



855 Front Street • P.O. Box 4759 • Helena, MT 59604-4759

Customer Service: 1-800-332-6102

Fraud Hotline: 1-888-682-7463 (888-MT-CRIME)

MONTANA STATE FUND OPERATIONAL EXCELLENCE

June 8, 2023

The Montana State Fund (MSF) Operational Excellence Committee meeting was held June 8, 2023 in MSF's Board Room at 855 Front Street, Helena, Montana 59601 and via Zoom.

Committee Members Attending

Dexter Thiel, Chair, Sidney
Michael Marsh, Billings

Nancy Butler, Helena

Board Members Attending

Richard Miltenberger, Helena
Karen Fagg, Billings

John Maxness, Helena
Wylie Galt, Martinsdale

MSF Staff Attending

Holly O'Dell, President/CEO
Kevin Braun, General Counsel
Hannah Osinga, Enterprise Strategist Project Mgr
Darcie Dunlap, Internal Actuary

Verna Boucher, Executive Assistant
Matt Mandell, Interim Operations Support VP
Bruce Johnson, Chief Strategy Officer
Will Anderson, Assistant Vice President

I. Meeting Preliminaries – Dexter Thiel

A. Call to Order

The meeting was called to order at 3:00 p.m.

B. March 9, 2023 Operational Excellence Committee Meeting Minutes.

The Committee took action to approve the minutes as presented; Mr. Marsh made the motion, Ms. Butler seconded, the motion passed unanimously.

II. 2023 Strategic Plan – Bruce Johnson, Chief Strategy Officer

Staff reported that the 2023 strategic approach calls for empowering people by assuring timely and right-level internal decision making, improving processes to decrease employee friction points, ultimately resulting in better customer experience and foster data-driven, intentional decision-making.

Ensure timely and right level decision making

More than 30 forms and processes were removed or greatly reduced. There are three remaining processes that are under review.

Improve processes to decrease employee friction points, ultimately resulting in better customer outcomes

A project plan has been developed and approved and a training curriculum has been developed. The Business Process Improvement focus is upcoming.

Foster data-driven, intentional decision-making

Executive Quarterly metrics with targets have been implemented, a scorecard has been developed and published, and the budget process now includes a Tier 1 and Tier 2 approach with data considerations, and a data champion network process is being developed.

III. Legal Issues – Kevin Braun, General Counsel

A. Litigation

Staff reported that the litigation front is rather quiet right now and uneventful at the time.

B. Legislation

He noted a number of administrative changes that were of interest to Board members.

Workers' Compensation Changes

HB 427 Requires the employer (Military Affairs) to pay the difference between the workers' compensation benefit and the injured member's pay. .

SB 294 - Creates the "end of watch" trust fund from which benefits are paid to catastrophically injured and killed law enforcement officers.

HB 178 – Defines social or recreational activity when an individual is engaging in unpaid social or recreational activity, regardless of whether it is at the worksite.

HB 636 - Decreases the ownership percentage requirement from 20 to 10 percent to be exempt from the Workers' Compensation Act for corporate officers and managers of member-managed LLCs.

SB 22 - Allows an employer to rebut an individual's status as an employee when the individual lacks an Independent Contractor Exemption Certificate (ICEC) in certain situations.

HB 490 - Prohibits a construction contractor from hiring an Independent Contractor (IC) without the independent contractor exemption certificate (ICEC) and prohibits a construction contractor from hiring an IC in certain circumstances.

HB 702 - Removes the sunset on a workers' compensation premium-reimbursement program for student learners in a high-quality, work-based learning opportunity.

IV. Cannabis and Workers' Compensation –Matt Mandell, Assistant Vice President

Staff provided an overview of DUI Trends in Montana and then related the cannabis use to the workers' compensation claims counts and statistics.

V. Medical Claims Costs Analysis Part II – Hannah Osinga, Enterprise Strategist Project Manager

Staff noted the biggest difference for medical costs by NCCI category in Montana vs. other NCCI states is that Montana has a higher share of costs going to hospital outpatient and a lower share going to physician services. Medical hospital outpatient cost per claim in Montana has been consistently lower than NCCI states. The share of total claims with a hospital outpatient visit in Montana is higher and trending up vs. other NCCI states, which indicates that utilization is the driver.

VI. Insurance Market Trends Impacting Workers' Compensation – Darcie Dunlap, Internal Actuary and Will Anderson, Assistant Vice President

Staff reported that workers' compensation insurance is one of the most profitable of the property and casualty lines and remains the line with the lowest premium increase compared to other major lines and is consistently experiencing rate declines. Workers' compensation premium has been stable with declining rates offset by growing payroll. The Montana labor market has been growing with a low unemployment rate and 6 – 8 percent wage growth over the last three years.

MSF has experienced a significant reduction in our ability to connect with employers who can benefit from our offering.

MSF's ability to connect with employers is a concern because it reduces our ability to deliver on our Mission. Our agency partners love our service (policy, claims, safety, audit) and they tell us that we could win more business accounts and retain more customers if only our pricing was competitive with the market.

Staff noted that opportunities have been identified. This strategic vision will be a key part of strategic planning for 2024 and beyond. There is an ongoing project to close gaps in our pricing model and maximize opportunities to consistently deliver the right price to customers.

MSF is being more intentional about building and maintaining great relationships. We are engaged in an on-going effort to implement IVANS, increase quote turnaround time and provide value-added communications, as well as working to closely equate the MSF brand with our Mission and value proposition.

VII. Old Business/New Business

The Chair called for any Old or New Business.

Mr. Thiel noted that he plans to discuss a request for conversation about MSF's statewide presence and safety at a future meeting.

Mr. Marsh requested additional conversation about structuring the OE Committee meeting around a regular format focused on metrics in various categories. He is looking forward to more deeply understanding the scorecard.

VIII. Public Comment

The Chair called for any Old or New Business.

The meeting adjourned at 5:24 p.m. The next scheduled Operational Excellence Committee meeting will be held on Thursday, September 7, 2023 at Montana State Fund, 855 Front Street, Helena, Montana in the Board Room.

Respectfully submitted,

Verna Boucher
Special Assistant to the President/CEO