MONTANA
ADMINISTRATIVE
REGISTER

COMMISSIONER OF SECURITIES AND INSURANCE
OFFICE OF THE MONTANA STATE AUDITOR

NOTICE OF PROPOSED RULEMAKING

MAR NOTICE NO. 2026-109.1

Summary

Adoption of NEW RULES 1 through 4 pertaining to Statewide District Health Trusts

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Hearing Date and Time

Tuesday, June 16, 2026, at 10:00 a.m.

Hearing Information

CSI Basement Conference Room at 840 Helena Avenue, Helena, MT 59601

Virtual Hearing Information

Join: https://teams.microsoft.com/meet/225873364830186?p=ByajaVV7Mh5DMQ6AoM
Meeting ID: 225 873 364 830 186
Passcode: QJ79wq6Z

Dial in by phone
+1 406-318-5487,,308000981#

Comments

Comments may be submitted using the contact information below. Comments must be received by Wednesday, June 24, 2026, at 5:00 p.m.

Accommodations

The agency will make reasonable accommodations for persons with disabilities who wish to participate in this rulemaking process or need an alternative accessible format of this notice. Requests must be made by Tuesday, June 2, 2026, at 5:00 p.m.

Contact

Erin Snyder, Deputy Insurance Commissioner
(406) 444-4350
CSIPublicComment@mt.gov

General Reasonable Necessity Statement

House Bill 332, enacted by the 68th Montana Legislature and codified in Title 20, MCA, directs the State Auditor to adopt certain rules, including rules addressing minimum reserves and reporting requirements for the first district health insurance trust qualified by the State Auditor.

Rulemaking Actions

ADOPT

The rules proposed to be adopted are as follows:

NEW RULE 1 DEFINITIONS

The following definitions apply to this subchapter:

(1) "Claim reserves" means an actuarial estimate of the amount needed for unpaid claim liabilities. This amount shall be determined by a credentialed actuary selected by the trust.

(2) "Plan reserves," "reserves," or "reserve" means total assets minus total liabilities.

(3) "Trust" means the Bridged Health Alliance Trust, which the state auditor qualified on March 9, 2026, as the first district health insurance trust to meet the criteria set forth in 20-3-366, MCA.

Authorizing statute(s): 20-3-366, MCA

Implementing statute(s): 20-3-366, 20-3-370, MCA

NEW RULE 2 MINIMUM RESERVES

(1) The trust shall maintain reserves in an amount necessary to satisfy the minimum risk-based capital recommended by its actuary.

(2) The trust shall maintain claim reserves at the midpoint of the estimate determined by its actuary using a confidence interval of 90%, as specified in 20-3-366(2)(j) and 20-3-370(3)(b), MCA.

(3) The state auditor may require the trust to provide additional information reasonably necessary to evaluate claim reserve and plan reserve adequacy, and it may obtain an independent actuarial review of the minimum reserve level established by the trust. The cost of an independent actuarial review will be borne by the trust.

Authorizing statute(s): 20-3-366, MCA

Implementing statute(s): 20-3-366, MCA

NEW RULE 3 ANNUAL FINANCIAL REPORTING REQUIREMENT

(1) On or before September 1 of each year, the trust shall file with the state auditor an annual financial statement on the National Association of Insurance Commissioners' (NAIC) health blank form, complete with all required schedules, covering the prior fiscal year. The trust shall also file the following integral components of an annual financial statement filing:

(a) A confidential risk-based capital calculation, using NAIC's prescribed risk-based capital form.

(b) A statement of actuarial opinion from the trust's credentialed actuary attesting to the adequacy of the trust's unpaid claims liability and related reserves at year-end, using generally accepted actuarial principles and a 90% confidence level set forth in 20-3-370(3)(b), MCA, and so states in the opinion.

(c) The most recent calculation of minimum reserves calculated in [NEW RULE 2]. Filing of a confidential actuarial opinion summary and reserve report will meet this requirement.

(d) A list of the school districts participating in the trust during the prior year and, for each district, the number of employees contracted to participate in and obtain health insurance through the trust.

(e) A certification signed by the trust stating under oath that the other criteria set forth in 20-3-366, MCA, were satisfied during the prior year, that the criteria are satisfied as of the date of the certification, and that the trust is not aware of any material changes that will affect its ability to satisfy the criteria going forward.

(2) On or before December 1 of each year, the trust shall file with the state auditor audited financial statements certified by an independent certified public accountant. The trust may choose to use either generally accepted accounting principles (GAAP) or statutory accounting principles (SAP) to prepare its financial statements. Once a GAAP or SAP election has been made, any future change in the basis of accounting must be approved by the state auditor.

(3) On or before January 1 of each plan year beginning after the second full year of providing health benefits to the members of the trust, the trust shall provide the state auditor with a copy of the report provided to each participating district and employee group as specified in 20-3-367(2)(a), MCA.

(4) Beginning July 1, 2036, the trust shall, as part of its annual actuarial analysis, indicate any excess reserves existing in the trust and the total amount the trust has repaid to the state.

Authorizing statute(s): 20-3-366, MCA

Implementing statute(s): 20-3-366, 20-3-370, MCA

NEW RULE 4 OTHER REPORTING REQUIREMENTS

(1) The trust must notify the state auditor in writing within 15 days after a school district signs a binding agreement to join the trust. The notification must include the relevant documents signed by the school district and the most recent employee census information for the school district.

(2) The trust must notify the state auditor in writing within 15 days after receiving notice from a school district stating that it intends to withdraw from the trust. The notification must include:

(a) the name of the school district and the number of employees contracted to participate in and obtain health insurance through the trust;

(b) all communications from the school district concerning withdrawing from the trust;

(c) a statement from the trust about whether it agrees that the district may withdraw; and

(d) the amount of reimbursement due to the trust under 20-3-367(3)(c), MCA.

(3) The trust must notify the state auditor in writing at least 120 days before the trust intends to hold a vote to voluntarily dissolve pursuant to 20-3-368(1), MCA.

Authorizing statute(s): 20-3-366, MCA

Implementing statute(s): 20-3-366, 20-3-367, 20-3-368, 20-3-370, MCA

Small Business Impact

With regard to the requirements of 2-4-111, MCA, CSI has determined that the adoption of the above-referenced rules will probably affect the trust. Depending on the number of employees employed by the trust, it may be considered a “small business” under 2-4-102(13), MCA. The probable significant and direct effects of the proposed new rules on the trust are generally the requirements stated in the proposed new rules. The proposed new rules do not propose to directly adopt, increase, or decrease a monetary amount that a person shall pay or will receive. Although the rules could influence the trust’s operational decisions and contracting needs, CSI does not expect those effects to impose probable significant and direct costs on the small businesses identified above.

Bill Sponsor Notification

Pursuant to 2-4-310, MCA, the primary bill sponsor of House Bill 332 (2023) was contacted by email on April 17, 2026.

Interested Persons

CSI maintains a list of interested persons who wish to receive notices of rulemaking actions proposed by this agency. Persons who wish to have their name added to the list must make a written request that includes the name, e-mail, and mailing address of the person to receive notices and specifies for which program the person wishes to receive notices. Notices will be sent by e-mail unless a mailing preference is noted in the request. A written request may be mailed or delivered to the Commissioner of Securities and Insurance, Office of the Montana State Auditor, 840 Helena Avenue, Helena, MT 59601 or CSIPublicComment@mt.gov.

Rule Reviewer

Jack Connors

Approval

James Brown, State Auditor