Out of committee. Passed House Natural Resources 15-0. Will advance to House floor for second reading.
HB 267, Revise laws related to bicycles on roadways. Passed House Transportation 11-2. Will advance to House floor for second reading.
LC 1583, Revise oil and gas lease provisions. The draft is being edited.
LC 2204, Provide civil liability for unmanned aerial vehicle trespass. The draft bill was delivered to the sponsor (Senator Steve Hinebauch) on 1/25. MPA will be neutral. Certain pipeline owners want the bill amended so it would only apply to recreational drone use.

Tabled/Dead:

HB 112, Revise laws related to corporate loss carryback and carry forward.
HB 281, Locate certain utilities over water. The hearing has been cancelled. Bill is probably dead.

Pending Action:

SB 88, Create Montana Trust Fund
SB 42, Revise Major Facility Siting Act
HB 211, Require sage grouse population report
SB 93, Provide notification at certain dwellings for oil and gas operations
HB 250, Require county and school district approval for adoption of TIF provision
HB 187, Establish an angel investor/venture capital tax credit
HB 188, Enact a Small Business Growth Encouragement Act
HB 228, Provide funding for sage grouse stewardship
HB 242, Constitutional amendment to establish natural resources trust fund

Next Week:

Monday

SB 37, Colstrip Decommissioning and Remediation Act. 3pm Room 303.
SB 140, Allow low-interest coal tax trust fund loans to the City of Colstrip. 3pm Room 335.

Tuesday

HB 301, Clarify that local governments can issue bonds for street maintenance projects. 3pm Room 172
HB 300, Exempt townhouses from certain subdivision sanitation regulations. 3pm Room 172
SB 33, Clarify that highway structures are not subject to building code requirements. 3pm Room 455
SB 43, Generally revise laws governing the long-range building program. 3pm Room 422.

Wednesday

HB 9, Cultural and Aesthetic Grants. 8:30am. Room 102.
HB 159, Designate Shelby veterans' memorial. 3pm Room 335.

Let me know if you have any questions!

Melissa

Melissa Lewis
800 E. 6th Avenue
Helena, MT 59601
Cell: 406-465-8045
Office: 406-422-0988
www.mlewisassoc.com

MELISSA LEWIS
and associates

Dear Mayor Bordenud & Lorette,

The Lewis Family is honored to support
the Shelby Splash Park! We look forward
to visiting Shelby and enjoying it one
of these days!

Sincerely —

Melissa, John, Jackson, Kate and baby Luke! ☺

MELISSA LEWIS AND ASSOC LLC
PH. 406 422-0988
1127 5TH AVE
HELENA, MT 59601

2376
75-7751/2920

8/26/17

Date

Pay to the
Order of

City of Shelby

\$ 500.00/xx

Five hundred Dollars and no/100

Dollars

Helena Community
Credit Union



P.O. Box 159
Helena, MT 59624-0159
1-800-443-5400

For Donation to Shelby Splash Park Melissa Lewis

2376



CALL TO ORDER – 10:30 am

1. **Roll Call** Chair
2. **Public Comment** Chair
3. **Minutes** Chair
The minutes of the March 24, 2016 meeting have been distributed.
Approval is requested.
4. **New Staff Introductions** Staff
5. **Rate Update** Dave Turner
6. **Reference Based Pricing** Ron Dewsnup
Staff will present a recommendation.
A recommendation to the Board is requested.
7. **Wellness Program Review of 16-17 & Recommendations for 17-18** Staff
Staff will review results of current year and provide recommendations for next year:
 - Drop Dependents 18+: **A recommendation to the Board is requested.**
 - Stop Incentivizing for Nicotine: **A recommendation to the Board is requested.**
 - 85% Participation Incentive: **A recommendation to the Board is requested.**
8. **Disease Management – Take Control** Staff
Staff will present a recommendation to change Disease Management strategies.
A recommendation to the Board is requested.
9. **Initiative Review** Staff
Staff will present the realization of newly implemented programs.
 - Group Medicare Advantage Plan
 - CRX Savings Review
 - ProAct
10. **Retiree Basic Life** Staff
Staff will present a recommendation to discontinue allowing retirees to participate in Basic Life offering.
A recommendation to the Board is requested.
11. **Other Items** Staff
DHS Data
HIPAA Compliance Review
New Member Groups
GASB45 vs GASB74/75
Next Committee Meeting
12. **Meeting Adjourned** Chair



6. Allegiance Claims Review

Amber Ireland

Amber Ireland and Aaron Bay presented Allegiance statistics on the program's recent performance compared to previous years as well as other benchmarks for the industry.

7. Preliminary Rates: Medical

Staff

Staff reviewed the actuarial analysis and presented a recommendation for setting the EB preliminary rates for the medical program for FY 16/17. Staff is recommending a 7.8% base rate adjustment. The actuary calculated a base rate for the medical program at 8.8%, then indicated that the use of unrestricted surplus of 1-2% would be reasonable. Staff is recommending 1% surplus. This provides room if the rates should increase at the end of March.

The only group with a CPRA factor was the City of Great Falls at 5%.

With these adjustments, the preliminary medical rates for FY 16/17 would be as follows:

Standard	7.8%
Bozeman	7.8%
Great Falls	12.8%
Helena	7.8%
Kalispell	7.8%
Livingston	7.8%
Lewistown	7.8%
Whitefish	7.8%

Kevin Dorwart made a motion to recommend to the Board to approve the preliminary rates at 7.8%, with final authority to use 2% toward rate stabilization for final rates once the actuarial analysis comes in, second by Marlene Mahlum. Motion passed.

There was a discussion about setting final rates in March rather than waiting for another month of numbers from the actuary at the end of March.

8. Final Rates: Dental, Vision & Life

Staff

Staff made final rate recommendations for the dental, vision and life programs for FY 16/17.

Dental: Staff is recommending rates remain flat.

Vision: Staff is recommending a 16.5% rate increase as recommended by the actuary. This will amount to a very small dollar change. 16% rate increase for a single person is \$1.15 per month.



participant. CRx only works with Tier 1 countries that have standards greater than or equal to the US. CRx does not fill prescriptions for narcotics, lifestyle drugs, temperature regulated drugs, or generics. This program only applies as a refill program. Drugs must be filled through the PBM first and monitored for clinical applicability. Once it has been filled locally and proven to be effective for the participant for 30 days, it can be refilled through CRx. CRx then actively manages the program. Staff indicated that ProAct is already working with CRx. Adam Russo, with the Phia Group, has reviewed our program, plan documents and contracts specifically and advised that there are no issues or concerns with pursuing this program.

Anna Rosenberry made a motion to recommend to the Board to approve the CRx mail order for prescriptions as presented, second by Marlene Mahlum. Motion passed.

12. Other Items

Chair

Air ambulance is a current issue.

Teledoc use is up.

EAP utilization is low but it is paying for itself.

Regarding CareHere, whether or not they put an office in the Flathead is really up to the State of Montana. Amanda has heard they have had discussions about a site there and in Great Falls.

13. Meeting Adjourned

Chair

Marlene Mahlum made a motion to adjourn at 3:35 pm, second by Rich Hickel. Motion passed.

Submitted by

Amanda Clark
EB Program Manager



INTRODUCTION TO REFERENCE-BASED PRICING



WHO?
Page 3



WHAT?
Page 4



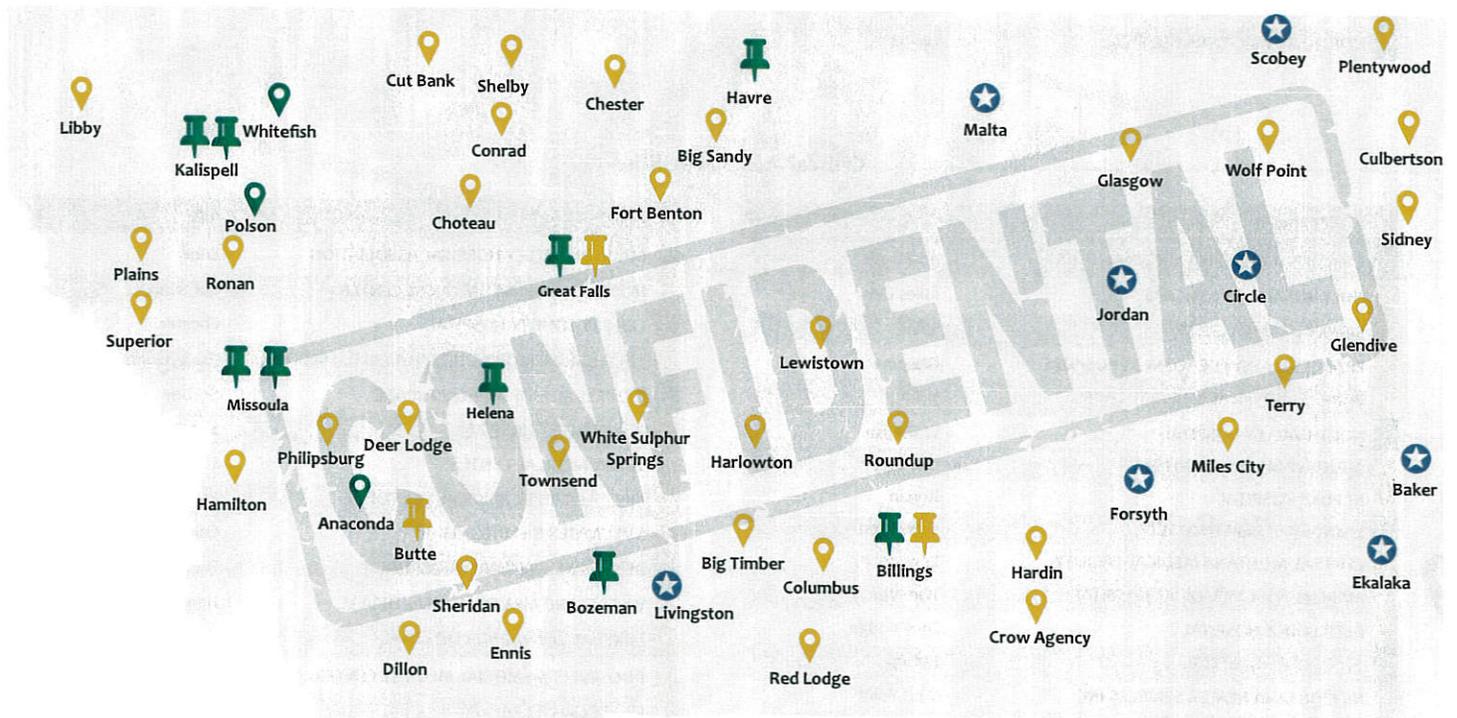
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WHY?
Page 7



WHEN \ WHERE



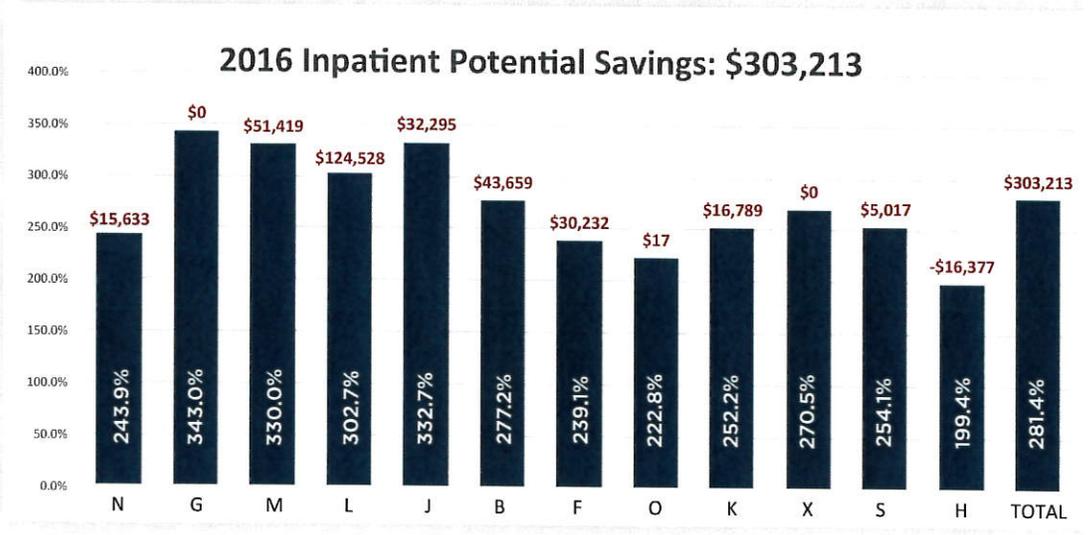
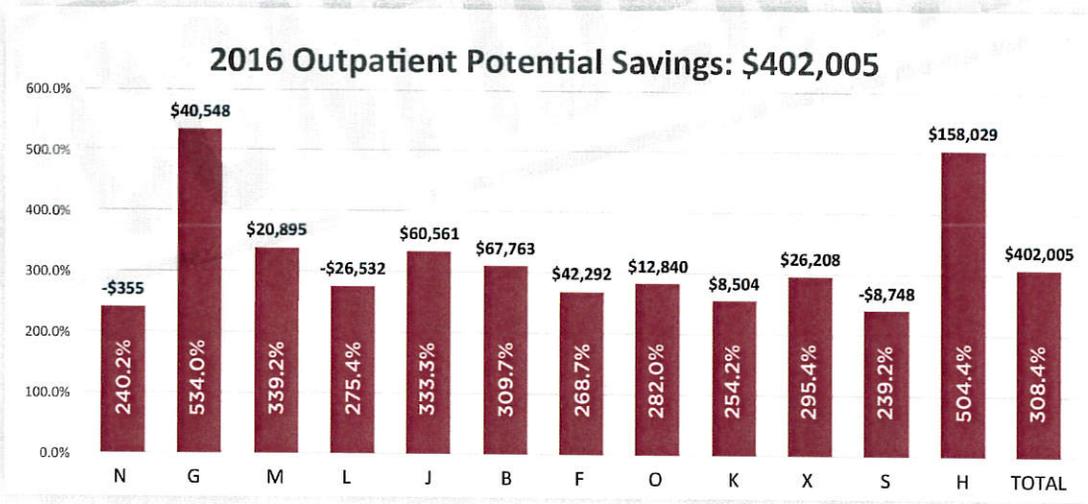
 **BLUE** = Signed Facilities

 **GREEN** = Ongoing Meetings

 **YELLOW** = Meetings Requested



WHY



Memorandum

TO: MMIA EMPLOYEE BENEFITS COMMITTEE

FROM: AMANDA CLARK, EB PROGRAM MANAGER

DATE: THURSDAY JANUARY 26, 2017

RE: REFERENCE BASED PRICING

Actions Requested:

- **Staff is requesting a motion to recommend to the Board of Directors to adopt the reference based pricing model, starting 7/1/17.**

Health care costs across the state are at an all-time high and continuing to rise. As we have discussed in depth at previous meetings, Reference Based Pricing is a model Allegiance has adopted to create a system that is more predictable, transparent and equitable for both facilities and participants.

Currently, our members along with the plan pay vast differences between facilities around the state for the same exact services. Instead of individual facilities setting varying prices for the same services, Reference Based Pricing will involve allowing Allegiance to establish pricing ranges, based on the known reimbursement amounts of Medicare, for services and asking hospitals to accept those amounts. This normalizes the variances between facilities and allows those facilities who are charging a reasonable amount for services to remain charging what they currently are and asks those who are charging more for the same services to charge a more reasonable amount.

The cost impacts of adopting Reference Based Pricing are significant. Allegiance has predicted a savings of approximately \$1.8 million in the first year. That equates to an approximate 5.5% savings on claims.

Cohort Summary

2015-16 COMPARED TO 2016-17

Systolic Blood Pressure

Single participant record Per Plan Year (SPPY)

Plan Year	Range	# Results
2015-16	Optimal	1160
	Prehypertension	629
	Stage 1 Hypertension	73
	Stage 2 Hypertension	8
	Total:	1870
2016-17	Optimal	1103
	Prehypertension	788
	Stage 1 Hypertension	174
	Stage 2 Hypertension	13
	Total:	2078

Cohort Examples

2015-16 SPPY		2016-17 Classifications SPPY			
Classification	# Re-screened	Optimal (≤ 120)	Prehypertension (121-139)	Stage 1 Hypertension (140-159)	Stage 2 Hypertension (≥ 160)
Optimal (≤ 120)	970 62.6%	634 65.4%	289 29.8%	45 4.6%	2 0.2%
Prehypertension (121-139)	514 33.2%	169 32.9%	267 51.9%	72 14.0%	6 1.2%
Stage 1 Hypertension (140-159)	60 3.9%	14 23.3%	33 55.0%	12 20.0%	1 1.7%
Stage 2 Hypertension (≥ 160)	5 0.3%	0.0%	3 60.0%	1 20.0%	1 20.0%
Total	1549	817 52.7%	592 38.2%	130 8.4%	10 0.6%

Cohort Summary

2015-16 COMPARED TO 2016-17

Body Mass Index (BMI)

Single participant record Per Plan Year (SPPY)

Plan Year	Range	# Results
2015-16	Underweight	23
	Optimal	531
	Overweight	698
	Obese	610
	Total:	1862
2016-17	Underweight	22
	Optimal	624
	Overweight	760
	Obese	665
	Total:	2071

Cohort Examples

2015-16 SPPY		2016-17 Classifications SPPY			
Classification	# Re-screened	Underweight (< 18.5)	Optimal ($18.5 - 24.9$)	Overweight ($25.0 - 29.9$)	Obese (≥ 30.0)
Underweight (< 18.5)	21 1.4%	10 47.6%	11 52.4%	0.0%	0.0%
Optimal ($18.5 - 24.9$)	459 29.8%	4 0.9%	409 89.1%	44 9.6%	2 0.4%
Overweight ($25.0 - 29.9$)	575 37.3%	0.0%	40 7.0%	489 85.0%	46 8.0%
Obese (≥ 30.0)	486 31.5%	0.0%	0.0%	35 7.2%	451 92.8%
Total	1541	14 0.9%	460 29.9%	568 36.9%	499 32.4%

Cohort Summary

2015-16 COMPARED TO 2016-17

Total Cholesterol*

Single participant record Per Plan Year (SPPY)

Plan Year	Range	# Results
2015-16	Optimal	1042
	Borderline High	586
	High	242
	Total:	1870
2016-17	Optimal	1363
	Borderline High	559
	High	155
	Total:	2077

Cohort Examples

2015-16 SPPY		2016-17 Classifications SPPY		
Classification	# Re-screened	Optimal (< 200)	Borderline High ($200 - 239$)	High (≥ 240)
Optimal (< 200)	1060 56.7%	953 89.9%	95 9.0%	12 1.1%
Borderline High ($200 - 239$)	578 30.9%	217 37.5%	341 59.0%	20 3.5%
High (≥ 240)	233 12.5%	23 9.9%	91 39.1%	119 51.1%
Total	1871	1193 63.8%	527 28.2%	151 8.1%

*Data table includes cohort data collected by ISWM and CareHere

Cohort Summary

2015-16 COMPARED TO 2016-17

Cholesterol to HDL Ratio

Single participant record Per Plan Year (SPPY)

Plan Year	Range	# Results
2015-16	Optimal	625
	Borderline High	859
	High	386
	Total:	1870
2016-17	Optimal	986
	Borderline High	797
	High	294
	Total:	2077

Cohort Examples

2015-16 SPPY		2016-17 Classifications SPPY		
Classification	# Re-screened	Optimal (< 3.5)	Borderline High ($3.5 - 5.0$)	High (> 5.0)
Optimal (< 3.5)	513 33.1%	470 91.6%	42 8.2%	1 0.2%
Borderline High ($3.5 - 5.0$)	712 46.0%	237 33.3%	424 59.6%	51 7.2%
High (> 5.0)	324 20.9%	14 4.3%	136 42.0%	174 53.7%
Total	1549	721 46.5%	602 38.9%	226 14.6%

Cohort Summary

2015-16 COMPARED TO 2016-17

Hemoglobin A1C *

Single participant record Per Plan Year (SPPY)

Plan Year	Range	# Results
2015-16	Optimal	46
	Pre-Diabetic	100
	Diabetic	88
	Total:	234
2016-17	Optimal	1398
	Pre-Diabetic	579
	Diabetic	100
	Total:	2077

Cohort Examples

2015-16 SPPY		2016-17 Classifications SPPY		
Classification	# Re-screened	Optimal (< 5.7)	Pre-Diabetic ($5.7 - 6.4$)	Diabetic (≥ 6.5)
Optimal (< 5.7)	49 21.0%	39 79.6%	10 20.4%	0.0%
Pre-Diabetic ($5.7 - 6.4$)	103 44.2%	13 12.6%	77 74.8%	13 12.6%
Diabetic (≥ 6.5)	81 34.8%	2 2.5%	11 13.6%	68 84.0%
Total	233	54 23.2%	98 42.1%	81 34.8%

*Data table includes cohort data collected by ISWM and CareHere

Improving Individual Health While Lowering Health Care Costs Through Targeted Disease Management Services

Presented to

Montana Municipal Interlocal Authority

By Take Control, Inc.
Laura Del Guerra, President

January 9, 2017

PO Box 9132
Missoula, MT 59807
800-746-2970
laura@takecontrolmt.com



Take
CONTROL  Eat Well. Stay Active. Reduce Your Risks.™

this, is because we track and compile the “before and after” medical and financial outcomes of the members we coach. Our competitors do not. Take Control is a small, local, woman-owned Montana business. Our coaches live in Montana and understand the Montana lifestyle, including the challenges in rural areas, and the medical resources available in various towns and cities. Our competitors are behemoth companies located in large cities that charge fees based on members they are not even “coaching”. We don’t feel it’s ethical to charge for plan members who are not enrolled in our program. In summary, we’re different from our competitors in both plan management goals and services; and in member health outcomes:

Plan Management Goals and Services	Member Health Outcomes
Take the time to understand plan goals	Identify highest risk/cost members to enroll first
Review and analyze claims data	Work with specific/assigned coaches to build relationship
Identify problems in spending (opportunities for improvement)	Work with coaches on a monthly/scheduled appointment (not randomly as a number that comes up in a system)
Determine interventions needed	Work via telephone, which is convenient, confidential, flexible, and allows members to open up easily
Lower annual health claim costs	Track before, mid, and after program biometric data
Report biometric and financial outcomes to plan management annually, to prove return on investment	We leave a long-term positive impact on the members we work with: their lives are changed, they’re happier, healthier, more productive, and have created long-term lifestyle change.



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CONTROL  **Eat Well. Stay Active. Reduce Your Risks.™**

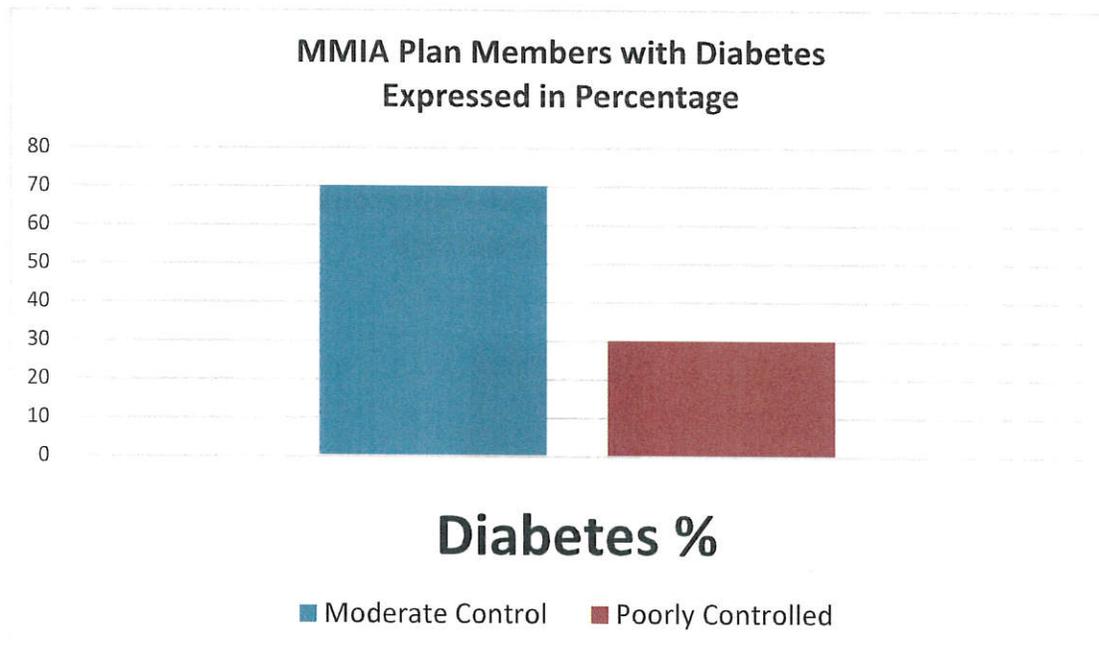
DIABETES

People diagnosed with diabetes cost health plans a greater amount of money than those without diabetes. These increased costs are distributed as follows:

- Inpatient hospital stays (43% of total medical cost)
- Prescription medications to treat complications of diabetes (18%)
- Diabetes supplies and medications (12%)
- Physician office visits (9%)
- Nursing and residential facility stays (8%)

Why intervene?

Our review of MMIA data revealed that members with an A1c (laboratory test used to measure control of patients with diabetes) greater than 8% cost the MMIA health plan approximately \$6,210 per person in the previous 12 month period, compared to \$3,732, the average annual cost per plan member.



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CONTROL**  **L** Eat Well. Stay Active. Reduce Your Risks.™

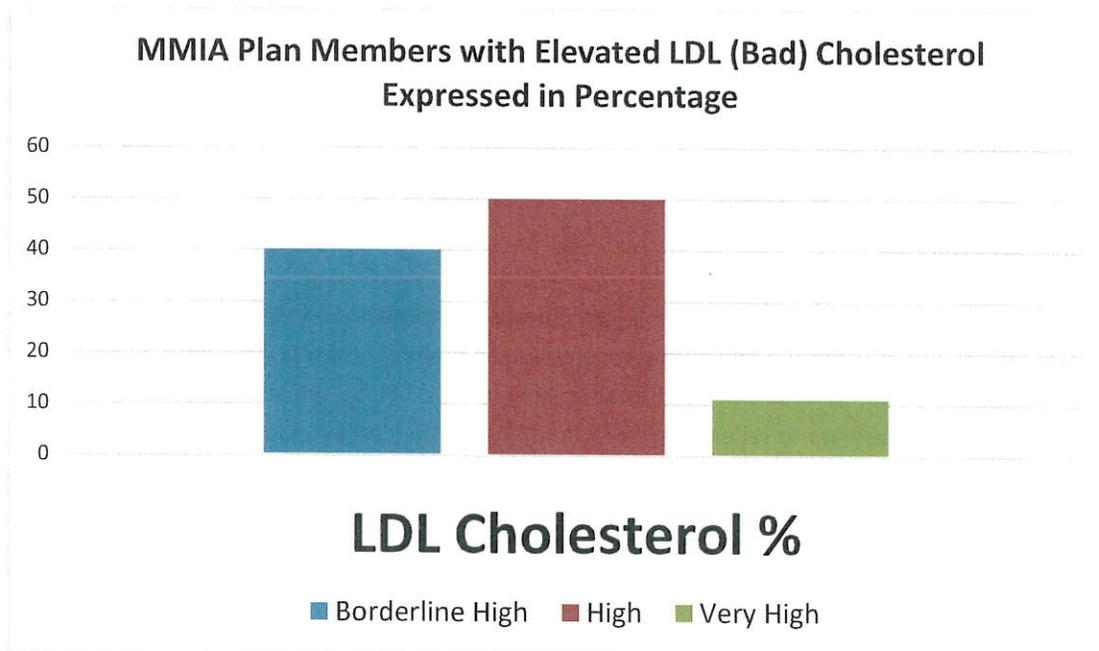
HIGH LDL CHOLESTEROL

LDL cholesterol is an important marker for the risk of developing heart disease. In fact, there is a strong correlation between lowering LDL cholesterol and decreasing the risk of developing heart disease. Lifestyle interventions are the first line of treatment in lowering cholesterol levels. Regular exercise, an improved diet, and nutrition supplements can improve LDL cholesterol levels by 20-40%.

Why intervene?

- Thirty one percent of Americans have high LDL cholesterol
- Fewer than one half of people with high LDL cholesterol have their condition under control
- People with high total cholesterol have more than twice the risk for heart disease than those with ideal cholesterol levels

Source: <http://health.usnews.com/health-conditions/heart-health/lowering-ldl-cholesterol/overview>



Take CONTROL Eat Well. Stay Active. Reduce Your Risks.™

OUR OUTCOMES:

Take Control has a proven track record of success. Current clients have experienced the following financial benefits.*

- Per member per month savings of \$165 to \$361 (\$1,980 - \$4,332 per member per year)
- Decrease in all-cause emergency room visits by 11-39%
- Decrease in hospital length of stay on average 1.2 – 3.6 days (a decrease ranging from 30-75%)
- Decrease in rates of hospital admission ranging from 15-46%

*These numbers should in no way be interpreted as a guarantee of results, as each plan is unique.

PRICING STRUCTURE:

Risk Reduction Program (RRP):

MMIA will be charged a \$50 enrollment fee and two bi-annual installments of \$600 per enrollee

MMIA will be billed at months 1 and 7 for each participant

Due upon receipt of monthly invoice

Net 15

Education and Support Program (ESP):

MMIA will be charged \$12/month (\$144 annually) for each participant enrolled in ESP Program.

Special/ Additional Reports:

- In the event that reports are required (other than annual outcomes report), Take Control will charge client for actual time spent by Take Control staff at hourly rates outlined in contract.
- Billed on monthly invoice
- Net 15

Minimum term of contract is one year from date of contract signing. In the event of contract termination a 90 day notice is required for either party. Late payment fees will be assessed on any account that is 30 days past due.

Final terms and conditions will be provided in the contract for services.



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David E. Turner, FSA

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Phone/fax toll-free: (877) 496-1782
dturner@tcbenefits.com www.tcbenefits.com

January 20, 2017

Ms. Amanda Clark
Montana Municipal Interlocal Authority
PO Box 6669
Helena, MT 59604-6669

Dear Amanda:

Re: Montana Municipal Interlocal Authority – July 1, 2017 Rates

The purpose of this report is to illustrate preliminary rates and reserves for the plan year beginning 7/1/17, using claim experience through December 2016. Underwriting documentation is provided in the attached spreadsheets.

Experience Summary

We have reviewed 24 months of claim experience for this analysis. The table below shows historical results:

	Recent 12 mos. Medical	Recent 24 mos. Medical	Dental	Vision
Est. Revenue	\$30.4M	\$58.3M	\$1.46M	\$0.25M
Med/Rx Claims	\$27.6M	\$51.8M	\$1.14M	\$0.23M
Revenue less Claims	\$2.8M	\$6.5M	\$0.32M	\$0.02M
Loss Ratio	90.7%	88.9%	78.0%	92.2%
PEPM	\$813.68	\$776.36	\$47.46	\$11.21
PEPM % Increase	+10.3%	+15.8%	+1.9%	+4.9%

Reserves and Margin

We believe a self-funded program should hold two distinct types of reserves on their books:

- Incurred But Not Reported (IBNR) Claims** - This reserve reflects the liability for claims incurred during the 12 month experience period but not yet paid due to normal billing, submission, and processing delays. In the event of program termination, this liability would be funded by the program and would be covered by IBNR funds set aside during pre-termination operations. Normally the reserve reflects 1 to 3 months of claims, depending on the type of coverage and the TPA's processing patterns. We also include 12% admin in the IBNR to cover likely admin expenses to pay runout claims.
- Claim Fluctuation Margin** – This reserve reflects random claim fluctuation in a program and provides funds for plan years that have unfavorable claim experience. These funds can be used to pay higher than expected claims and/or smooth future rate increases following unfavorable years. MMIA should maintain a Claim Fluctuation Margin amount necessary to provide a 95% confidence level that claims/fixed costs will not exceed premium plus margin in a given year.

Recommended funding levels for these amounts are shown below.

Med/Rx/Dental/Vision Reserves/Margin	IBNR	Margin (95% Conf.)	Total
As of 12/31/16	\$2,782,402	\$6,241,571	\$9,023,973

The MMIA's current funding status is as follows:

Summary of Financial Status	
Cash & Investments 12/31/2016	\$12.56M
Less non-IBNR Liabilities	<u>\$0.87M</u>
Available Funds	\$11.69M
IBNR (medical/dental/vision)	\$2.78M
95% Confidence Level Claim Fluctuation Margin	\$6.24M
Surplus (usage subject to MMIA policy)	\$2.67M

Methodology

This actuarial report follows standard actuarial and underwriting methods to determine projected costs and reserves. In general, paid claims from the most recent 12 months of data are adjusted for historical plan changes and divided by the covered employees/members during that same period to determine an average per employee per month cost. This figure is adjusted for IBNR reserve changes, expected plan changes (if any), and estimated annual healthcare cost increases (called "trend" in the industry) between the 12-month experience period and the projection period. Expected administrative expenses are added to this projected cost figure, and the total is multiplied by the current enrollment to determine total projected costs. This projected cost figure is compared to current rate levels on a per employee basis to determine the percentage increase to rates.

IBNR reserves are calculated using claim lag reports showing dates that claims were incurred and paid. We apply completion factors (developed over the most recent 6 months of data) to incurred claims to determine the incurred but not reported amounts.

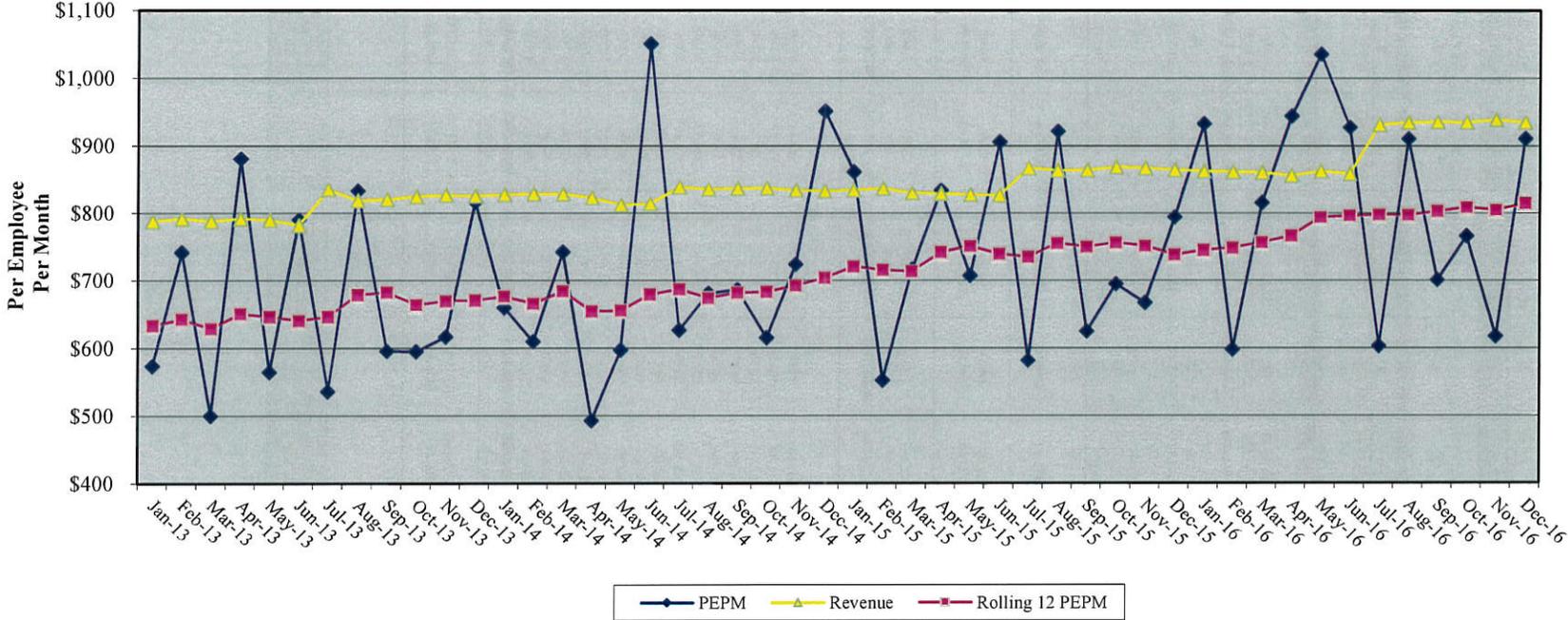
An underwriting exhibit is attached to this report package for additional detail.

Actuarial Assumptions

In consultation with MMIA staff, we used the following assumptions to project the funding requirements:

- **Trend (Inflation)** – We used trend factors of 8% for medical, 10% for Rx, 6% for dental, and 3% for vision. These are consistent with industry norms.
- **Claim Data** – We reviewed both 12 and 24 months of claim history
- **IBNR** – We estimated IBNR reserves using claim lag reports completion factors for all coverages
- **Enrollment** – Projected enrollment figures are not adjusted for any significant enrollment shifts.
- **Administrative Expenses** – These are based on figures provided by MMIA plus an adjustment for next year's cost increase of roughly 0%-15%. To the extent actual figures change, the rates could be adjusted.
- **Claim Fluctuation Margin** – 0% included in cost projections
- **Baseline Premium** – Calculated by multiplying the current revenue figures x 12 months.
- **Data Sources** – All claim and enrollment data was provided by MMIA and its vendors. We have reviewed the data for reasonableness and consistency, but have not verified the data for accuracy. Therefore, we are relying on MMIA and its vendors to provide accurate information.
- **Plan Design** – This report does not assume any plan changes.

MMIA Medical/Rx Net Claims



Memorandum

TO: MMIA EMPLOYEE BENEFITS COMMITTEE

FROM: AMANDA CLARK, EB PROGRAM MANAGER

DATE: THURSDAY JANUARY 26, 2017

RE: DISEASE MANAGEMENT – TAKE CONTROL

Actions Requested:

- **Staff is requesting a motion to recommend to the Board of Directors to replace existing disease management program with local company, Take Control, starting 7/1/17.**

Through our current disease management vendor StarPoint, participants have the opportunity to work with a nurse case manager who helps them to understand and manage chronic conditions such as COPD, chronic pain, Diabetes, high blood pressure and more. However, participation has dwindled over the last few years with current method.

In an effort to help our members better manage these conditions in a more comprehensive and personalized manner and get the most from disease management services, we have inquired and received a proposal from a local disease management company, Take Control.

Take Control provides individualized, evidence-based, goal driven health improvement services using actual claims data. Once identified through claims data, a high-risk member is enrolled in a one-year program. They are assigned two health coaches who build a personal relationship and create individualized improvement plans with the member. All Take Control coaches live in Montana and understand the Montana lifestyle, culture and medical resources available. We believe that this individualized, local approach will better serve our participants and help to further minimize claims costs. Furthermore, we will incorporate these programs into our wellness initiative and improvement goals.

This change is a budget neutral item in year one. Take Control will enroll 50 high risk plan members in the risk reduction program to maintain costs. In year two, the 50 original enrollees will be transitioned to an education and support program and an additional 75 plan members would be enrolled in the risk reduction program, which would have a budget impact of \$38,000 in year two.

Feedback from other self-funded groups in Montana has told us that Take Control is very effective in not only engaging members to participate in their services, but also in having an actual impact on lessening health risks and lowering claims costs. As noted in their proposal, Take Control has already identified several specific areas to focus on after an initial review of our plan.

Memorandum

TO: MMIA EMPLOYEE BENEFITS COMMITTEE

FROM: AMANDA CLARK, EB PROGRAM MANAGER

DATE: THURSDAY JANUARY 26, 2017

RE: RETIREE BASIC LIFE INSURANCE

Actions Requested:

- **Staff is requesting a motion to recommend to the Board of Directors to move retirees from current basic life to alternative options, starting 7/1/17.**

MMIA has always offered the basic life option as a pass through product to round out our benefits package. The basic life insurance is an employer paid benefit. For most of our membership, once an employee retiree they are no longer eligible to participate in the basic life insurance. However, we have 7 member groups that were grandfathered in to allow retirees to continue paying for the basic life insurance on their own. Many the retirees still on basic life no longer participate in our medical, dental or vision programs.

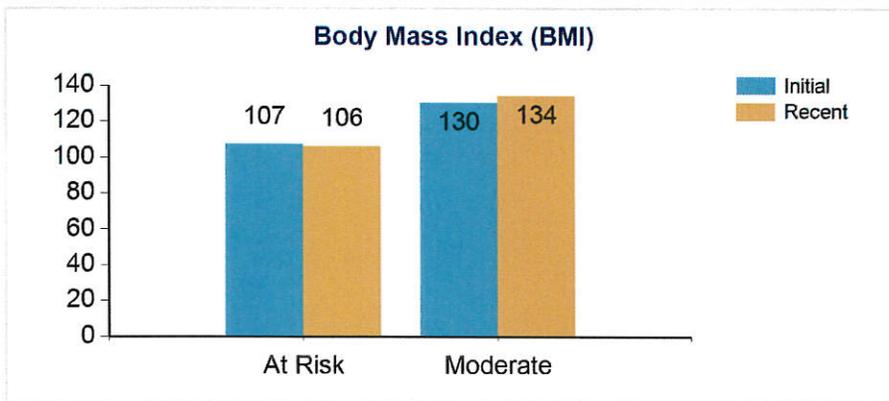
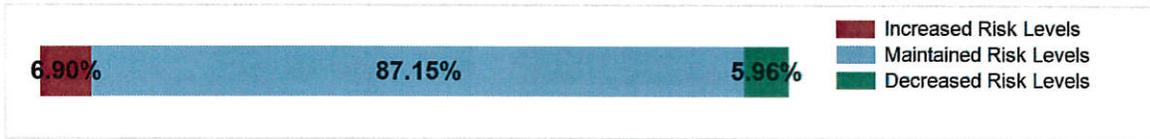
Due to an increase in basic life claims, we are seeing our basic life rates for our entire population trending up. In an effort to stabilize basic life rates for active employees', staff would propose dropping retirees from the basic life insurance program and offering them conversion options through Unum as well as directing them to explore options through their local agent.

Unum has agreed that they will drop the Basic AD&D rate from \$0.04/\$1,000 to \$0.03/\$1,000, if retirees are terminated from the policy. Basic Life and Voluntary Life rates are currently being negotiated for renewal, although it looks like some amount of increase will be necessary. The drop in AD&D costs will help to offset that increase.

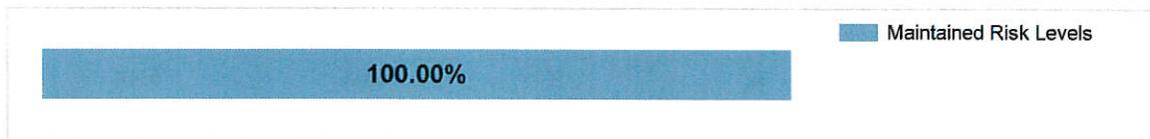
Through Unum, retirees could convert their coverage to a whole life plan or one year of preliminary term insurance that automatically converts to a whole life policy after the first year. Both options will convert without evidence of insurability and must be completed within 31 days that coverage through MMIA terminates.

MMIA will notify affected retirees very early of such a change, so that retirees can plan ahead in anticipation of what they choose to do for 7/1/17.

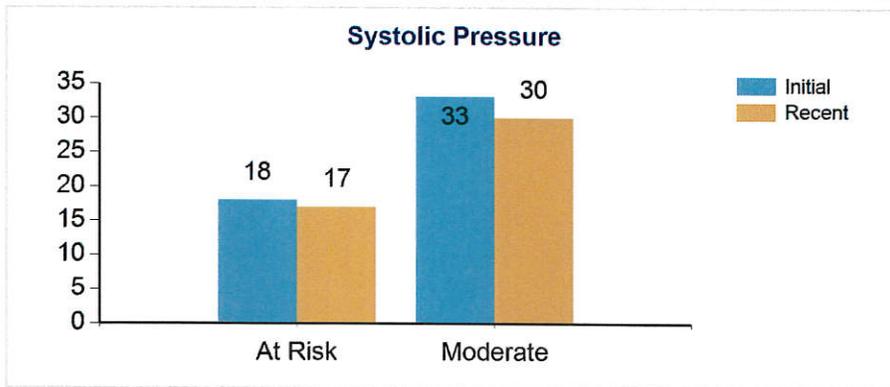
		Body Mass Index (BMI)			
Index		Initial	Recent	Initial Avg	Recent Avg
30 and Over	At Risk	107	106	35.48	35.47
25 - 29.9	Moderate	130	134	27.31	27.12
Less than 25	Normal	82	79	22.70	22.40



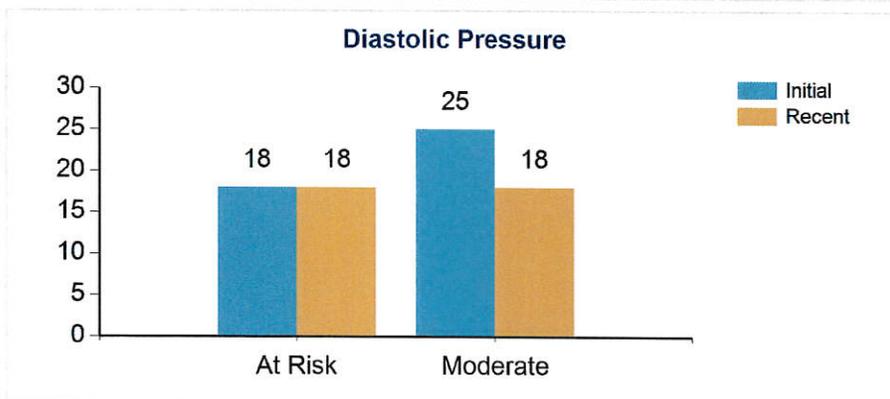
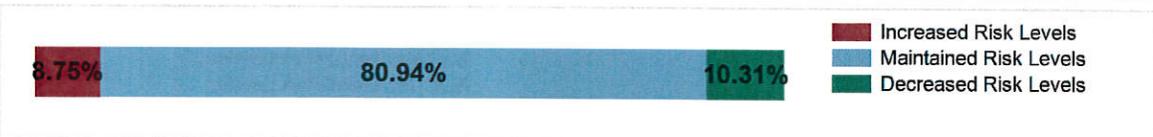
		Waist Circumference			
Gender	Index	Initial	Recent	Initial Avg	Recent Avg
Male	Under 40 - Normal	1	1	36.00	36.00



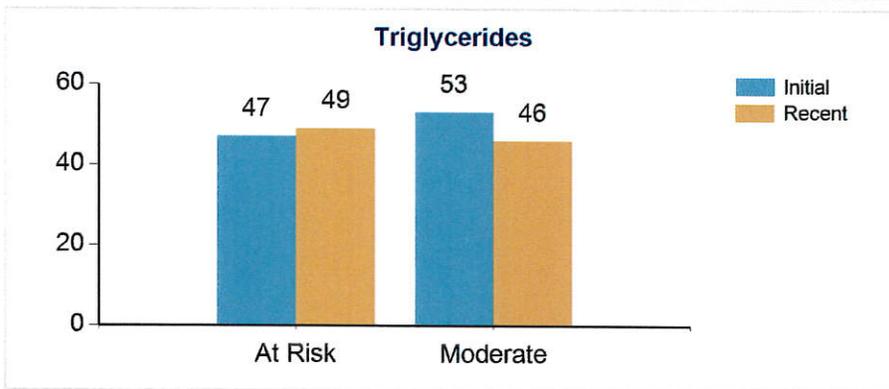
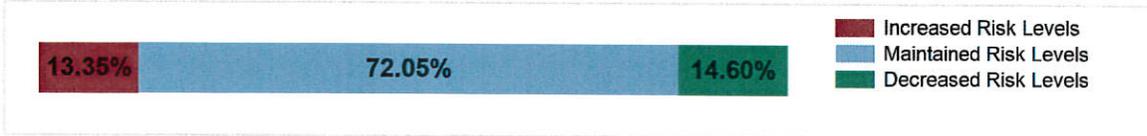
		Systolic Pressure			
Index		Initial	Recent	Initial Avg	Recent Avg
151 and Over	At Risk	18	17	161.56	162.29
140 - 150	Moderate	33	30	144.94	145.13
139 and Under	Normal	269	273	123.32	121.89



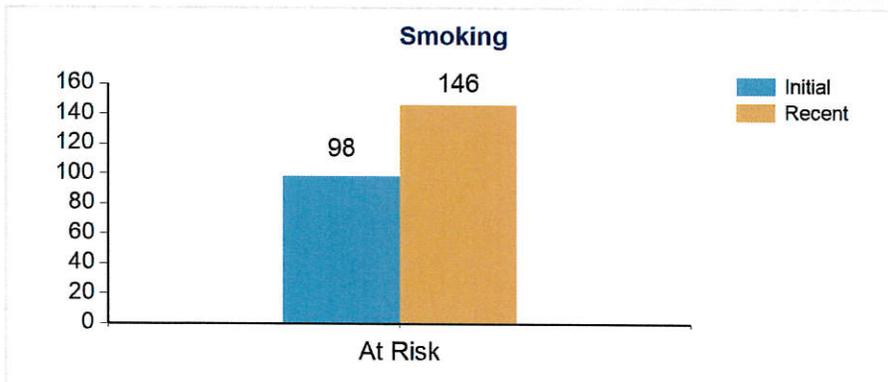
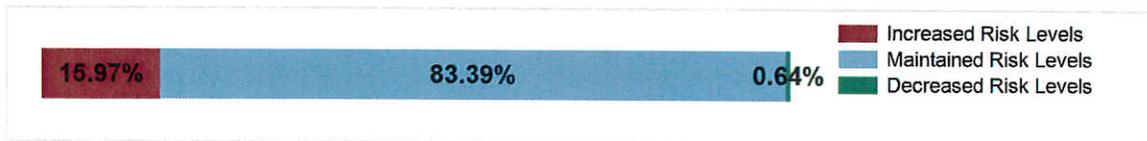
		Diastolic Pressure			
Index		Initial	Recent	Initial Avg	Recent Avg
96 and Over	At Risk	18	18	99.72	99.78
90 - 95	Moderate	25	18	91.96	91.33
89 and Under	Normal	277	284	77.65	76.00



		Triglycerides			
Index		Initial	Recent	Initial Avg	Recent Avg
200 and Over	At Risk	47	49	312.40	295.45
150 to 199	Moderate	53	46	170.09	170.39
149 and Under	Normal	222	227	91.16	93.43



		Smoking			
Index		Initial	Recent	Initial Avg	Recent Avg
1 - Yes	At Risk	98	146	1.00	1.00
0 - No	Normal	215	167	0.00	0.00



FY16/17 Wellness Budget (Incentives for health parameter goals)

	Number	Cost/Participant	Total Cost
Total screening costs	2200	\$175.00	\$385,000.00
ISWM Site Fees & Expenses			\$16,000.00
ISWM Consulting			\$3,000.00
ISWM HS	2600	\$48.00	\$124,800.00
ISWM Promotion/Education			\$90,000.00
MHC Screening	400	\$0.00	\$0.00
Participation Incentive	2600	\$52.85	\$137,410.00
Goal Met (Personal/Nat)	2600	\$200.00	\$527,410.00
ISWM BMI Health Coaching			\$1,500.00
Mailing			\$1,500.00

\$664,820.00 Total incentives

\$1,286,620.00

FY17/18 Wellness Budget (Incentives for health parameter goals)

	Number	Cost/Participant	Total Cost
Total screening costs	2200	\$160.00	\$352,000.00
ISWM Site Fees & Expenses			\$26,500.00
ISWM Consulting			\$3,000.00
ISWM HS	2675	\$48.00	\$128,400.00
ISWM Promotion/Education			\$60,000.00
MHC Screening	475	\$0.00	\$0.00
Participation Incentive	2675	\$52.85	\$141,373.75
80% Incentive	842	\$50.00	\$42,100.00
Goal Met (Personal/Nat)	2675	\$200.00	\$535,000.00
ISWM BMI Health Coaching			\$1,000.00
Mailing			\$1,000.00

\$718,473.75 Total incentives

\$1,290,373.75

SUMMARY SAVINGS REPORT ~ MMIA Scripts

Total of Invoices from **October 1, 2016 - December 31, 2016**

MEDICATION NAME	STRENGTH	CNTY	PILL COUNT	QNTY	COST	AVERAGE U.S. PLAN COST	NET PROGRAM SAVINGS	TIER	EMPLOYEE SAVINGS	GROUP SAVINGS	COMMENTS	NDC	GCNSEQ
ACTONEL	35MG	UK3	12	1	\$ 147.90	\$ 678.00	\$ 530.10	3	\$ 100.00	\$ 430.10		00430-0472-07	50364
ADVAIR DISKUS	100MCG	UK3	180	1	\$ 152.90	\$ 736.20	\$ 583.30	2	\$ 40.00	\$ 543.30		00173-0695-00	43366
ADVAIR DISKUS	250MCG	AUS	120	1	\$ 154.90	\$ 610.80	\$ 455.90	2	\$ 40.00	\$ 415.90		00173-0696-00	43367
ADVAIR DISKUS	250MCG	AUS	180	1	\$ 219.90	\$ 916.20	\$ 696.30	2	\$ 40.00	\$ 656.30		00173-0696-00	43367
ADVAIR DISKUS	500MCG	AUS	180	1	\$ 284.90	\$ 1,204.20	\$ 919.30	2	\$ 40.00	\$ 879.30		00173-0697-00	43368
ASACOL HD	800MG	UK3	504	1	\$ 671.90	\$ 3,306.24	\$ 2,634.34	3	\$ 100.00	\$ 2,534.34		00430-0783-27	53882
ASACOL HD	800MG	UK3	168	1	\$ 226.90	\$ 1,102.08	\$ 875.18	3	\$ 100.00	\$ 775.18		00430-0783-27	53882
AZOR	40/10MG	AUS	90	1	\$ 103.90	\$ 684.90	\$ 581.00	2	\$ 40.00	\$ 541.00		65597-0113-90	63182
CRESTOR	10MG	AUS	90	1	\$ 78.90	\$ 679.50	\$ 600.60	2	\$ 40.00	\$ 560.60		00310-0751-90	51784
CRESTOR	20MG	AUS	90	1	\$ 90.90	\$ 679.50	\$ 588.60	2	\$ 40.00	\$ 548.60		00310-0752-90	51785
DEXILANT DR	60MG	WCAD	90	1	\$ 269.90	\$ 607.50	\$ 337.60	2	\$ 40.00	\$ 297.60		64764-0175-90	64794
DULERA	100 MCG/5MCG	WCAD	360	1	\$ 382.90	\$ 752.40	\$ 369.50	3	\$ 100.00	\$ 269.50		00085-7206-01	66480
ELIQUIS	5MG	WCAD	180	1	\$ 369.90	\$ 912.60	\$ 542.70	3	\$ 100.00	\$ 442.70		00003-0894-21	70414
EPIPEN	0.3MG	UK3	2	3	\$ 392.70	\$ 1,449.24	\$ 1,056.54	2	\$ 120.00	\$ 936.54		49502-0500-02	16879
ESTROGEL	0.06%	UK3	240	1	\$ 41.90	\$ 472.80	\$ 430.90	3	\$ 100.00	\$ 330.90		17139-0617-40	54628
FARXIGA	5MG	UK3	84	1	\$ 233.90	\$ 927.36	\$ 693.46	3	\$ 100.00	\$ 593.46		00310-6205-30	71740
FLOVENT 110 MCG	125MCG	AUS	360	1	\$ 114.90	\$ 583.20	\$ 468.30	2	\$ 40.00	\$ 428.30		00173-0719-20	21251
FLOVENT 44 MCG	50MCG	UK3	360	3	\$ 338.70	\$ 1,296.00	\$ 957.30	2	\$ 120.00	\$ 837.30		00173-0718-20	21253
JANUMET	50/500	AUS	168	1	\$ 200.90	\$ 927.36	\$ 726.46	2	\$ 40.00	\$ 686.46		00006-0575-61	62531
JANUVIA	100MG	AUS	84	1	\$ 233.90	\$ 928.20	\$ 694.30	2	\$ 40.00	\$ 654.30		00006-0277-54	61614
LATUDA	60MG	WCAD	90	1	\$ 514.90	\$ 2,522.70	\$ 2,007.80	3	\$ 100.00	\$ 1,907.80		63402-0306-30	71415
MULTAQ	400MG	UK3	180	1	\$ 436.90	\$ 1,413.00	\$ 976.10	3	\$ 100.00	\$ 876.10		00024-4142-60	65367
NEXIUM	20MG	AUS	90	1	\$ 97.90	\$ 686.70	\$ 588.80	2	\$ 40.00	\$ 548.80		00186-5020-54	47525
NEXIUM	20MG	UK3	84	1	\$ 86.90	\$ 640.92	\$ 554.02	2	\$ 40.00	\$ 514.02		00186-5020-54	47525
NEXIUM	40MG	AUS	180	1	\$ 227.90	\$ 1,373.40	\$ 1,145.50	2	\$ 40.00	\$ 1,105.50		00186-5040-54	47526
PATADAY	0.20%	WCAD	15	1	\$ 268.90	\$ 865.65	\$ 596.75	2	\$ 40.00	\$ 556.75		00065-0272-25	62065
PREMARIN	0.625MG	UK3	84	1	\$ 32.90	\$ 332.64	\$ 299.74	2	\$ 40.00	\$ 259.74		00046-1102-81	3212
PREMARIN VAG	0.625MG/GM	WCAD	56	1	\$ 80.90	\$ 491.12	\$ 410.22	2	\$ 40.00	\$ 370.22		00046-0872-21	7013
PREVACID SOLUTAB	15MG	UK3	84	1	\$ 43.90	\$ 936.60	\$ 892.70	3	\$ 100.00	\$ 792.70		64764-0543-11	51653
QVAR 80 MCG	100MCG	AUS	400	1	\$ 78.90	\$ 540.00	\$ 461.10	2	\$ 40.00	\$ 421.10		59310-0204-12	46699
QVAR 80 MCG	100MCG	UK3	400	1	\$ 88.90	\$ 540.00	\$ 451.10	2	\$ 40.00	\$ 411.10		59310-0204-12	46699
RESTASIS	0.05%	WCAD	180	1	\$ 758.90	\$ 1,168.20	\$ 409.30	3	\$ 100.00	\$ 309.30		00023-9163-30	51820
SPIRIVA	18MCG	AUS	90	3	\$ 686.70	\$ 2,592.00	\$ 1,905.30	2	\$ 120.00	\$ 1,785.30		00597-0075-41	50714
SPIRIVA RESPIMAT	2.5MCG 4ML	WCAD	180	1	\$ 241.90	\$ 864.00	\$ 622.10	2	\$ 40.00	\$ 582.10		00597-0100-61	63164
VENTOLIN HFA	90MCG	AUS	600	1	\$ 48.90	\$ 132.00	\$ 83.10	2	\$ 40.00	\$ 43.10		00173-0682-20	28090
VENTOLIN HFA	90MCG	UK3	600	3	\$ 110.70	\$ 396.00	\$ 285.30	2	\$ 120.00	\$ 165.30		00173-0682-20	28090
VERAMYST	27.5 MCG	UK3	360	1	\$ 75.90	\$ 514.80	\$ 438.90	2	\$ 40.00	\$ 398.90		00173-0753-00	62658
VESICARE	10MG	WCAD	90	1	\$ 215.90	\$ 790.20	\$ 574.30	2	\$ 40.00	\$ 534.30		51248-0151-03	57983
VESICARE	5MG	AUS	90	1	\$ 173.90	\$ 790.20	\$ 616.30	2	\$ 40.00	\$ 576.30		51248-0150-03	57982
VYTORIN	10/20MG	AUS	90	1	\$ 251.90	\$ 704.70	\$ 452.80	2	\$ 40.00	\$ 412.80		66582-0312-31	57863
VYTORIN	10/40MG	AUS	90	1	\$ 244.90	\$ 704.70	\$ 459.80	2	\$ 40.00	\$ 419.80		66582-0313-31	57865
VYTORIN	10/80MG	AUS	90	1	\$ 248.90	\$ 704.70	\$ 455.80	2	\$ 40.00	\$ 415.80		66582-0315-31	57864
XARELTO	20MG	WCAD	90	2	\$ 719.80	\$ 1,823.40	\$ 1,103.60	2	\$ 80.00	\$ 1,023.60		50458-0579-10	68119
ZETIA	10MG	AUS	90	1	\$ 240.90	\$ 711.00	\$ 470.10	3	\$ 100.00	\$ 370.10		66582-0414-74	51214
ZETIA	10MG	UK3	84	3	\$ 499.70	\$ 1,990.80	\$ 1,491.10	3	\$ 300.00	\$ 1,191.10		66582-0414-74	51214
SHIPPING					\$ 705.00		\$ (705.00)			\$ (705.00)			
TOTALS				56	\$ 11,895.40	\$ 43,683.71	\$ 31,788.31		\$ 3,140.00	\$ 28,648.31			

* The CRX International price includes all costs to the plan. There are no further charges, such as, electronic transaction fees or per member per month administration costs.

Memorandum

TO: MMIA EMPLOYEE BENEFITS COMMITTEE

FROM: AMANDA CLARK, EB PROGRAM MANAGER

DATE: THURSDAY JANUARY 26, 2017

RE: WELLNESS PROGRAM CHANGES FOR FY17-18

Actions Requested:

- **Staff is requesting a motion to recommend to the Board of Directors to no longer allow child dependents 18+ to participate in the wellness program.**
- **Staff is requesting a motion to recommend to the Board of Directors to remove the tobacco incentive.**
- **Staff is requesting a motion to recommend to the Board of Directors an 80% employee participation incentive.**

Currently, child dependents age 18 and over are allowed to participate in the wellness program. After evaluating ways to more efficiently run the wellness program staff would like to recommend no longer allowing child dependents to participate in the wellness program. The purpose of the wellness program has always been to identify health risks in our members in an effort to increase awareness, make improvements and prevent claims. Incentives are offered to motivate individuals in the shared endeavor to improve the future of the program. Child dependents ages 18 to 26 are not necessarily individuals with health risks, nor do they have a long term stake in the future of the program. By disallowing child dependents ages 18 and over the plan would save approximately \$46,000 in screening and incentive costs this year.

After reviewing tobacco cessation results over the past several years, the improvements made by participants have been small. About 80% of our participants reported this year that they do not use any nicotine, which is consistent with last year. While we have made some improvements with 1.7% of nicotine users reporting that they've quit tobacco, the remaining 20% that are still using nicotine are unlikely to stop using nicotine due to a \$50 annual incentive, if they have not already done so. We still provide tobacco cessation support and benefits, should a person be so inclined. However, the program would be better served to invest the money allocated for this incentive elsewhere. We recommend removing the tobacco health factor and incentive, which will save the program \$101,000 for the year.

Participation has increased back up to the 70% level for employees, as we have achieved in the past. However, staff would like to make a push to increase that. In previous years, we have given a 70% participation incentive that successfully pushed participation to that level. Staff recommends providing an incentive of \$50 per participant, if 80% of the eligible employees participate in the program. We anticipate the cost for this incentive would be approximately \$42,000 based on current participation rates.

The net impact of these changes still allows participants to achieve a total of \$300 for their efforts within the wellness program; however, saves the plan approximately \$105,000 for the year.

Wellness Participation Comparison FY1415 thru FY1617

	Eligible Participants					Attended Screenings					Total Participation (%)				
	Ees	Ret	Spse	DG18	Total	Ees	Ret	Spse	DG18	Total	Ees	Ret	Spse	DG18	Total
FY1415	2352	470	905	537	4264	1648	120	460	89	2317	70.1%	25.5%	50.8%	16.6%	54.3%
FY1516	2509	466	928	545	4448	1558	138	437	109	2242	62.1%	29.6%	47.1%	20.0%	50.4%
FY1617	2527	412	951	530	4420	1752	130	526	126	2534	69.3%	31.6%	55.3%	23.8%	57.3%

- * **Ret** - includes all retirees and retirees' spouses that are on the plan
- * **Spse** - includes all spouses of active employees on the plan

Increase/Decrease from Previous Year					
	Ees	Ret	Spse	DG18	Total
FY1516	-8.0%	4.1%	-3.7%	3.4%	-3.9%
FY1617	7.2%	1.9%	8.2%	3.8%	6.9%

Wellness Participation Comparison FY1415 thru FY1617

	Eligible Participants					Attended Screenings					Total Participation (%)				
	Ees	Ret	Spse	DG18	Total	Ees	Ret	Spse	DG18	Total	Ees	Ret	Spse	DG18	Total
FY1415	2352	470	905	537	4264	1648	120	460	89	2317	70.1%	25.5%	50.8%	16.6%	54.3%
FY1516	2509	466	928	545	4448	1558	138	437	109	2242	62.1%	29.6%	47.1%	20.0%	50.4%
FY1617	2527	412	951	530	4420	1752	130	526	126	2534	69.3%	31.6%	55.3%	23.8%	57.3%

- * **Ret** - includes all retirees and retirees' spouses that are on the plan
- * **Spse** - includes all spouses of active employees on the plan

	Increase/Decrease from Previous Year				
	Ees	Ret	Spse	DG18	Total
FY1516	-8.0%	4.1%	-3.7%	3.4%	-3.9%
FY1617	7.2%	1.9%	8.2%	3.8%	6.9%



LIFE INSURANCE
NOTIFICATION OF CONVERSION PRIVILEGE
Unum Life Insurance Company of America (Unum)

1. **Conversion rights** – When your group life insurance terminates or the amount of coverage you have is reduced, you can convert your coverage to an individual Whole Life Policy or you may purchase a Single Premium Convertible One-Year Term Life Policy. You may purchase either of these options without having to provide evidence of insurability.
2. **Start Conversion within 31 days** – Your life insurance coverage under your employer's group policy remains in effect for 31 days after the date of termination or reduction of coverage. You may apply for conversion any time within that period.

If you do not apply within 31 days, the option to convert will no longer be available to you.

How to apply for Conversion

If you wish to convert your group life insurance coverage to an individual policy, complete the attached application and send it with your first premium payment (made payable to Unum) to:

Unum
Portability and Conversion Unit
2211 Congress St.
Portland, Maine 04122

3. **Amount of coverage you can buy** – When your group coverage terminates or reduces, you can apply for any amount of life insurance up to, but not exceeding the amount you had under your group plan.
4. **Cost of an individual policy** – The rates included in this package show the cost of an individual policy. If your rate is not listed, please call Unum at 1-800-421-0344.

COMPLETING THE APPLICATION

1. **Employer completes this section** – Employer must complete the top section of the application before giving to the employee.
2. **Employee completes this section** – Employee must complete this section in order to continue this coverage.
 - a. **Print Insured's Name** – Enter full name, check male or female and enter date of birth.
 - b. **Applicants / Dependent's Name (if other than insured)** – Enter the name of the person applying for insurance if it is other than the insured person. Check male or female and enter date of birth.
 - c. **Insured's Address** – Enter full mailing address of the insured.
3. **What type of insurance are you electing?** You may elect Individual Whole Life or a Single Premium Convertible One-Year Term Life Policy. If you elect the Single Premium Convertible Policy, your Whole Life Insurance Policy will become effective after one year provided the premium due is received within the lifetime of the insured and within the Grace Period as provided in your Whole Life Policy.
4. **What is the amount of insurance you wish to convert** – Enter the exact amount of life insurance you wish to convert to an individual policy. Please note that you may not convert an amount in excess of the amount of coverage you held under the group policy.
5. **Check premium payment mode** – Check the box next to the mode of payment that you elect to pay your premiums.
6. **Do you wish to elect Automatic Premium Loan** – You are entitled to have any loan value on the policy automatically used to pay any premium which is unpaid on expiration of the 31 day grace period.
7. **Whom do you wish as beneficiary(ies) under the Individual Policy** – Enter the full name and relationship of your Primary and Contingent beneficiaries.
8. **Signatures** –
 - Insured's Signature** – The person whose life is being covered for insurance must sign the application unless he/she is under 18 years of age.
 - Applicant's Signature** – If the insured is under 18 years of age, the parent or guardian who will be paying the insurance premiums must sign here.
 - Witness Signature** – Any person other than the insured must sign as a witness to the application.

Special Instructions for Completing the Application

- A separate application must be completed for each applicant applying for coverage.
- Any changes made to your answers must be initialed and dated.

FRAUD NOTICE

For Residents of Maine, Tennessee and Washington: It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

For Residents of Florida: Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony of the third degree.

For Residents of Kansas: Any person who knowingly and with intent to defraud presents false information in an application for insurance may be guilty of a crime and may be subject to fines and confinement in prison.

For Residents of Kentucky, Ohio and Pennsylvania: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

For Residents of Minnesota: Any person who knowingly or willfully makes a false or fraudulent statement in, or relative to, any application for insurance or membership for any purpose shall be guilty of a gross misdemeanor.

For Residents of New Jersey: Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.

For Residents of New Mexico: Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to civil fines and criminal penalties.

For Residents of Puerto Rico: Any person who, knowingly and with intent to defraud, presents false information in an insurance request form, or who presents, helps or has presented a fraudulent claim for the payment of a loss or other benefit, or presents more than one claim for the same damage or loss, will incur a felony, and upon conviction will be penalized for each violation with a fine no less than five thousand (5,000) dollars nor more than ten thousand (10,000) dollars, or imprisonment for a fixed term of three (3) years, or both penalties. If aggravated circumstances prevail, the fixed established imprisonment may be increased to a maximum of five (5) years; if attenuating circumstances prevail, it may be reduced to a minimum of two (2) years.

For Residents of the District of Columbia: Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

For Residents of All Other States: Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance may be guilty of a crime and may be subject to fines and confinement in prison.

How to Calculate Your Premium Payment

<p><u>Calculate Your Premium Payment</u></p> <p>1. Determine if you want the whole life or the 1-Year Term coverage. The 1-Year Term will be renewed next year at your attained age to Whole Life coverage assuming premiums are paid in full. If you elect the 1-Year Term, you must submit an annual premium payment. Note that the 1-Year Term coverage is not available in all states.</p>	<p style="text-align: center;"><u>Check Your Elections Below</u></p> <p style="text-align: center;">Whole Life 1-Year Term</p> <p style="text-align: center;"><input type="checkbox"/> <input type="checkbox"/></p>																								
<p>2. If you have selected whole life, determine whether you want to pay your whole life premiums annually, semi-annually, or quarterly.</p>	<p style="text-align: center;">Annual Semi-Annual Quarterly</p> <p style="text-align: center;"><input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p>																								
<p>3. Find your rate on the rate table. The rate is based on the type of coverage you want and your age at the time your conversion coverage begins, which is 31 days from the time your group coverage terminates or is reduced.</p>	<p>Base Rate per \$1,000 of Coverage _____</p>																								
<p>4. Determine the amount of insurance you want. You may have any amount up to and including the amount you had under the group plan.</p>	<p>Amount of Coverage _____</p>																								
<p>5. <u>Calculate Your Premiums</u></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">a. Base rate per thousand dollars of coverage:</td> <td style="width: 10%;">Base Rate</td> <td style="width: 10%;"></td> <td style="width: 10%; text-align: right;">_____</td> </tr> <tr> <td>b. Number of thousand dollar units you want:</td> <td># of \$1,000 Units</td> <td style="text-align: center;">x</td> <td style="text-align: right;">_____</td> </tr> <tr> <td>c. Multiply a. by b.:</td> <td>Base Rate X # of Units</td> <td></td> <td style="text-align: right;">_____</td> </tr> <tr> <td>d. If you selected whole life, add the policy fee:</td> <td>Policy Fee</td> <td style="text-align: center;">+</td> <td style="text-align: right;">_____</td> </tr> <tr> <td colspan="2"> <p style="margin-left: 20px;">No policy fee for 1-Year Term</p> <p style="margin-left: 20px;">Annual \$90.00 per payment</p> <p style="margin-left: 20px;">Semi-annual \$46.80 per payment</p> <p style="margin-left: 20px;">Quarterly \$24.75 per payment</p> </td> <td></td> <td></td> </tr> <tr> <td>e. TOTAL c. and d. This is your premium.</td> <td>* TOTAL</td> <td></td> <td style="text-align: right;"> <p>_____</p> <p>=====</p> </td> </tr> </table> <p style="margin-top: 10px;">Please make your check payable to Unum</p>		a. Base rate per thousand dollars of coverage:	Base Rate		_____	b. Number of thousand dollar units you want:	# of \$1,000 Units	x	_____	c. Multiply a. by b.:	Base Rate X # of Units		_____	d. If you selected whole life, add the policy fee:	Policy Fee	+	_____	<p style="margin-left: 20px;">No policy fee for 1-Year Term</p> <p style="margin-left: 20px;">Annual \$90.00 per payment</p> <p style="margin-left: 20px;">Semi-annual \$46.80 per payment</p> <p style="margin-left: 20px;">Quarterly \$24.75 per payment</p>				e. TOTAL c. and d. This is your premium.	* TOTAL		<p>_____</p> <p>=====</p>
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<p><u>Example</u></p> <p>1. A 44 year old person decides to convert to a whole life policy</p> <p>2. The person wants to convert \$25,000 of coverage</p> <p>3. The person wants to pay premiums semi-annually</p> <p>4. The semi-annual rate for a 44 year old is \$10.26 per \$1,000 of insurance</p> <p>5. Calculate premiums:</p> <table style="width: 100%; border: none; margin-top: 10px;"> <tr> <td style="width: 50%;">a. Base rate per thousand dollars of coverage:</td> <td style="width: 10%;"></td> <td style="width: 10%; text-align: right;">\$10.26</td> </tr> <tr> <td>b. Number of thousand dollar units you want:</td> <td style="text-align: center;">X</td> <td style="text-align: right;">25</td> </tr> <tr> <td>c. Multiply a. by b.:</td> <td></td> <td style="text-align: right;">\$256.50</td> </tr> <tr> <td>d. If you selected whole life, add the policy fee:</td> <td></td> <td></td> </tr> <tr> <td colspan="2"> <p style="margin-left: 20px;">No policy fee for 1-Year Term</p> <p style="margin-left: 20px;">Annual \$90.00 per payment</p> <p style="margin-left: 20px;">Semi-annual \$46.80 per payment</p> <p style="margin-left: 20px;">Quarterly \$24.75 per payment</p> </td> <td style="text-align: right;"> <p style="margin-left: 20px;">\$0.00</p> <p style="margin-left: 20px;">-</p> <p style="margin-left: 20px;">\$46.80</p> <p style="margin-left: 20px;">-</p> <p style="margin-left: 20px;">-----</p> </td> </tr> <tr> <td>e. TOTAL c. and d. This is your premium.</td> <td></td> <td style="text-align: right;">\$303.30</td> </tr> </table>		a. Base rate per thousand dollars of coverage:		\$10.26	b. Number of thousand dollar units you want:	X	25	c. Multiply a. by b.:		\$256.50	d. If you selected whole life, add the policy fee:			<p style="margin-left: 20px;">No policy fee for 1-Year Term</p> <p style="margin-left: 20px;">Annual \$90.00 per payment</p> <p style="margin-left: 20px;">Semi-annual \$46.80 per payment</p> <p style="margin-left: 20px;">Quarterly \$24.75 per payment</p>		<p style="margin-left: 20px;">\$0.00</p> <p style="margin-left: 20px;">-</p> <p style="margin-left: 20px;">\$46.80</p> <p style="margin-left: 20px;">-</p> <p style="margin-left: 20px;">-----</p>	e. TOTAL c. and d. This is your premium.		\$303.30						
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<p>* This is the estimated amount due per payment, actual billed amount may vary slightly due to rounding.</p>																									

Your actual coverage is subject to the terms, conditions, limitations and restrictions set forth in your certificate of coverage and the Summary of Benefits or Policy.

Montana Municipal
Interlocal Authority

(800) 635 3089

PO Box 6669

Helena, MT 59604-6669



COVERAGE – LIABILITY MEMORANDUM OF COVERAGE (MOC) SECTIONS 10.1

The MMIA agrees to pay on behalf of a COVERED PARTY those sums which the COVERED PARTY becomes obligated to pay by reason of liability because of a covered Claim for Bodily Injury, Personal Injury, Property Damage, or Automobile Liability.

COVERED PARTY - LIABILITY MOC SECTION 5

The Entity; elected or appointed officials while in Course and scope of duties; past/present employees; volunteers provided they are under direction/control of the Entity; peace officer or law enforcement entity rendering assistance upon request; firefighter or firefighting entity rendering assistance based on Mutual Aid Agreement; agency, board or commission established by resolution, ordinance, charter, statute; quasi-governmental or intergovernmental agency, board/commission governed by having majority appointed by Entity; additional Covered Party by endorsement

GENERAL EXCLUSIONS – LIABILITY MOC SECTION 9

1. Liability from Claims, demands, or actions for relief/redress in any form other than Damages
2. Liability from fines, punitive damages, penalties awardable pursuant to statute; liability from willful violation of a statute, ordinance or regulation; liability of a COVERED PARTY from obtaining remuneration/financial gain not legally entitled; liability from deliberate dishonesty/fraud act or omission/criminal-malicious act or omission/willful violation of the law.
3. Liability from a COVERED PARTY's contractual assumption of indemnification for liability for Damages; liability from failure to perform, or breach of, a contractual obligation
4. Liability from notarized certification of signature without physical appearance before notary
5. Liability for Claims related to unfair labor practices, mediation/arbitration of collective bargaining agreements, or the terms of a collective bargaining agreement
6. Liability, damages, losses, costs or expenses from asbestos hazard or silica and clean-up; any liability arising out of the discharge,

dispersal, release or escape of Pollutants---exemptions 9.11.5 through 9.11.10; any liability related to or resulting from "hazardous properties" of nuclear material

7. Liability arising out of Broadcasting Activities from music licensing, FTC, FCC other governmental agencies
8. Liability which is the result of or arises out of Electronic Vandalism.
9. Liability arising out of purchase, sale, offer of sale, or solicitation of any security, debt, bank deposit or financial interest or instrument to include representation related to price and any depreciation
10. Liability for Claim arising from principles of eminent domain, mandamus to compel eminent domain, pre-condemnation activities, condemnation proceedings, or inverse condemnation. This EXCLUSION shall not apply to any Claim arising from sudden and accidental sanitary or storm sewer backups on any property intended for use or occupancy.

COVERAGE A – GENERAL LIABILITY EXCLUSIONS – LIABILITY MOC SECTIONS 9 & 10

1. All Section 9 General Exclusions listed above
2. Employees not in course and scope of employment
3. Airports with the exception of premises; Operations of health care facilities--exceptions professional staff and premises
4. Dam failure; Terrorism, War
5. Property damage to property owned, rented, leased to COVERED PARTY under assumption of liability; property damage arising solely out of an act of vandalism, theft or other criminal act; property damage to personal property loaned to COVERED PARTY for temporary use or claim arising out of Property Damage to personal property belonging to another, but stored by COVERED PARTY, with or without charge. However, this EXCLUSION does not apply to (a) property of persons who are involuntarily confined by COVERED PARTY, or (b) property held as evidence, seized or impounded by COVERED PARTY; provided that in either the case, the property has been accurately recorded by COVERED PARTY and is reasonably secured by COVERED PARTY.
6. Failure to supply/provide adequate supply of gas, water or electricity when failure the result of inadequacy or interruption of a COVERED PARTY's facilities
7. **SPECIAL ACTIVITIES:**
 - > **Air shows; Circuses; Rodeos**
 - > **Fireworks involving the ignition of a commercial or COVERED PARTY's sponsored display**
 - > **Animal racing;**
 - > **Carnival or amusement rides;**
 - > **Motorized vehicle racing;**

- > **Water sports other than those associated with municipal swimming pools, or bodies of water, owned, or controlled by the Member;**
 - > **rental of any motorized vehicle or apparatus used for individual conveyance or entertainment;**
 - > **Boxing or other martial arts competition**
8. Publication/utterance with knowledge of the falsity
 9. Assessment of or failure to refund taxes, fees or other assessments.
 10. Estimates of cost estimates being exceeded, faulty preparation of bid or contract specifications or plans, including architectural plans, failure to award contracts in accordance with a statute or ordinance which under law must be submitted for bids; damages, arising out of or related to the liability of a COVERED PARTY involved in or acting as Contractors for Residential Construction
 11. ERISA-1974 and any law amending or similar provisions of federal/state/local statutory law or common law; failure to fund or pay principal/interest for retirement, health or welfare benefit provided by COVERED PARTY
 12. Use of structure designed for the use of a skateboard—
ENDORSEMENT AVAILABLE
 13. Principles of Quantum Meruit-- reasonable sum of money to be paid for services rendered or work done when the amount due is not stipulated in a legally enforceable contract
 14. Employment Practices (EP) Claim seeking damages or other relief, direct or consequential, for or arising out of Bodily Injury, loss of consortium, physical injury to or destruction of any tangible property, including loss of use; Federal Fair Labor Standards Act or similar state laws; Actions in connection with labor disputes/negotiations; Workers' Adjustment and Retraining Act or similar; EP Claim seeking insurance benefits; Claim for salary or hourly wages and benefits, back wages and benefits, front wages, or overtime, future benefits, severance obligations, or similar demands
 15. Liability imposed on a COVERED PARTY under any Uninsured or Underinsured Motorist Law

COVERAGE B – PUBLIC OFFICIALS ERRORS & OMISSIONS – LIABILITY MOC 9 & 11

Professional liability coverage that protects COVERED PARTY for claims made for inadequate work or negligent actions.

EXCLUSIONS:

1. All Section 9 General Exclusions listed above
2. Operations of health care facilities--exceptions professional staff and premises
3. Dam failure
4. Exclusions numbered 6-12 above (General Liability exclusions)

COVERAGE C – EMPLOYMENT PRACTICES – LIABILITY MEMORANDUM SECTIONS 9 & 12 (ENDORSEMENT REQUIRED) FOR THOSE MEMBERS HAVE APPLIED AND RECEIVED EPL ENDORSEMENT

Act relating to a past, present, or prospective employee of a COVERED PARTY for or arising out of any actual or alleged wrongful dismissal, discharge, or termination, either actual or constructive, of employment, employment related misrepresentation, wrongful failure to employ or promote, wrongful deprivation of career opportunity, wrongful discipline, failure to grant tenure or negligent employee evaluation, or sexual or workplace harassment of any kind, including, but not limited to, the alleged operation of a harassing workplace environment, or unlawful discrimination, whether direct, indirect, intentional or unintentional, or failure to provide adequate employee policies and procedures.

EXCLUSIONS:

1. All Section 9 General Exclusions listed above
2. Liability arising out of Employment Practices without EPL endorsement
3. Liability arising out of labor disputes or labor negotiations; liability for salary or hourly wages and benefits, back wages and benefits, front wages, or overtime, future benefits, severance obligations, or similar demands, even if liquidated damages under federal, state, or local statute, rule or regulation; liability for failure to fund or to pay any principal or interest owed for any retirement, health or welfare benefit provided by a COVERED PARTY whether voluntarily or pursuant to any federal, state or local law, statute or ordinance
4. Liability arising out of the Workers Adjustment and Retraining Notification Act, Public Law 100-379 (1988); Liability arising out of the ERISA 1974, and any law amendatory thereof, or similar provisions of any federal, state or local statutory law or common law.
5. Liability arising related to modification of property to make accessible or accommodating to any disabled person. Exception: damages from failure to do so covered under EP

COVERAGE D – EMPLOYEE BENEFIT (EB) LIABILITY – LIABILITY MOC SECTIONS 9 & 13

Legal liability a COVERED PARTY shall become obligated to pay by reason of liability imposed by law for any wrongful act, error or omission of a COVERED PARTY for whose acts the COVERED PARTY is legally liable in the administration of the COVERED PARTY's E B Programs as defined herein, caused by an Occurrence during the COVERAGE PERIOD.

EXCLUSIONS:

1. All Section 9 General Exclusions listed above
2. Liability for advice given by a COVERED PARTY to an employee to participate or not in any investment or savings plan; any liability arising out of errors in providing information on past performance of investment vehicles or advice given to any person with respect to that person's decision to participate or not participate in any plan include in the "EB Programs"
3. Liability for any act, error or omission occurring before the Effective Date of this Memorandum; any liability for any Claim which results from an activity, act or omission of a third party administrator, a firm or person, other than an employee of the COVERED PARTY, who administers the COVERED PARTY's E B Program; Any liability for any Claim, other than a Claim alleging a wrongful act, error or omission in the administration of an EB Program as defined under Section 13.2 due to back wages and benefits, front wages, or overtime, future benefits, severance obligations, or similar demands, even if liquidated Damages under federal, state, or local statute, rule or regulation.
4. Liability for any Claim for benefits that are lawfully paid or payable to a beneficiary from the funds of an EB Program that results from not having adequate insurance or bonds to protect the assets of an EB Program; any liability for any Claim for failure or performance of a contract by any Insurer, or to any Claim based upon failure of stocks, bonds or other securities to produce financial gain, profit or growth as represented by a COVERED PARTY;
5. Liability based upon changes in the ultimate cost or level of any benefit program available to any employee of a COVERED PARTY or changes made to any benefit program resulting from efforts of the COVERED PARTY to comply with any tax laws or other laws which results in changes to the benefits available to any employee of the COVERED PARTY;
6. Liability arising out of the Employee Retirement Income Security Act of 1974; liability for any Claim based upon a COVERED PARTY's failure to comply with any law concerning workers' compensation, unemployment insurance, social security or disability benefits;
7. Liability for failure to fund or to pay any principal or interest owed for any retirement, health or welfare benefit provided by a COVERED PARTY whether voluntarily or pursuant to any federal, state or local law, statute or ordinance;
8. Liability arising out of insufficiency of funds to meet obligations under benefit program as defined under "E B Programs"; Liability arising out of failure of any benefit program as defined under "E B Programs"

COVERAGE E – LAND USE PRACTICES – LIABILITY MOC SECTIONS 9 & 14

Legal liability which a COVERED PARTY shall become obligated to pay by reason of liability imposed by law because of a covered Claim, including Property Damage or diminution of property value, arising out of, or based upon, land use regulation, interim takings, takings, down-zoning, zoning, general planning regulations, easements, nuisance, or annexation, including deprivation of constitutional or civil rights related thereto, caused by an Occurrence during the COVERAGE PERIOD.

EXCLUSIONS:

1. All Section 9 General Exclusions listed above
2. Liability for a Claim arising out of or in connection with principles of eminent domain, mandamus to compel eminent domain, pre-condemnation activities, condemnation proceedings, or inverse condemnation regardless of whether such Claims are made directly against a COVERED PARTY or by virtue of any agreement entered into, by or on behalf of the COVERED PARTY.
3. Liability for a Claim as a result of subsidence. "Subsidence", with respect to Coverage E means any earth movement, including settling, expansion, earth sinking, earth rising or shifting, slipping, falling away, tilting, caving in, eroding, mud flows and any other movement of land or earth. This EXCLUSION does not apply to Property Damage arising out of subsidence proximately caused by the negligent act or omission of a COVERED PARTY.
4. Liability, including all Damages, directly or indirectly arising out of or related to the liability of COVERED PARTY involved in or acting as Contractors for Residential Construction.

COVERAGE – DEFENSE OF NON-MONETARY CLAIMS FOR OPEN MEETING AND PUBLIC DOCUMENTS – LIABILITY MOC SECTIONS 9 & 15

EXCLUSION:

1. All Section 9 General Exclusions listed above
2. Costs related to the research, procurement or reproduction of information which is determined to have been wrongfully withheld;
3. Suits or Claims that contain demands for monetary damages; or
4. Any award of monetary damages, attorneys' fees or costs to a prevailing plaintiff or claimant.

COVERAGE G – NO FAULT SEWER BACKUP WATER MAIN BREAKS – SECTION 16

MMIA agrees to pay up to a total of the Limit of Liability applicable to this Section 16 Occurrence in Property Damage to each claimant for property damage incurred as a result of a Sewer Backup (Refer to 8.32 in MOC) or Water Main Break (Refer to 8.34 on MOC) as determined by the actual cash value of property owned by claimant.

CONDITIONS – SECTION 17

1. Payment of assessments and cancellation for non-payment
2. Timely reporting of claims and cooperation with MMIA--inspection of Property and Operations
3. Bankruptcy or insolvency does not relieve MMIA of obligations
4. Opportunity to remedy breach granted to COVERED PARTY
5. MMIA has sole discretion in assignment of legal counsel
6. Authority recommends settlement and COVERED PARTY does not agree--limits are reduced
7. Dispute Resolution process for coverage determinations



We Are you.

THE MMIA IS NOT AN INSURANCE COMPANY. THIS QUICK GUIDE IS FOR INFORMATIONAL PURPOSES ONLY, IS NOT THE MEMORANDUM OF LIABILITY COVERAGE ITSELF, IS SUBJECT TO CHANGE, AND IS DESIGNED ONLY TO BRIEFLY DESCRIBE THE CONTENTS OF THE MEMORANDUM OF LIABILITY COVERAGE. EACH MEMBER'S COVERAGE MAY BE DIFFERENT. FOR COMPLETE TERMS AND CONDITIONS, AND IMPORTANT EXCLUSIONS FROM COVERAGE PLEASE READ THE APPLICABLE MEMORANDUM OF LIABILITY COVERAGE. THIS QUICK GUIDE SHALL NOT BE DEEMED TO BE THE RENDERING OF LEGAL OR COVERAGE ADVICE. THE COVERAGE AFFORDED BY THE MMIA IS SUBJECT TO THE TERMS AND CONDITIONS OF THE APPLICABLE MEMORANDUM OF LIABILITY COVERAGE AND OTHER MMIA PROGRAM DOCUMENTS. NOTHING HEREIN SHALL BE CONSTRUED TO ALTER, AMEND, SUPERCEDE, OR OTHERWISE CHANGE THE TERMS AND CONDITIONS OF THE MEMORANDUM OF LIABILITY COVERAGE OR OTHER MMIA PROGRAM DOCUMENTS.

January 31, 2017

Senate State Administration

Room 172

3:00pm

HB 300-Exempt townhouses from certain subdivision sanitation regulations

Summary: There were only proponents for this bill. Most of the committee members' questions were regarding the differences between townhouses, town homes, condos and condominiums. All the definitions are in the bill. Some of the other questions had to do with sanitation issues and if they are major or minor issues.

Bill Sponsor Introduction: Adam Hertz HD 96-This is the first of many bills regarding housing affordability. This bill exempts townhouses from subdivision sanitation regulations.

Proponents:

Abby St Lawrence- Montana Building Industry Association- This bill address the supply side of housing. Town homes can be used as an affordable solution for new home owners especially in towns like Missoula. We support HB 300.

Taylor Oldroyd- Montana Association of Realtors- We support this bill.

Peggie Trenk- Montana Housing Coalition- This is another tool in the tool kit and gives more affordable housing options.

Jeff Barber- Montana Association of Planners-We urge a due pass.

Stewart Dogget- Montana Land Title Association- We support HB 300 and hope it passes.

Opponents: None

Informational Witnesses:

Barb Kingery- DEQ Subdivision- I am here to answer any questions.

Committee Questions:

Dunwell- Could you explain what the sanitation regulations are and who has to comply? Who benefits from the regulations and why we have them?

Kingery-The sanitation Subdivision Act applies to land acers under 20 and any lot that has condos, mobile homes or RVs on them. It applies to water supplies, sewage treatment, storm water impacts, and how solid waste is handled.

Gunderson- In your bill you added town houses and town homes.

Hertz- They are defined in the bill and they are essentially the same thing.

Gunderson- What are condominiums and town homes?

Hertz- Condominium are multi-level. The owner possesses one unit but not the land under it. With town homes, the person owns the land under the town home.

Bill Sponsor Closing Statement: We, as lawmakers, talk a lot about our economy but we often overlook affordable housing. This bill will help new home buyers, especially in communities where real estate is expensive.

January 31, 2017

Senate State Administration

Room 172

3:00 pm

HB 301- Clarify that local governments can issue bonds for street maintenance projects

Summary: This bill was broadly supported. There were questions as to which projects are top priorities. But most thought it was a good tool for helping cities and towns with expensive road infrastructure projects. This bill will help cities complete projects sooner rather than later at a lower cost instead of waiting a decade to save enough money to fix the road.

Bill Sponsor Introduction: Janet Ellis HD 81- I was asked on behalf of the City of Helena to present this bill. This bill gives local governments a new tool to work on street-related infrastructure projects. If this bill were to pass, cities could use revenue bonds to borrow enough money to complete street infrastructure projects in a street maintenance district. There are 26 miles of streets in our city that need to be replaced. Front Street needs to be replaced and the storm water and sewer lines are over 100 years old. This project is expensive because the pipes go under buildings. The city doesn't have enough cash for this project. It would be \$1.2 million to fix Front Street. Revenue bonds could be used for that project. Revenue bonds have to have a specific revenue source identified.

Proponents:

Glen Jorgenson- Administrative Services Director for Helena- Cities have had street maintenance districts since the early 1970s. This money has mainly been used for chip sealing and snow removal. We have to look at interest rates and decide when the best time is to get a loan. We want to keep our citizens safe and keep the price down as much as we can.

Benjamin Johnson- Barns and Thornburg LLP-There also the ability to incur loans. Without an amendment I wouldn't be able to give legal opinion. It would just be a minor technical change. I do urge you pass this bill.

Tim Burton- Montana League of Cities and Towns- There are a lot of infrastructure problems but one that is hard to locate funding for is for our city roads. This is another tool in the box for how you can finance the project without having to wait 10-15 years to save the money. This is a good addition to the tool box.

Bob Gilbert- Representing Colstrip & Glendive- We sponsor this bill. This is another funding option for cities to look at to decide which will work the best for their project.

Darryl James- Montana Infrastructure Coalition- We stand in support for HB 301. This is a great tool at the local government level.

Opponents:

Andy Skinner- Helena Resident- This bill doesn't say much and it is hard to understand. I'm not necessarily an opponent, but this bill needs revising.

Informational Witnesses: None

Committee Questions:

Karjala- Are water mains and sewer districts part of the sub district of the street?

Jorgenson- We have separate fees for each of those.

Trebas- Is there a priority system like oldest first that you decide from?

Jorgenson- We have a 5 year plan. The highest priority first doesn't necessarily mean oldest first but could be roads that get heavy traffic.

Bishop- Does this bill replace other maintenance plans?

Jorgenson- No. This works in addition and as an assistant to some other plans.

Gunderson- You mention a million dollars per mile to fix roads. How long will those fixes last?

Jorgenson- Most roads last only 20 years. We can try to make them last longer by filling pot holes and chip sealing but on average they last 20 years.

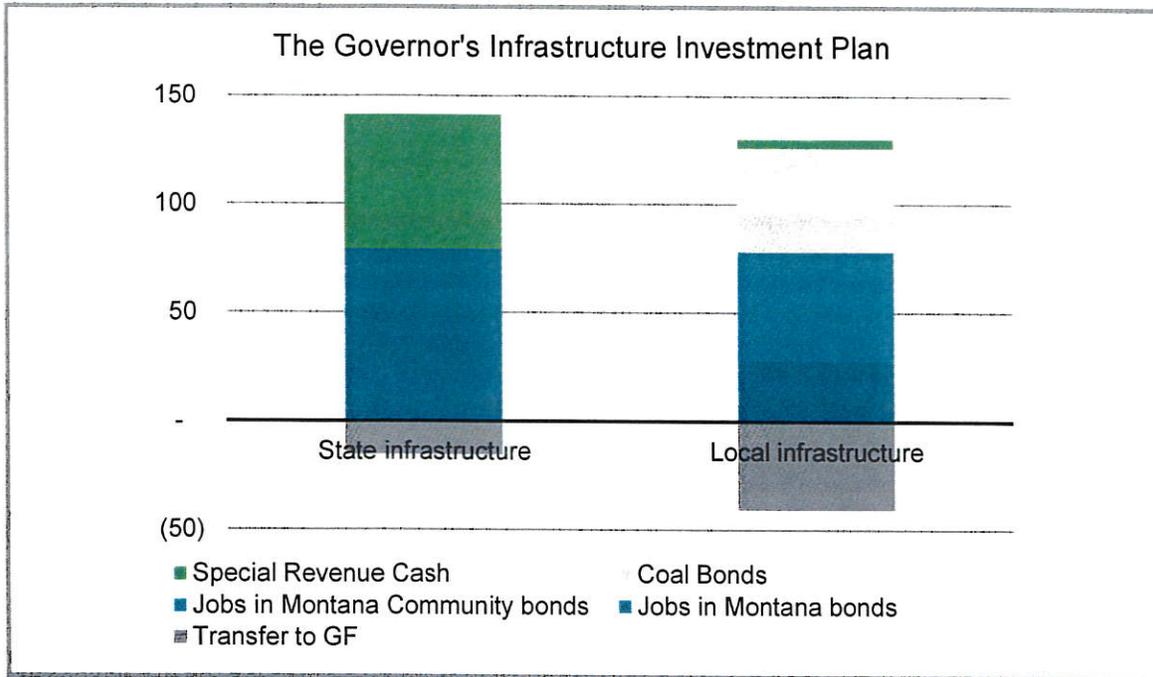
Gunderson- Are there any other plans for adding other utilities in while you are doing these new road rebuilds like fiber in the curb to improve the infrastructure?

Jorgenson- Yes. That is encouraged while we have the street opened up.

Skees- Is there a cap on how much can be borrowed?

Johnson- You can only borrow up to a certain amount due to how much revenue there already is.

Bill Sponsor Closing Statement: Thank you for an excellent hearing. I'm glad I had a good group to answer your questions. The amounts borrowed would not be large but very important for providing cities and towns for enough cash to finish up projects. This tool isn't supposed to be used a lot, but for big projects that will last us a long time.



The governor has recommended an infrastructure plan that issues \$205 million in bonds. Of this amount, \$48 million is from coal severance tax bonds guaranteed by the coal severance tax trust fund, paid by local governments. The remaining \$157 million of bond authority is recommended as general fund debt. The bottom gray bars labeled "Transfer to GF" represent the governor's proposal to transfer funds from the infrastructure program to the general fund. For more information on these charts, please refer to the LFD's [budget analysis overview, Volume 1](#)