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**MONTANA STATE FUND
SPECIAL BOARD MEETING
April 8, 2020**

The Montana State Fund (MSF) Special Board meeting was held April 8, 2020 via Zoom.

Directors Attending

Lance Zanto, Helena
Lynda Moss, Billings
Jack Owens, Missoula
Jim Molloy, Helena

Jan VanRiper, Helena
Matt Mohr, Bozeman
Cliff Larsen, Missoula

MSF Staff Attending

Laurence Hubbard, President/CEO
Verna Boucher, Spec Asst to Pres/CEO
Mark Burzynski, Corporate Support VP
Julie Jenkinson, Insurance Operations VP
Rick Duane, Human Resources VP

Kevin Braun, General Counsel
Dan Gengler, Internal Actuary
Sam Heigh, Operations Support VP
Al Parisian, Chief Information Officer

Others Attending

Russell Greig, Willis Towers Watson
Rep. Joshua Kassmier, Fort Benton

Alex Turrell, Willis Towers Watson
Matthew Cohn, Helena

I. Meeting Preliminaries

A. *Call to Order*

Chair Lance Zanto called the meeting to order at 9:09 a.m. and requested that President Hubbard run the meeting.

II. Presumptive Disease Coverage – Resumed Discussion – Laurence Hubbard, President/CEO

A. *Optional Coverage for Volunteer Firefighters*

President Hubbard welcomed the attendees and mentioned that Matthew Cohn, a former MSF employee was in attendance to offer public comment during that portion of the meeting.

He said at the request of Pat Murdo, he has provided an update to the Economic Affairs Interim Committee (EAIC) regarding MSF's response to the COVID-19 pandemic. He said 98 percent of MSF employees were working remotely and all of the MSF staff attending this virtual Board meeting were joining the meeting from their home offices with the exception of Mark Burzynski. He noted that Mr. Burzynski's responsibilities include the facility and the finance department and it is important that we maintain essential support in the office and he has been there to assure those services such as mail and faxes are continued. He said every executive and leader is aware of who is entering the building and what services they are there for to minimize cross contamination of the facility.

He noted that MSF had one COVID-19 positive diagnosis of an employee. He reported that employee was last in the building on March 23 and that week a cleaning service was brought into completely disinfect the entire building. He said MSF has maintained the state of limited access since that time.

President Hubbard reported that he has spoken to the media a couple of times in interviews where he represented that MSF's efforts are to try to flatten the curve of economic impact for the

Montana businesses and policyholders that we insure and their workers. He said it is important to recognize that injured workers are normally under a lot of stress and pressure from work-place injuries or diseases and this has certainly added to that. He said MSF is trying to do its best to support telemedicine efforts by expediting and facilitating communication with those employees and their providers so they can receive treatment when it is needed; however, many providers are currently only seeing emergency patients.

Chair Zanto called for questions or comments; there were none.

- B. Supplemental Actuarial Analysis for Firefighters - Russell Greig, Director, Willis Towers Watson*
- President Hubbard reminded the Board that the purpose of this meeting was to further consider the provision subsequent to Senate Bill 160 (SB 160) which offers presumptive disease coverage for firefighters. He noted at the last meeting Mr. Mohr asked, and the Board agreed, to have Willis Towers Watson review the possibility of a staggered implementation as the diseases were rolled into coverage provisions within the statute. He noted that Russell Greig and Alex Turrell from Willis Towers Watson were in attendance and prepared to answer any questions the Board may have regarding the supplemental report that they issued.

He said at the last Board meeting the Board considered presumptive disease coverage assuming full implementation of SB 160 which has an impact of approximately 18 percent on the cost for class code 7704 - the code for firefighters. It also has an impact of approximately 200 percent on coverage for volunteer firefighters who elect coverage. He said paid firefighters, by statute, are to be coverage automatically for the presumptive diseases that fall under the statute. It is optional for carriers to provide and for volunteer fire departments to elect presumptive disease coverage for their volunteers.

He said the Board will need to make two decisions at this meeting: 1) Whether or not to offer the endorsement to cover presumptive disease by volunteer fire departments. He said he was not aware of any other carriers, in this state, that have offered elective coverage for volunteer firefighters. 2) The second component is to determine the surcharge for the coverage. At the March meeting, he had encouraged the Board to not take action to increase the class rate for 7704 for the paid firefighters. He said management believes the rate itself, over time will achieve appropriate adequacy for the paid firefighters. He said the real issue is the impact on volunteer firefighters if they elect the coverage and the substantial impact of a 200 percent surcharge assuming the full implementation of SB 160.

He drew the Board's attention to the supplemental Willis Towers Watson report on the presumptive disease coverage impact. He said for full-time firefighters with a phased-in approach, beginning in 2020 the surcharge recommendation would be 5.5 percent. The full impact is approximately 18.2 percent so this would be the first part of the phased-in approach. He said in 2024 the indication would increase to 14.2 percent and in 2026 the indication would go up to 14.9 percent. He said in 2029 with full implementation the indication would be 18.2 percent. He said this does not change management's recommendation that MSF simply allow the class code rates under 7704 to be driven over time as the exposure, the loss data and the premium gets into the data itself in the National Council on Compensation Insurance (NCCI) loss cost changes. He clarified that management was not recommending that MSF impose a surcharge for full-time firefighters.

He said the central estimate for a phased in schedule for volunteer firefighter coverage would be 65.8 percent in 2020, would rise to 168 percent in 2024, would be 174 percent in 2026 and with full implementation in 2029 it would be 200 percent. He explained that the reason the volunteer

firefighters surcharge had to be that high is due to volunteers not being paid a wage and the assumed payroll filed by NCCI is \$1,000 per year which makes the rate very inadequate for the potential added exposure. The surcharge is intended to achieve some degree of that rate adequacy.

President Hubbard said management's recommendation is the Board adopt a no surcharge for paid fulltime firefighters and a 65.8 percent surcharge for those volunteer fire departments that elect presumptive disease coverage for their volunteers beginning in 2020.

Mr. Mohr noted the rate per \$100 of payroll for 2020 for volunteers is 4.141 and asked how often that was assessed - quarterly, weekly, yearly?

Mr. Gengler said the frequency that an insured submits their payroll reports and pay premium depends on each individual policyholder's preference; there are some that report payroll and pay premium annually as well as some that report or pay quarterly.

Mr. Mohr clarified that he was trying to determine how many dollars it will cost per member per year to provide this coverage?

Mr. Gengler said if the Board were to approve a surcharge of 65.8 percent that would add an annual cost of \$41.26 per year to cover a volunteer firefighter at the Tier 3 rate which is MSF's middle rate. That would vary depending on the rate tier and any other premium modifiers critical to the policy.

Mr. Mohr asked if the Board proposed a 65 percent increase today if policyholders elect into the coverage or a 20 percent decrease if they do not elect it, and if we just kept everything the same, would it balance out?

President Hubbard thanked Mr. Mohr for that question because he failed to address the previous recommendation in his opening comments. He said that recommendation proposed that volunteer fire departments that opted not to receive the coverage would receive a 20 percent discount or decrease due to class code 7704 increase. He said 7704 covers all firefighters - paid and volunteer - and due to the paid firefighters having to be covered this class code will naturally be increasing. He stated that the 20 percent discount recognizes that it would not be fair for volunteer fire departments that opt not to have presumptive disease coverage to bear the burden of the additional exposure that this class code will now bear. He said that was the theory behind that original proposal and he believes that should still be the approach.

He said they are not offsetting. The discount simply reflects that volunteer fire departments that do not have presumptive disease coverage are going to be paying the same rate under 7704 that the paid firefighters and volunteers that are selecting coverage pay. There will be the natural increases in the class code and then there is the basic inadequate charge to volunteer fire departments for this coverage because of the exposure and the low payroll assumption for volunteers. He called on Russell Greig or Dan Gengler to provide additional information if necessary.

Mr. Greig said he had nothing to add to President Hubbard's nice explanation.

Mr. Gengler said that in addition to the pricing equity issues that President Hubbard spoke to, if an insured elects additional benefits that are optional, there should be a price difference between that and those who do not receive those benefits. In terms of the dollars, we do not know which policyholders are going to elect these optional benefits and which ones will not; however, he said

he could characterize if no insured elects the optional benefit for volunteer firefighters, the discount would be worth approximately \$50,000 per year. If all insureds elect the optional benefits, the additional premium would be approximately \$165,000 per year.

Chair Zanto called for additional questions.

Ms. Moss asked Mr. Mohr what the sense from the firefighter segment of the economy was. She asked if he thought the majority of the fire districts would participate in providing this to their volunteer firefighters?

Mr. Mohr reported that he spoke to a fire department out of Bozeman that has mostly college student volunteers and most would not even meet the requirement of the bill to be covered under presumptive and they will probably opt out. He spoke of another large department that is a combination of paid firefighters and volunteers - he was unsure if they will opt out. He said their concern is that if their choice is to pay 65 percent more to include volunteers or save 20 percent, they may opt out to save that money. He said the point of the bill was to get everybody covered so he felt torn and believes that across Montana there will be departments that opt in and opt out.

Ms. Moss said her second question was would this be perceived as an incentive for the fire districts to provide this type of coverage for the volunteer firefighters?

Mr. Mohr said there may be an incentive to not provide the coverage because that will be a swing of 85 percent. He said the hope was to get volunteers covered; however, there may be other hurdles outside of the bill requirements such as the \$1,000 per payroll that play into the process.

Ms. Moss said she reviewed the fiscal note for SB 160 and it basically said there was no possible way to do any economic forecasting at that time; however, it did say it would have a significant impact on local government. She noted that this did not come out at the previous Board meeting and asked if the counties came out in support of SB 160.

Mr. Braun reported that MACo initially came out in opposition to the bill and then as amendments were included, their opposition was not as strenuous as it was in the beginning – he said it was more of a compromise towards the end. He noted that Mr. Mohr may have a better recollection since MSF did not take a participatory position on SB 160.

Mr. Mohr said he could not speak directly to their support or opposition. The election may have been a compromise to get the volunteers on board due to their concern about the cost; however, he was not 100 percent positive.

President Hubbard said the idea of getting as many people as possible covered is laudable and that has been the perennial challenge with coverage for volunteer firefighters. He said they are a classically underfunded industry that struggle to purchase equipment for their volunteers to keep their equipment upgraded and to also provide even basic workers' compensation coverage for injuries. The insurance coverage is not free nor will it ever be and the legislature was confronted when SB 160 was debated on whether or not to make volunteer coverage mandatory which ran into a considerable amount of opposition. He said he believed that most policy makers recognized at the time that it was not going to be free and costs on the system would increase for the 7704 class code in particular. He said allowing the optional election of coverage by the carrier and the volunteer fire department, that was a compromise recognizing the economic burdens that would be imposed on the volunteer fire departments.

Mr. Molloy said he wanted to return to Mr. Mohr's point as to whether the 20 percent discount for not opting in incentivizes more volunteer fire departments to not opt for presumptive disease coverage. He asked President Hubbard if he thought that 20 percent discount was a disincentive and would the greater good be better served by removing that component and offering everyone the option to opt in with the 65 percent surcharge.

President Hubbard said that is a good question and it is very difficult to predict what each individual fire department will do. He asked Mr. Gengler what the 20 percent decrease for the volunteer firefighters would be based on those that are purchasing coverage now.

Mr. Gengler said the discount on the annual cost of covering a firefighter at Tier 3 rates would reduce their cost by \$12.54 per year.

President Hubbard said with that nominal dollar impact, he did not see it as a significant incentive to not opt in. He added if the department can afford it in the first place, they probably would be able to pay for it and he did not personally think the discount would drive those decisions quite that way.

Chair Zanto called for further questions from the Board. Chair Zanto said in the motions there was nothing that mentioned the 20 percent reduction and asked if that was something that needed to be added to a motion?

President Hubbard directed the Chair to item number two in the proposed motion language which would deal with the discount percentage.

Mr. Gengler added that the rationale for the 20 percent discount is due to the expectation that the NCCI loss cost will eventually increase by approximately 20 percent based on the analysis and findings of our consulting actuary. He said the logic of the 20 percent discount was to mitigate what we expect will be the increase in the NCCI loss cost; therefore, those who do not choose those benefits should pay a lower amount that has a loss cost that includes those benefits.

Chair Zanto asked Mr. Greig if he had anything to add to that.

Mr. Greig said regarding the pricing equity, we are at all times trying to be fair. He said if MSF did not offer the 20 percent discount, policyholders would be paying 20 percent more for coverage they would not be getting. He said when it comes to actuarial equity, that is the right thing to do.

Chair Zanto called for questions or comments from the Board; there were none. He called for a motion to encourage further discussion.

Mr. Molloy made a motion the Board approve Montana State Fund to offer a presumptive disease coverage endorsement to the employers of volunteer firefighters who request presumptive disease coverage for their volunteer firefighters. Ms. VanRiper seconded the motion. Chair Zanto called for discussion from the Board.

Mr. Mohr said he definitely supports this option.

Chair Zanto called for further discussion or questions from the Board and the audience; there were none. Chair Zanto called for a voice vote; all Board members voted yes and the motion passed unanimously.

- C. *Rate Determination for Presumptive Disease Coverage - Dan Gengler, Internal Actuary –*
President Hubbard clarified that two motions would need to be addressed for the rate determination. The first would determine the surcharge rate and the second would address whether or not to adopt the 20 percent discount.

Mr. Mohr made a motion the Board adopt a 65.8% rate surcharge to be applied to premium payable for class code 7704-4 for employers of volunteer firefighters who elect optional presumptive disease coverage for new and renewal policies effective July 1, 2020 to July 1, 2021. Mr. Molloy seconded the motion. Chair Zanto called for discussion or questions from the Board.

Mr. Mohr said he had a big concern that MSF will lose its volunteer firefighters to be covered under presumptive health; however, he did believe the 65 percent was better than the 200 percent that was discussed at the last meeting. He said he would rather it was zero; however, he understands the inadequate rates that the assigned \$1,000 per year creates. He said, he is hopeful that the phase-in process will develop more history and more loss data and these rates will not increase as much as they are being predicted to now. He noted that he did not like having the surcharge; however, he feels that it is necessary at this time. He thanked Mr. Gengler, Mr. Greig and Mr. Turrell for completing the extra work to develop the phased-in scenario.

Chair Zanto called for further discussion or questions from the Board and those attending. Seeing none, he called for a voice vote and the motion passed unanimously

He said the Board would now move to the second part of the motion which was regarding the discount.

Mr. Molloy made a motion the Board adopt a 20 % rate discount to be applied to premium payable for class code 7704-4 for employers of volunteer firefighters who do not elect presumptive disease coverage for new and renewal policies effective July 1, 2020 to July 1, 2021. Chair Zanto seconded the motion. He called for questions or comments from the Board and the public; there were none. He called for a voice vote and the motion passed unanimously.

Chair Zanto thanked the Board and noted that this will be an ever-evolving issue and said it is likely that there will still be movement with regard to firefighters at the next legislative session.

Chair Zanto asked President Hubbard if the decision to defer premium would need to be addressed by the Board in a motion.

III. COVID-19 Response – Laurence A. Hubbard, President/CEO

A. State Fund Activities

President Hubbard said before he addressed the current agenda item he wanted to take a moment to apologize to Mr. Greig and Mr. Turrell for pre-empting their presentation. He reiterated Mr. Mohr's thanks to both for completing the additional analysis. He also thanked Mr. Mohr for proposing a different approach to ensure rate adequacy and encourage coverage for volunteer firefighters.

He addressed Chair Zanto's question about the actions MSF has taken with regard to policyholders. He said the management team met to discuss the fact that a lot of small businesses in Montana are scaling back their operations or closing their doors and what MSF could do to help flatten the economic curve for MSF's customers. He said the Commissioner of Securities and Insurance released a public statement encouraging insurance companies during this economic downturn, to take actions to ease some of the financial burden on their customers. He said

management made the determination to provide timing relief to its customers by deferring premium payments for all MSF policyholders until June 30, 2020. He noted that decision will be reevaluated as that deadline nears MSF will determine then whether or not to extend that option.

President Hubbard stated there were two important points regarding that decision. The first was that if businesses were closing their doors and laying off people, then they are not incurring premium exposure at all. That is a natural consequence of the stay-at-home order and the state of emergency. He said closed businesses will not be generating payroll and will not generate premium; however, there are closed employers who continue to keep employees on the payroll and pay them gratuitous wages. He said MSF will not charge premium on the gratuitous wages which is important to note. He said that is contrary to what NCCI has recommended for carriers around the country; however, MSF intends to deviate from that recommendation and he noted that MSF has the flexibility to do so within the rules.

He added that the other component to the relief being offered by MSF is that no policies will be cancelled for any reason during that same period of time. He clarified that if a policyholder cannot make the payments for their policy, they will not go into cancellation. He said this also anticipates there will be a period of time after businesses start to reopen where MSF's customers will need some relief as well and MSF intends to be very liberal and flexible in allowing payment plans for our customers to pay that deferred premium. He said that is one thing that management believes can provide immediate and effective relief.

He said Board action on management's decisions is probably not necessary; however, the pandemic and the response to it is so significant to the businesses of Montana, MSF's customers and employees, that allowing the Board to weigh in and support these decisions would be very much appreciated by the management team.

Chair Zanto thanked President Hubbard. He said that he and President Hubbard, Kevin Braun and Julie Jenkinson had discussed this at some length. He said he thought the move for the Board to ratify these decisions would clearly indicate their support of management's decision.

Chair Zanto made a motion the Board ratify management's decisions addressing the COVID-19 pandemic; including payment deferral, stopping policy cancellation except at the request of the policyholder and other efforts to manage the impact to our stakeholders. The motion was seconded by Mr. Mohr. He called for questions or comments.

Chair Zanto noted that this motion was probably unnecessary except to show the Board's support of management.

Ms. VanRiper asked if there would still be a charge for people who were sent home and are working while there.

President Hubbard said yes and noted that those wages would not qualify as gratuitous wages. He added that gratuitous wages are for people who are not working yet are still receiving payment, wages or salary.

He also took a moment to clarify that under the workers' compensation act earned paid vacation and earned paid sick leave are chargeable as wages and MSF would continue to charge premium on any employees that take their earned personal leave/vacation or sick leave. He said that is separate and apart from what the Federal government has been doing with providing Family Medical Leave Act (FMLA) coverage and up to 12 weeks of paid leave. He said for the Federal

and State programs that are granting paid leave to the workers who cannot work or are taking care of a loved one, MSF will treat those as gratuitous also.

Ms. VanRiper said she was assuming that most people who are able to work at home are typically in a clerical position, such that the risk exposure will not be particularly different at home. She asked if that was a fair assumption?

President Hubbard said it was. He said many employers do not assume responsibility for remote worksites; however, people are moving rapidly toward them due to the pandemic. He noted that many MSF employees are using books to prop up computers and tablets to the correct level and may not have ergonomically sound chairs for any lengthy duration of work from home which definitely creates some potential issues around the exposure to workers who are remote working.

Ms. Moss thanked President Hubbard, management and the MSF staff for developing this incredibly appropriate response which illustrates that MSF is an adaptable organization that acknowledges the challenges we are facing with this pandemic. This move respects MSF's policyholders and their employees; however, it also respects Montana and our communities. She said we are all learning that everything is connected with our economy and our social network. She added that not only will this decision help those directly involved with MSF but also those individuals, mothers and fathers, kids, teenagers and college students at home now because of this pandemic. She said she wanted to thank MSF on behalf of all Montanans for this business decision and she said she was very proud of MSF's work.

Mr. Mohr said he believed that the motion covered that MSF has the ability to make real time decisions and wanted to assure that President Hubbard and management have that power. He said with that MSF can help combat the challenges from this pandemic so that if a new means of helping out the policyholders or injured workers arises they can take action immediately. He asked if that was correct?

Chair Zanto clarified that based on legal guidance from General Counsel Kevin Braun, this motion is just to assure the proper rules are being followed; however, yes, President Hubbard and MSF has that ability. He noted that if there is a move that requires Board approval, a special meeting will be called and a vote taken. He said the Board tries its best not to restrict President Hubbard's effort to manage MSF. He added that ultimately, the Board's job is to do the right thing by MSF's customers.

Mr. Mohr said he really appreciates what MSF is doing and said thank you.

Chair Zanto asked for further comments and questions or comments from the public; there were none. He called for a voice vote and the motion passed unanimously.

Chair Zanto then asked Ms. Jenkinson and Ms. Heigh to update the Board on other things that have been done operationally in response to the pandemic. He mentioned an advertisement he had seen previously where MSF gave several masks to the State and he asked them to elaborate on those type of efforts that MSF is taking as well as the COVID team that has been developed.

Ms. Jenkinson reported that Ethan Heverly, MSF's Director of Government and Community Relations, drove the effort to donate the masks that MSF had.

She said that MSF is currently managing its claims very carefully. She added that it was a challenge to send the entire claims team home to work on day one. She reported that her team

and Ms. Heigh's team are working very closely together and are managing to make sure that all of the benefits are being paid on time and all of the claims that come in are being reviewed carefully and quickly. She said as of yesterday, there were eight COVID claims; however, even before the first claim came in, Ms. Heigh's team, her team and the legal department met to develop a process and the specific questions that would be followed up on. She said every claim is being investigated as they normally would be and the catastrophic claim process has been initiated. She explained before the claim is fully investigated and before any decision is made, a team is convened that is made up of a lawyer, a quality assurance person, the claims manager and the claims examiner to review all of the facts of the claim to determine whether to accept the claim or not. None of the COVID claims have completed the entire process yet.

She said there is a team of examiners that manage MSF's asbestos and silica claims and a similar team has been developed for the COVID claims. She reported that the chosen examiners are very diligent in their investigation process so that can be managed for the COVID claims. She said they are a "tiger team" so that MSF can be assured that all of the proper contact and investigation is being done. She said it is a little tricky because normally a claim for a seasonal-type illness would typically never be investigated even if you were to pick it up at work because there would be no way to determine that was the only place you could have possibly been exposed. She said it is not impossible that a claim could get picked up for COVID; they will be watching it very carefully and working very closely with legal and quality assurance.

Ms. Jenkinson said in addition to that, on the policy side, there are managers who are watching our daily phone usage and managing of the phone lines. She said they have done an exceptional job so far thanks to the IT department and the tools they have provided to push all the phone coverage to the home offices. She said very few calls have been missed which could happen on a busy day in the office as well. She said essentially it is business as usual even though it is anything but.

Chair Zanto asked Ms. Heigh if there was anything she wanted to add.

Ms. Heigh said that her teams are working from home as well and are developing on-line training for MSF's Claims Examiner Trainees (CET) who have been in the office for six to eight months and are still in the training program. She added that there are five additional CETs beginning at the end of April and video and Zoom classes are being developed for those trainings until they can be brought into the office.

She said from the medical standpoint, the drug formulary that was supposed to be implemented April 1 for legacy claims was deferred at the request of the Department of Labor and Industry (DOLI). She said notification letters were sent to all of the injured workers who would have been affected. She added that some of the pharmacy requirements have been changed. The first fill duration has gone from seven days to 14 days to reduce visits to the pharmacy. She said, if necessary, that may be changed again if the stay-at-home order continues to go on for a longer period of time. She said the ability to fill prescriptions early has also been implemented to reduce the number of necessary pharmacy visits as well as relaxed rules on the MEDs, however, not much. She said telemedicine is being implemented and providers are seeing patients through on-line video chats. She said it is being used for physical therapy as well as mental health care. She said Rising Medical Services has also offered to assist with telemedicine needs, if MSF determines it should need that help. She said there are various other small things occurring and wherever it can be made easier for the injured workers and the examiners those measures are being implemented.

Chair Zanto asked Mr. Heverly to report on some of the items he had coordinated.

Mr. Heverly reported that MSF made a donation of 1,000 N95 masks approximately a week ago to the Department of Health and Human Services (DPHHS) for distribution to clinics and doctor's offices throughout the state. He said an MSF staff member took her son to the pediatrician's office and the office staff were offering to buy masks from patients if they had any available. The staff member, MSF's risk analyst, was aware that MSF had a number of those masks that were not being used and requested that management consider donating them. Management approved that and Mr. Heverly worked with DPHHS to get the donation completed as quickly as possible.

He also reported that MSF was looking for additional ways to provide support to the Montana community and had some in the works; however, he was not prepared to report on any of them.

Chair Zanto thanked Ms. Jenkinson, Ms. Heigh and Mr. Heverly for indulging his request to report on MSF's actions to date. He said at times we get mired in the details of what the Board is all about; however, there is a lot going on at MSF and it is all good work.

President Hubbard added that this meeting is an example of that good work as well. He said everyone would be remiss if we did not thank our fabulous IT department for the work that Mr. Parisian and his team have done to enable the entire company to virtually work remotely and to support and work with State Information Technology Services Division (SITSD) to ensure that there is connectivity to continue to support our customers. He said to a person, the IT team has performed in a stellar manner and has self-sacrificed by going into the building at a time when no one wanted to be in the building. He said these efforts are definitely something that Mr. Parisian and his team deserve a lot of credit for.

Chair Zanto thanked Mr. Parisian for the good work that he does. He called for additional comments or questions from Board members; there were none.

IV. Public Comment

Chair Zanto called for public comment.

President Hubbard noted that Matthew Cohen, a former MSF employee, had been patiently watching the meeting to address the Board at this point in the meeting. He added that in the spirit of good ideas, Mr. Cohen has corresponded with President Hubbard and Ms. Jenkinson about making a pitch to the Board at this meeting.

Mr. Cohen said it was a privilege and honor to be able to address the Board. He said he worked six years at MSF and said it was one of the most intriguing and exciting times of his life. He learned about the skills of this organization and said the MSF staff is an exceptional group of people. He said many in the legislature and in the public like to kick this organization around; however, those of you that have been involved in working with it, know that the reason MSF exists is to help the people of Montana.

He explained that what prompted his desire to come forward was that two weeks ago, he lost the closest friend of his life to COVID. He said he was an actor who lived in New York. He said on March 12 his friend went in to get checked due to experiencing symptoms and on March 12 in New York City in the United States of America there was no testing available. His friend was sent home and died two weeks later. He said he has been asking himself what he could do to minimize the impacts of this virus because everyday we are finding out more. He said when he first approached President Hubbard about his concept it was before the CDC had issued their recommendations, it was before we had heard from the World Health Organization (WHO) about the use of masks. He said he just felt there was something more that

could be done. He noted that he returned to the United States on March 19 from Mexico which was not one of the class level 3 locations; however, he was stunned when he arrived at the airport and not one person he met through immigration and customs was wearing a mask. He said he was not asked one question about where he had been, who he had been with nor was his temperature taken. He said when you look at other countries, you can see the depth of what they are doing to combat this monster. He noted that all the aspects of this disease are not yet understood.

He said it was 28 days ago when the WHO declared this a global pandemic and one third of the population on earth is now on lockdown. He said when the world comes back from this, and we will come back from this, it is not going to be like a light switch. He said it will not be as if we turned COVID on and then turned it off; it will be a gradual process. He noted that during a trip to Costco the day before this meeting, the employees there had no protection. He added that people will question the efficacy of masks; however, the reality is that for every country that has limited the impact or tamed this beast to some extent, masks are just part of the solution.

He said his request to the Board is to make non-surgical (not the N95 masks) face masks available to current front-line workers and as we slowly return from lockdown or shelter in place, these masks should be made available for them. He said he believed MSF has the ability to organize and coordinate this. He said he did not know the how and he would leave that up to the bright minds of the organization; however, we do know that through DOLI and the Department of Commerce and MSF, it can be easily determined which companies are capable of sewing. He said MSF has the ability to push this forward and his request to the Board is to authorize that. He thanked the Board for their time and their service.

Chair Zanto expressed his condolences for the loss of Mr. Cohen's friend. He asked President Hubbard if he was involved at all with Governor Bullock's task force? He asked if that information was coming to MSF and he noted that he wondered what efforts the task force was making with this regard?

President Hubbard thanked Mr. Cohen for his articulate and thoughtful comments. He said Mr. Heverly has been engaged in monitoring what has been going on with the COVID task force and asked him to weigh in.

Mr. Heverly said he is participating in the task force's weekly phone calls and is receiving regular communications almost daily, including the reporting of numbers of cases, hospitalizations, deaths and the number of tests completed.

President Hubbard noted that MSF does not have a seat on the task force MSF is not participating as an active member or contributor which may be by virtue of the fact that MSF is not really a direct tie to the Executive Branch. He said MSF is only administratively attached and MSF is an independent workers' compensation insurance company. We cannot forget what MSF's role is vis-a-vis what would otherwise be public services. He said MSF is a workers' compensation insurance company and that is our primary focus and responsibility.

He added that he has known Mr. Cohen for many years and they have slogged through the mud together as colleagues and he has tremendous respect for Mr. Cohen and his ideas and creativity. He said that is why he was MSF's Communications and Public Relations Director for so many years. He said he did not necessarily agree that it is MSF's responsibility to go out and find how to make non-surgical masks for the general public in Montana. He said he thought it was a great idea and that someone should do it; however, MSF's resources are best focused on ensuring that MSF's customers first are supported and in order of priority, the injured workers and then that MSF serves them to the best of its ability. He added that MSF use its resources, financial and human capital, in a way that is most directly serves our policyholders and injured workers. He said the premium deferral is going to have a significant impact on

MSF and whether the markets do or do not rebound in a sufficient manner will stress our financial resources. Offering to make non-surgical masks or produce them is not one of the things that would financially break MSF; however, it does call into question what the proper role of MSF is regarding public health. He said DPHHS is responsible for the State's public health, not MSF; however, he did see MSF having an opportunity to possibly support something similar to the 3D printer, reusable N95 masks that a teacher in Whitefish has developed and defined and which can be fairly inexpensively made. He said Mr. Heverly has done some research on this and found that Billings Deaconess has purchased 4,000 production level models for their front-line workers from a company in Bozeman. He said he does believe MSF has a role in supporting something like that particularly for the health care professional that are treating injured workers who are most at risk for exposure to COVID. He added that would include the Highway Patrol, the police forces and first responders. He said he has asked Mr. Heverly to find a way to plug that way, those are things MSF should consider doing, first and foremost.

Chair Zanto called for comments from the Board.

Ms. Moss thanked Mr. Cohen for sharing his concepts and shared that she and Mr. Cohen had worked together on the Tourism Advisory Council and the Arts Council. She added that in Montana there are many philanthropic organizations that are coming together to pool funds for rapid response funding and recommended that perhaps President Hubbard could reach out to Mary Rutherford with the Montana Community Foundation because those types of funds could go to health care providers. She said the Montana Healthcare Foundation and the Headwaters Foundation out of Missoula that are focused primarily on healthcare are probably involved with that or another pool funding that is going to the rapid response needs.

She said she agreed with President Hubbard that providing non-surgical masks is not really within the role of MSF; however, there is certainly an incredible network of all of MSF's policyholders and MSF could reach out to that network to encourage them to think creatively and see what resources they may have to provide the support that we need in our state. She said she was thinking of some of the small businesses and entrepreneurs in Billings and throughout Montana who have the ability to provide this type of assistance. She said there just needs to be a lot of creative thinking and looking at the resources that we have and being very focused in our efforts. She thanked Mr. Cohen again and extended her sympathies as well.

Ms. VanRiper also thanked Mr. Cohen for bringing this proposal to the Board and also extended her sympathies for his loss. She said she found Mr. Cohen's experience at Costco to be outrageous and felt that large companies like that should be providing protective materials for their workers. She said she was at Natural Grocers in Helena and had a similar experience. She said she did not believe MSF should be supplying masks to Costco, she felt Costco should do it themselves; however, she said she was concerned about the small employers. She added that MSF's small employers pay more for their workers proportionally than the larger employers do and that's just the way it is; however, if we have small employers with workers who are classified as essential workers for essential services, she wondered if it would be possible to sponsor some kind of an opportunity where we could see if they needed supplemental funding for some masks for those people.

Chair Zanto noted that as evidenced through the conversation, there are a lot of unknowns; however, MSF is certainly doing everything that it can to take care of its workers and employers and continuing to look for opportunities where MSF can contribute. He said MSF will continue to do that and told Mr. Cohen that he has the Board's word that MSF will continue to move forward and put ourselves in a position where we can help as much as we can to champion this effort. He invited further public comment at that time.

Ms. VanRiper requested some follow up on her suggestion to potentially provide some assistance to small employers with essential workers. She asked if the logistics of dealing with something like that would be too difficult and asked what staff's thoughts were on that.

President Hubbard said that suggestion plays nicely into actions that MSF has already taken such as deferring premium and allowing employers to spend their dollars where it is most appropriate and perhaps keeping people on the payroll that would otherwise be laid off and also enhancing or providing additional safety gear to employees. He said he appreciates the spirit and intent and the urgency that is experienced by members of the Board, the public and our customers. He said COVID is scary and Mr. Cohen losing his best friend is tragic. He said this pandemic creates a need for everyone to engage, which he appreciates and MSF is doing what it can. He said part of his responsibility to the Board and to MSF is to assure that whatever is done, it is the most efficacious it can be in terms of leveraging MSF's resources. He said he does not know which businesses fall under the essential category; however, he said he would take the challenge and the opportunity to have Mary Boyle and Mr. Heverly look into other opportunities for MSF to leverage its resources. He added that he wanted to make clear that MSF does have an obligation to its policyholders to be good stewards of the premium dollars that they pay and if there is a way to make it easier for policyholders both financially as well as procedurally and administratively, we should continue to follow those opportunities. He said he appreciated Ms. VanRiper's suggestion that MSF look at any ways to support its customers in addition to the deferral and non-cancellation, including assisting them in getting items that they may need. He said he thought, to Mr. Cohen's point, most people are doing cottage industry creation of these masks. He said there is nowhere in Montana that he was aware of that was mass producing those kinds of masks. He said if he could purchase another bunch of masks and make the available to customers by application or a grant program, he thought MSF could do that and asked Mr. Heverly to look into doing that.

Mr. Heverly said he is already working along those lines and will take on that project as requested.

Ms. VanRiper reminded Mr. Heverly that time is of the essence as well.

President Hubbard said the manufacturing of some of these products is going to take time to get geared up and even some of the major producers are not able to meet the immediate demand. The sense of urgency will have to be balanced against capacity and that must be kept in mind as well. In that case we need to be very clear about making an impact as to where the time, effort and money will be spent.

Ms. Moss noted that MSF is administratively attached to the Executive Office and she said she would encourage President Hubbard to draft a letter to the Governor as he certainly has the ability to share our concerns with small business owners, first-line providers and individuals in our state that interact with the public on a daily basis.

Chair Zanto called for additional comments or questions; there were none. He thanked the Board for their work at this meeting and noted that the votes and agenda items discussed were important and MSF will continue to make those strong efforts going forward. He wished everyone all the safety he could and encouraged everyone to be safe and healthy.

President Hubbard thanked Ms. Boucher, Melissa Iverson and Mr. Heverly for working to assure everyone could connect and attend this meeting. He said it takes a team effort and noted that he has been very impressed by the MSF team and the Board and appreciated everyone's support.

The meeting was adjourned at 10:39 a.m. The next scheduled Board meeting will be held on Friday, June 5, 2020 at Montana State Fund, 855 Front Street, Helena, Montana in the first floor Board Room.

Respectfully submitted,

Verna Boucher
Special Assistant to the President/CEO