

TAB 4

Robert Phillips

From: Robert Phillips
Sent: Thursday, July 10, 2014 9:50 AM
To: larry.gianchetta@business.umt.edu
Cc: 'Scott Stearns'; 'Shipping & Receiving'; 'Jan Parks'; 'John VanStrydonck'; 'Lowder, Thomas MD'
Subject: Montana HC Foundation

Larry, have you a few minutes I could have about the status of the Montana HC Foundation? The CMC Board is trying to decide if it is worth it to set up our own foundation or go with some other already existing foundation. As you know, we have a proposal on the table to use the U of M Foundation as a vehicle for supporting the existing initiatives in health care professions (including the Western Montana Family Practice Residency Program) as well as a new program for educating Physician Assistants at U of M. A small group of board members has been tasked with developing such a proposal and bringing it back to the board for its consideration. In this regard, the relative value of the creation of our own foundation versus using an existing one is one of the considerations. You provided me with information about the status of the Montana Health Care Foundation a couple of weeks ago, but I'd like to both update that information and ask some additional questions. Also, I wonder whether the Board of Blue Cross/Blue Shield ever considered using an existing foundation rather than create a new one, or whether that might be something it would consider at this point. I'd be happy to chat any time you have available in the near future. I have a status meeting coming up early next week so the sooner the better. Thanks for your time. bob.

ROBERT J. PHILLIPS

PHILLIPS HAFFEY PC

Suite 301, River Front Place

283 West Front

Missoula, MT 59807

Ph. 406-721-7880

Fax 406-721-0058

rjphillips@phillipsmontana.com

Robert Phillips

From: Robert Phillips
Sent: Thursday, July 10, 2014 9:39 AM
To: 'Barry Kenfield'
Subject: RE: Foundation issues

Can you forward a link to the Empire website? thx. bob.

From: Barry Kenfield [mailto:barryj@aol.com]
Sent: Wednesday, July 9, 2014 6:52 PM
To: Robert Phillips; bill.johnston.mt@gmail.com
Subject: Re: Foundation issues

I am meeting with Mike Harrington on Friday at 10:30 at liquid planet. He is a board member of the montana hc foundation. I am hoping he can share what their experience has been and what they expect their operating budget to be.

I did check out the empire web site an while they don't show their budget they do have quite a hefty staff.

-----Original Message-----

From: Robert Phillips <rjphillips@phillipsmontana.com>
To: 'Bill Johnston' <bill.johnston.mt@gmail.com>; 'Barry Kenfield' <barryj@aol.com>
Sent: Wed, Jul 9, 2014 11:50 AM
Subject: Foundation issues

Fellows, I have the fine work that Reed put together, and I've begun drafting comments on each of the factors that will go into our proposal. Shane and I have not connected, but I expect to today sometime. What I feel we are missing is a good explanation as to the much increased cost and time that will be consumed with the creation of a new foundation. I know that Scott Hacker and Steve C went over to Spokane and met with the leadership of the foundation that was created when CHS bought the hospital there. I am told that the meeting was very helpful and that the foundation is really accomplishing great things. I expect that we will hear all that next week when the Task Force meets. On the other hand, the experience of the Montana Health Care foundation may paint a different picture, at least that is what I have heard from Larry Gianchetta. I don't expect that we'll hear about that foundation and its organizational troubles at our task force meeting, but I'd like to have some information about that effort in hand when we meet. Have either of you any sources that we can use to determine what the real status of that new foundation is, what it intends to accomplish, at what cost and when?

I'll call Larry again to find out what he can share with us, and whom we might talk to about this.
Thanks for your help.

ROBERT J. PHILLIPS

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**MONTANA
HEALTHCARE
FOUNDATION**

**Establishing a CMC Conversion
Foundation**

Aaron Wernham, MD, *CEO*
Denis Prager, PhD, *Chair*
November 19, 2014

MHCF: LAYING THE FOUNDATION

- First assets transferred July 1, 2013 – \$40M
- Balance of assets & liabilities remain with “holding co.”
- Seven Trustees appointed by AG – November, 2013
- First Board meeting – December 18-19, 2013; have met monthly since
- Priorities:
 - Appoint founding officers
 - Select asset manager, accounting firm, attorney
 - Recruit CEO
 - Create infrastructure: operating policies; office; communications technology

MHCF: LAYING THE FOUNDATION

- Now:
 - CEO (Aaron) in place
 - COO started Monday
 - Infrastructure in place
 - Assets = approximately \$65M

- Next:
 - Negotiation of First-year grant
 - Planning process to identify future program priorities
 - Recruitment of program officer

Questions from Community Medical Center

1. Expertise in fund management?
2. Ability to focus on Western Montana and the triple aim?
3. Administrative competency: profile of key personnel?
4. Experience in grant oversight?
5. Ability to secure matching funds?
6. Past fund raising?

1. Fund Management

- Board guides investments (see attached for Trustee background)
- Monticello Associates:
 - Focus on endowments and foundations;
 - Many large university and foundation clients
 - Only revenue comes from client fees
 - \$69 billion under advisement
- Investing strategy:
 - Most CFM assets come to us as bonds and cash: over two years, we are converting these in \$20 million increments into a mix of higher-yield investments while maintaining a fairly conservative mix initially.
 - Target for 2 years from now: 25% fixed income and the rest in a mix of large and small cap, international and emerging, and fixed income investments.

2. Ability to focus on Western Montana and the triple aim

- Overall focus of MHCF: improve the health of all Montanans
 - Triple aim is entirely consistent with this broad objective.
 - Regional focus is not challenging
- MHCF can support strategic planning by conducting statewide research to help identify issues and needs, and collaborate with local board/advisors to specifically target the best opportunities
- CEO's experience:
 - National RFPs for the Robert Wood Johnson Foundation and multiple state conversion foundations
 - Unique, collaborative initiatives: as many as 5 donors, each with a regional or topical focus

3. Administrative competency: profile of key personnel

Aaron Wernham, CEO:

- *Family physician*: experience as both residency faculty and head of rural surgery dept. in Alaska;
- *Public health*: developed prevention initiatives in Alaska and nationally;
- *Grantmaking*: led national initiative that generated more than 700 proposals, and issued more than \$10 million in grants to 60 organizations over 5 years

Denis Prager, Chair

- *Education*: Ph.D. in Medical Science, Stanford
- *Grantmaking*: National Institutes of Health, MacArthur Foundation
- *National Policy-Making*: White House Science Office
- *Consulting*: Many conversion foundations

Ted Madden, CPA, MBA, COO

- Executive Director of Park County Community Foundation
- Community Health Partners, founding CFO, interim ED

Trustees: see handout

4. Experience in grant oversight/monitoring grantee performance: *our general approach*

- Ensuring quality proposals: webinars and sometimes in-person trainings to ensure level playing field for applicants, assist those with less capacity but great ideas
- Careful selection: assessing quality of the proposed work, the capacity of the applicant, and what support they will need to succeed.
- Close engagement with each grantee through project: routine calls, periodic site visits, tailored technical assistance as needed (via staff or consultants)
- Grantee learning opportunities: region/topic-specific grantee meetings, webinars
- Financial: grantee stability assessed in application process, spending monitored via periodic reporting
- Evaluation: criteria defined in application; evaluation funds built into budget; evaluation report produced for each grantee; portfolio evaluation when needed to advance a complex initiative

5. Ability to secure matching funds

- Central to success for a state or regional conversion foundation
- Our approach will include:
 - × Montana-based funders: identifying overlapping interests with other MT foundations, and developing joint initiatives
 - × Collaboration with national foundations
 - × Capacity-based approaches: grants to assist MT applicants with grantwriting, establishing required partnerships, collecting required data, evaluating pilots for which they seek expansion funding.
 - × Challenge and matching fund approaches: issuing RFPs that require applicants to secure matching funds
 - × Unusual partners: identifying other collaborators, such as CDFIs, Hospital community benefits managers, etc.

6. Past fundraising performance

MHCF is not actively raising funds

7. Direct costs (no administrative fee)

- CMC funds would become part of MHCF's Trust, but would be administered separately
- 1% excise tax on net investment income (MINUS operations costs)
- Administrative costs would be determined through annual budgeting process
- Budget would be pro-rated based on percentage of MHCF's required distribution each year
- Budget elements include:
 - ✦ Staff salaries and benefits: grant program planning, RFP management, grant management
 - ✦ Asset management
 - ✦ Direct costs: office, IT, telecommunications
 - ✦ Contracts, eg: communications support, external evaluation, meeting planning

Principles of Affiliation

- Focus on improving the health & healthcare of Montanans
- Needs of Western Montanans determined as part of MHCF strategic planning process, through close collaboration with Missoula-based advisory board
- MHCF full partner, not rubber stamp or administrative functionary
- MHCF corpus not put at risk from trailing liabilities
- CMC funds become part of MHCF's Trust, but administered separately
- Program costs determined through annual budgeting process, not a set overhead percentage



Montana Healthcare Foundation names President and CEO

Bozeman, MT, October 9, 2014.

Aaron Wernham, MD, MS, has been named the first President and CEO of the Montana Healthcare Foundation said Denis Prager, chairman of the foundation's Board of Trustees. The Foundation will make grants to improve the health and wellbeing of all Montanans largely by strengthening public health services and increasing the quality and accessibility of healthcare services across the state.

Wernham has extensive experience providing healthcare in rural Alaska and leading public health and grant making initiatives. Most recently, Wernham founded and directed the Health Impact Project, a collaboration between the Robert Wood Johnson Foundation and The Pew Charitable Trusts, two of the largest non-profits dedicated to improving the nation's health.

[Continue reading →](#)

Attorney General Fox Introduces Montana Healthcare Foundation Board Members

This afternoon, Attorney General Tim Fox announced and introduced the members of the Montana Healthcare Foundation's Board of Trustees.

"I join my fellow Montanans in thanking these new board members for their willingness to step forward and take the helm of the Montana Healthcare Foundation," Attorney General Fox said. "I know we're all looking forward to the great work that the foundation will do to improve health care in our state."



[Read More](#)

Attorney General Fox Launches Montana Healthcare Foundation

Today, Attorney General Tim Fox announced the formation of the Montana Healthcare Foundation.



Earlier this week, Attorney General Fox approved the merger of Blue Cross Blue Shield and Health Care Service Corporation, and secured an increased purchase price for the people of Montana. Under state law, Attorney General Fox must ensure that the \$40.2 million in proceeds from the transaction are directly distributed to a non-profit foundation whose mission is as close as possible to that of Blue Cross Blue Shield. Blue Cross Blue Shield's mission was to improve the quality, availability, and awareness of healthcare programs and services for Montanans.

[Read More](#)

Attorney General Fox Approves HCSC BCBS Transaction

Today, based upon the evidence presented at the public hearings, extensive study, and discovery, Attorney General Tim Fox approved the conversion transaction between Health Care Service Corporation and Blue Cross & Blue Shield of Montana.



Approval is based upon conditions that HCSC and BCBS will continue to comply with their legal obligations, the proceeds of the transaction will be paid to a new foundation, and BCBS will orderly wind down its affairs.

[Read More](#)



Programs

Thank you for your interest in our programs. The Montana Healthcare Foundation is in an assessment phase to develop our programs, and currently has no grants available. We anticipate announcing the availability of our first grantmaking programs in the spring of 2015. If you would like to receive updates on our work, please sign up for our newsletter below.

* indicates required

Email Address

First Name

Last Name

Subscribe



About the Organization

"A nation's greatness is measured by how it treats its weakest members," said Mahatma Gandhi. There is no dispute that a person's strengths or weaknesses are a result of their health. With healthcare becoming one of the leading issues on the minds of Americans today, Montana Healthcare Foundation (MHCF) envisions a measurably healthier State through improving access, education, research, and public policy. MHCF is committed to uphold this promise to the residents of Montana and govern by the guiding principle that everyone benefits from better health.

Headquartered in Bozeman, MHCF was established in late June of 2013, and came into existence as result of the sale of Blue Cross/Blue Shield of Montana to a private corporation. In accordance with State law, the assets transferred were designated to a charitable trust for public benefit. It is estimated that MHCF corpus will be between \$140 and \$150 million and will average roughly \$7 million annually in grants, making it one of the largest foundations in Montana and certainly the largest grantmaker focused on the healthcare needs of Montana residents.

MHCF is dedicated to improving the health status of Montanans and to increasing the quality and accessibility of healthcare services for people across the state. Through its grantmaking programs and activities, the Foundation will work with and through a variety of public and private partners to address the health needs of a diverse, mostly rural population of just over a million people. Foundation Trustees are currently meeting with a variety of stakeholders in order to identify areas in which it is judged the Foundation can have the greatest impact through its initial programming. In addition to specific areas of health and healthcare, the Foundation will be seeking opportunities to address system-level issues related to how public health and healthcare services can be delivered in a more effective, efficient, and more synergistic manner.

The Foundation will work closely with the Department of Public Health and Human Service's [Health Improvement Plan](#), which seeks to improve the health of Montanans to the highest possible level. The Foundation will have the opportunity to collaborate with public health system partners to elevate awareness about health issues and help create long-term, systematic change.

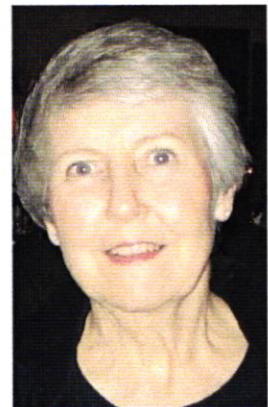
Montana Healthcare Foundation
P.O. Box 790
Bozeman, MT 59771



Mignon R. Waterman

Helena

Ms. Waterman has devoted herself to public service with a strong emphasis on public health and, particularly, mental health. She served as a Montana State Senator for twelve years. While in the Senate, she was a member of the Public Health, Welfare and Safety Subcommittee and the Mental Health Subcommittee of the Senate Finance and Claims Committee. She chaired the Children, Families, Health and Human Services Interim Committee. Outside the Senate, Ms. Waterman has devoted herself to assisting those with mental health needs. She was a founding member of the Helena Local Advisory Council on Mental Health and served on that Council for eleven years. She was a member of the Mental Health Oversight Advisory Council for four years. She was also a member of the Helena Mental Health Crisis Response Partnership Steering Committee and worked to develop a mental health crisis system for Lewis & Clark and surrounding counties. Her service has been recognized with numerous awards. Additionally, Ms. Waterman was Secretary-Treasurer of St. Peter's Hospital Board of Directors and was a member of St. Peter's Hospital Foundation Board of Directors. Ms. Waterman's other public service includes Chair of the Helena School District No. 1 Board of Trustees, President of the Montana School Boards Association, and member of the Montana Chamber of Commerce Board of Directors.



William P. Underriner

Billings

Mr. Underriner is the owner of Underriner Motors of Billings. He has been the owner since 2001. His business expertise has been recognized by his peers. He



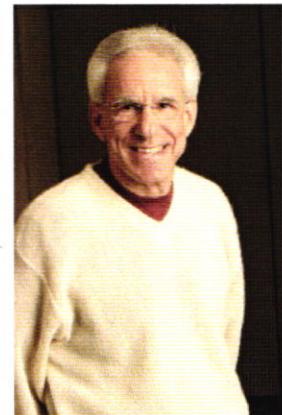
has served as President and Chairman of the Montana Automobile Dealers Association. He has also served as Treasurer, Vice Chairman, and Chairman of the National Automobile Dealers Association (NADA). During his 3-years of service as Treasurer of NADA, he oversaw a \$130,000,000 investment portfolio, which resulted in higher returns and acceptable risk levels. Mr. Underriner's financial expertise was recognized by his appointment as a Board member of the Federal Reserve Bank of Minneapolis, Helena Branch, and his selection as Chairman of the Board. As his resume reveals, Mr. Underriner's civic leadership includes service as chairman of the Saint Vincent Hospital Foundation Board, board member of the American Cancer Society Western United States, chairman of the Board of Directors of the Billings Chamber of Commerce, President of United Way of Yellowstone County, and service with numerous other philanthropic organizations.



Denis J. Prager, PhD

Clyde Park

Dr. Prager has been the principal of Strategic Consulting Services since 1994. As such, Dr. Prager has advised many of the foundations formed from the conversion of non-profit health plans to for-profit entities. He provided consulting services to the California Endowment, the California Wellness Foundation, the Archstone Foundation, the Healthcare Georgia Foundation, and the Ralph M. Parsons Foundation. Prior to relocating to Montana, Dr. Prager was with the John D. and Catherine T. MacArthur Foundation, first as Deputy Director, then as Director of the Foundation's Health Program. Also, Dr. Prager has served as Assistant Director of the White House Office of Science and Technology Policy, a U.S. Public Health Service Fellow at Stanford University, and in various capacities with the National Institutes of Health. His publications include *Organizing Foundations for Maximum Impact: A guide to Effective Philanthropy*, *Health Research Philanthropy in a Time of Plenty: A Strategic Agenda*, and *Promoting and Sustaining the Health of the Mind*. Since relocating to Montana 9 years ago, Dr. Prager has served (or is serving) as a member of the Board of Directors of Livingston Healthcare, the Park County Community Foundation, the Big Sky Institute for the Advancement of Nonprofits, and the Bozeman Symphony. He currently serves as President of the Bozeman Symphony Board.



Joanne M. Pieper

Ms. Pieper retired as Senior Vice President of New York Life Insurance Company. She served in the Company's New York City home office where she held variety of management positions during her entire 28-year career. As Senior Vice President, Ms. Pieper was the head of a Profit Center which designed, marketed and administered

group insurance programs for life, medical and disability insurance programs custom designed for large national employers and members of national professional associations. She also was called upon to manage a number of special projects such as those related to her capacity as the Group Insurance privacy officer ; and acquisitions of blocks of policies from other insurers. While in New York City, the New York YWCA named her as a "Woman Achiever of the Year". After retiring, she relocated to Montana where she has been a leader in civic and philanthropic activities . She served as President of the Board of Trustees of the Museum of the Rockies. While a member of that board, she served as chair of the Development and Strategic Planning committees; and also served on the Finance Committee. Ms. Pieper served as a member of the Editorial Board of the Bozeman Daily Chronicle. Further, Ms. Pieper served on the Board of the Heart of the Valley Humane Society where she chaired committees and was instrumental in its successful campaign to build a new state of the art shelter. . Ms. Pieper was a participant in Governor Martz's task force which studied the problem of the uninsured in the State. Ms. Pieper is currently a member of the Museum of the Rockies National Advisory Board and is a member of the Haven Women's Shelter capital campaign committee. She regularly provides financial support and other assistance to a number of local non profit organizations which she is passionate about.. She is very much looking forward to addressing the challenges and opportunities of her appointment as Trustee of the Montana Healthcare Foundation.

Judith D. LaPan, MS, MBA

Sidney

Ms. LaPan has been the administrator of the Richland County Health Department since 1997. The chair of the Richland County Commissioners applauds her successful efforts assessing the county's health needs and developing programs to meet those needs. When she started in 1997, Ms. LaPan administered an annual budget of \$100,000. She now manages \$1 million annually. Although currently Ms. LaPan also serves as Richland County Health Officer, Ms. LaPan is willing to resign from that office upon appointment as a trustee of the Montana Healthcare Foundation. Ms. LaPan was one of the founding members of the Montana Association of Public Health Officials and served as its first president. As such, she helped hire the Association's first executive director and helped establish the financial system for the organization. Also, Ms. LaPan was a member of the Montana Public Health Improvement Task Force from 2001 to 2011, and served as its chair for more than seven years. Further, Ms. LaPan led Richland County in the community building process that resulted in the development of the Richland County Quality of Life Strategic Plan and the County's associated Steering Committee. She is a member of the governing/advisory boards of the Montana Health Eastern Area Authority, the State Emergency Response Committee, the Seventh Judicial District Adult Treatment Court, the Accreditation and Quality Improvement Committee, and the Richland County Strategic Plan Steering Committee.

Michael V. Harrington, JD

Michael V. Harrington is an Associate Professor of Management at the University of Montana School of Business Administration. Before he joined the business school's full-time faculty ranks in fall 2014, he spent ten years as the Associate Dean. He graduated with high honors from UM in 1986, earning a degree in business administration (emphases in accounting and finance). In 1990, he graduated with high honors from the University of Montana School of Law. He then practiced law for several years in the Bellevue, Washington office of Davis Wright Tremaine, an international law firm. From 1992 until 2003, he held various legal and business positions in Butte with The Montana Power Company and Touch America, Inc. For nine years, he has been a member of the board of directors of First Security Bank of Missoula, and he has chaired that board's Audit Committee for eight years. He is a member and past chair of the Ambassadors, a subcommittee of the Missoula Area Chamber of Commerce, and he is a past member of the Missoula Advisory Board of Anderson ZurMuehlen & Co.



Paul R. Cook, MD, MHA

Red Lodge

Dr. Cook is the Director of the Center for Interdisciplinary Education at Montana State University Billings. As such, he has the primary responsibility for establishing an on-campus component for a Master's Degree program in Health Administration. Prior to being named Director, Dr. Cook served for five years as President and CEO of Rocky Mountain Health Network, which is associated with Saint Vincent Healthcare. He was responsible for the leadership, strategic direction, and oversight of a 600-member provider-hospital organization in Montana and Wyoming. Dr. Cook has also held leadership positions with Brigham and Women's Physician Organization (Boston), Indiana University School of Medicine (Indianapolis), and the University of Missouri Health Systems (Columbia). Dr. Cook is an officer and board member of Billings Wellbeing Institute, a board member of the Montana BioScience Alliance, the Montana Health Forum, and the Global Health Equity Foundation. Dr. Cook's civic leadership includes service on the boards of directors of the Rimrock Opera Company, the Billings Symphony Orchestra and Chorale, and the Alberta Bair Theater.



The Montana Healthcare Foundation

montanahealthcarefoundation.org

- [common questions and answers](#)
- [Application Form](#)
- [Selection Criteria](#)
- [Home](#)

The Montana Healthcare Foundation ("the Foundation") welcomes you to its website.

The Foundation is seeking five operating trustees who will constitute the Board of Trustees. This strong, independent Board of Trustees will govern the Foundation.

The purpose of the Foundation is to provide financial support to improve the quality, availability, and awareness of healthcare programs and services for Montanans. See [Declaration of Trust](#). Within this general purpose, the trustees will make determinations of specific programs and services, which could change from time to time depending upon the trustees' judgment of Montanans' healthcare needs. Shortly after being appointed, the trustees will likely develop a focus for the Foundation's initial activities.

If you wish to apply to be one of the five trustees, you should have an interest in, and concern for, providing support to improve the quality, availability, and awareness of healthcare programs and services for Montanans. Applicants are not required to be experts in healthcare. The Declaration of Trust contemplates that the trustees may establish one or more advisory committees to provide advice and recommendations regarding the Foundation's programs. See [Selection Criteria](#) for a list of the selection criteria.

If you wish to nominate someone other than yourself to be a trustee, send a nominating letter, along with the nominee's contact information, to MontanaHealthCareFoundation@gmail.com **NO LATER THAN AUGUST 9, 2013**. The Foundation will contact those nominees and urge them to apply.

If you wish to apply to be one of the trustees, complete the attached [Application Form](#). Scan the completed form, three letters of reference, and your resume and submit electronically in PDF format to MontanaHealthCareFoundation@gmail.com **NO LATER THAN AUGUST 23, 2013**.

At an organizational meeting, the five trustees will be divided into three separate initial terms of office. Two shall serve a term of six years. Two shall serve a term of five years. One shall serve a term of four years. The trustees are entitled to reasonable compensation.

The Trust's Search and Screening Committee will submit a list of at least five nominated trustee applicants to the Attorney General. The Attorney General may appoint some or all of the nominated applicants or may request the names of additional applicants.

If you have any questions, read our [common questions and answers](#). You may also contact the Interim Trustee, E. Edwin Eck by email at MontanaHealthCareFoundation@gmail.com, by U.S. mail at P.O. Box 7042, Missoula, MT 59807, or by telephone, 243-6534.

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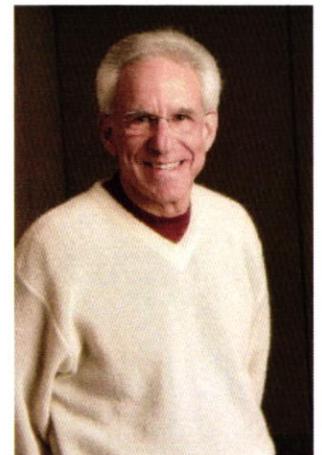
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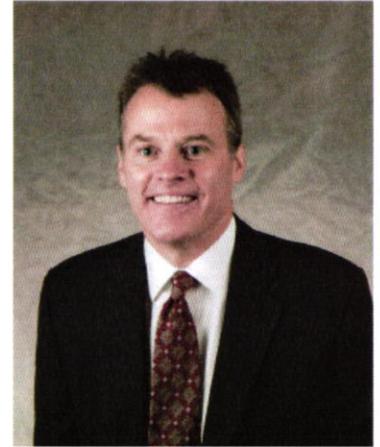
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Ms. LaPan has been the administrator of the Richland County Health Department since 1997. The chair of the Richland County Commissioners applauds her successful efforts assessing the county's health needs and developing programs to meet those needs. When she started in 1997, Ms. LaPan administered an annual budget of \$100,000. She now manages \$1 million annually. Although currently Ms. LaPan also serves as Richland County Health Officer, Ms. LaPan is willing to resign from that office upon appointment as a trustee of the Montana Healthcare Foundation. Ms. LaPan was one of the founding members of the Montana Association of Public Health Officials and served as its first president. As such, she helped hire the Association's first executive director and helped establish the financial system for the organization. Also, Ms. LaPan was a member of the Montana Public Health Improvement Task Force from 2001 to 2011, and served as its chair for more than seven years. Further, Ms. LaPan led Richland County in the community building process that resulted in the development of the Richland County Quality of Life Strategic Plan and the County's associated Steering Committee. She is a member of the governing/advisory boards of the Montana Health Eastern Area Authority, the State Emergency Response Committee, the Seventh Judicial Distinct Adult Treatment Court, the Accreditation and Quality Improvement Committee, and the Richland County Strategic Plan Steering Committee.

Michael V. Harrington, JD

Michael V. Harrington is an Associate Professor of Management at the University of Montana School of Business Administration. Before he joined the business school's full-time faculty ranks in fall 2014, he spent ten years as the Associate Dean. He graduated with high honors from UM in 1986, earning a degree in business administration (emphases in accounting and finance). In 1990, he graduated with high honors from the University of Montana School of Law. He then practiced law for several years in the Bellevue, Washington office of Davis Wright Tremaine, an international law firm. From 1992 until 2003, he held various legal and business positions in Butte with The Montana Power Company and Touch America, Inc. For nine years, he has been a member of the board of directors of First Security Bank of Missoula, and he has chaired that board's Audit Committee for eight years. He is a member and past chair of the Ambassadors, a subcommittee of the Missoula Area Chamber of Commerce, and he is a past member of the Missoula Advisory Board of Anderson ZurMuehlen & Co.



Paul R. Cook, MD, MHA

Red Lodge

Dr. Cook is the Director of the Center for Interdisciplinary Education at Montana State University Billings. As such, he has the primary responsibility for establishing an on-campus component for a Master's Degree program in Health Administration. Prior to being named Director, Dr. Cook served for five years as President and CEO of Rocky Mountain Health Network, which is associated with Saint Vincent Healthcare. He was responsible for the leadership, strategic direction, and oversight of a 600-member provider-hospital organization in Montana and Wyoming. Dr. Cook has also held leadership positions with Brigham and Women's Physician Organization (Boston), Indiana University School of Medicine (Indianapolis), and the University of Missouri Health Systems (Columbia). Dr. Cook is an officer and board member of Billings Wellbeing Institute, a board member of the Montana BioScience Alliance, the Montana Health Forum, and the Global Health Equity Foundation. Dr. Cook's civic leadership includes service on the boards of directors of the Rimrock Opera Company, the Billings Symphony Orchestra and Chorale, and the Alberta Bair Theater.



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Search Committee Nominates Candidates for Montana Healthcare Foundation Board

Targeted News Service

HELENA, Mont., Dec. 3 -- The Montana Attorney General issued the following news release:

The Montana Healthcare Foundation's interim trustee E. Edwin Eck and his selection committee have forwarded Attorney General Tim Fox their seven nominations for the foundation's board. The nominees are:

- * Dr. Paul R. Cook, Red Lodge
- * Michael V. Harrington, Missoula
- * Judith LaPlan, Sidney
- * Joanne M. Pieper, Belgrade
- * Denis J. Prager, Clyde Park
- * William P. Underriner, Billings
- * Mignon R. Waterman, Helena

Additional information about the nominees is available in the search committee's memo to Attorney General Fox, which is available online here (<https://doj.mt.gov/wp-content/uploads/MT-Healthcare-Fdtn-Dec2013.pdf>). The memo describes the steps the committee made to notify Montanans of the opportunity to apply, as well as the review and selection process.

"E. Edwin Eck, and his search committee members, Karen Fagg, and James Soft, have invested a tremendous amount of time and energy into compiling this list of nominees from across Montana, and I am grateful for their service," Attorney General Fox said. The committee reviewed 100 applications and interviewed dozens of Montanans over the past several months. "I am excited to interview these nominees individually and independently determine whether each nominee meets the statutory requirements and qualifications required for appointment to the Montana Healthcare Foundation's initial board of directors."

Attorney General Fox formed the Montana Healthcare Foundation after he and Commissioner of Securities and Insurance Monica Lindeen approved the limited acquisition of Blue Cross Blue Shield of Montana's insurance portfolio assets by Health Care Service Corporation (HCSC). State law required the Attorney General to distribute the transaction's \$40.2 million purchase proceeds directly to a non-profit foundation whose mission is to improve the quality, availability, and awareness of healthcare programs and services for Montanans. In order to best fulfill that responsibility, the Attorney General's Office created a new non-profit organization, which is a 501(c)(3) charity with an independent board of directors. The Attorney General's approval of the conversion transaction also required HCSC to create at least 100 new jobs in Montana, which HCSC is fulfilling with the establishment of a call center in Great Falls.

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In accordance with state law, the Attorney General's Office will confirm that the nominees meet the statutory requirements for the new foundation's board members. If the nominees meet the criteria and successfully complete background checks, Attorney General Fox will formally appoint them as members of the board. It is anticipated that the process will conclude in two to three weeks. Upon the Attorney General's final appointments to the board, E. Edwin Eck's position as interim trustee of the foundation will terminate.

The Montana Healthcare Foundation (<http://www.montanahealthcarefoundation.org/>) is an independent, non-governmental entity.

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Wordcount: 443



Foundation funded by sale of Blue Cross and Blue Shield of Montana will have \$150M

APRIL 20, 2014 12:00 AM • BY MIKE DENNISON

But still must pay old company's liabilities

HELENA — The foundation funded by the sale of Blue Cross and Blue Shield of Montana to a Chicago insurance giant eventually will have more than \$150 million in assets, to fund millions of dollars each year in health-care programs, officials say.

"What an amazing asset for this state," says Denis Prager, a Clyde Park consultant who chairs the new foundation's board. "The opportunity is just tremendous."

Prager says the Montana Healthcare Foundation is still getting organized, but plans to hand out \$1 million in grants this year.

Within a couple of years, the foundation's assets should grow from its current \$40.2 million to more than \$150 million, as portions of Blue Cross not sold to Health Care Service Corp. (HCSC) are sold or cashed out, with the proceeds going to the foundation.

Those assets include buildings in Helena and Great Falls, \$55 million from the 2012 sale of Blue Cross' old insurance agency, Western States Insurance, \$50 million to \$60 million of leftover reserves from Blue Cross, and some deferred tax benefits.

However, the company handling these assets — Caring for Montanans Inc. — also must pay old liabilities associated with Blue Cross that were not assumed by the buyer.

These liabilities include about 10 pending lawsuits against the company and other legal action that may arise after the sale, which was made final last year.

For example, when state Auditor Monica Lindeen this year fined Blue Cross \$250,000 for market-conduction violations dating back to 2006, Caring for Montanans paid the money — not HCSC.

Caring for Montanans has set aside a \$20 million fund to pay these liabilities. That money came out of the old Blue Cross surplus.

Former state Auditor John Morrison, who's now an attorney in private practice in Helena, believes those liabilities should not be taken out of the leftover assets that will fund the Healthcare Foundation.

When a nonprofit health insurer like Blue Cross is "converted" or sold, like it was last year, its leftover assets are supposed to go to a foundation at their fair market value, he said last week.

The law “does not say the fair market value of the assets ‘after liabilities are offset against them,’” Morrison said.

State attorneys who reviewed the sale in 2012 and 2013, however, say the law allowed Blue Cross and its buyer, HCSC, to structure the deal the way they wanted, and that’s what the state approved. HCSC bought Blue Cross’ book of health insurance business, but wanted to leave behind some of the old company’s liabilities, such as the pending lawsuits.

“Nothing in the (law) requires the buyer to inherit the liabilities of Blue Cross,” said Jesse Laslovich, chief legal counsel for Lindeen. “If it had been, we would have made that a condition of our approval.”

Still, it appears that the new foundation will be getting a sizeable amount of cash, even after the old Blue Cross assets are offset by the liabilities.

Prager said the Montana Healthcare Foundation is in the process of finding and hiring its executive director, after which it will hire some additional staff and consider how it plans to hand out about \$1 million in grants this year.

“My preference is that we focus on one or two areas and solicit proposals,” he says. “We won’t have the capacity to handle hundreds of proposals.”

Once Caring for Montanans Inc. settles the pending lawsuits and sells other assets, the Healthcare Foundation should have more than \$150 million in assets.

Prager notes that federal rules on foundations require them to spend at least 5 percent of their assets on programs each year — and, at \$150 million, that would mean \$7.5 million in grants for the Montana Healthcare Foundation. “We’ve got some real (health-care) problems in Montana, and our health ratings aren’t all that great,” he said. “There’s a lot to do, and this foundation has a huge potential to make a difference for people’s lives in the state.”

BOZEMAN DAILY CHRONICLE

Montana Healthcare Foundation names president and CEO

By ERIN SCHATTAUER, Chronicle Staff Writer

Posted: Friday, October 10, 2014 5:00 am

In a second-floor office on East Main Street, Montana Healthcare Foundation CEO Aaron Wernham is setting up shop.

So far, the office is mostly bare. Since Wernham started Oct. 1, he hasn't sat still much. He's already traveled to Helena, Billings and the Crow Nation.

Wernham is the foundation's first president and CEO. It was created in 2013 after the sale of Blue Cross Blue Shield of Montana to Health Care Service Corp.

Wernham said he is excited about working with Montanans to improve their health. And while it's too early to say what the foundation's focus will be, he said the state faces some clear problems: suicide, alcohol abuse and high injury rates related to motor vehicle crashes.

"Are we going to focus on those? We don't know yet," Wernham said. "My real hope is that we're going to make a real, tangible contribution to the health of Montanans, that we'll do that through working with communities to address their needs and really fill the gaps that they see."

Wernham, a family practice physician, comes to Bozeman from Washington, D.C., where he was director of the Health Impact Project, a collaboration of the Pew Charitable Trusts and Robert Wood Johnson Foundation. Before that, he was a senior policy analyst with the Alaska Native Tribal Health Consortium.

Working in Alaska was a lifelong dream for Wernham, who spent nearly 10 years there.

"I enjoy working in smaller communities in a state where you can really get to know people, and I feel that's a great way to make change," Wernham said.

He sees some similarities between Alaska and Montana.

“I think there are health care shortage areas in Alaska as there are in Montana, but particularly in the rural areas where people either have to travel a very long way to get a physician or simply really have a hard time getting clinical care,” he said.

The foundation, funded by the sale of Blue Cross and Blue Shield of Montana, is expected to have \$140 million to \$150 million in assets and will award about \$7 million annually in grants, making it the largest grant provider focused on the health care needs of Montanans, according to the organization.

The foundation is currently in what Wernham calls an “assessment phase.”

“My job over the next months will be to get out to communities around the state, learn what their needs are and figure out how we can design programs with them to help meet those needs,” he said.

Wernham said health disparities are a real issue in Montana. “There’s upwards of a 20-year difference in life expectancy between some tribal communities and all Montanans, and I think we’ll be looking at communities, tribes, places where there are kind of pockets of real health challenges to figure out how we can help,” he added.

Wernham hopes to announce the foundation’s strategies in the spring.

Learn more about the Montana Healthcare Foundation at <http://mthcf.org/>.



About the Organization

"A nation's greatness is measured by how it treats its weakest members," said Mahatma Gandhi. There is no dispute that a person's strengths or weaknesses are a result of their health. With healthcare becoming one of the leading issues on the minds of Americans today, Montana Healthcare Foundation (MHCF) envisions a measurably healthier State through improving access, education, research, and public policy. MHCF is committed to uphold this promise to the residents of Montana and govern by the guiding principle that everyone benefits from better health.

Headquartered in Bozeman, MHCF was established in late June of 2013, and came into existence as result of the sale of Blue Cross/Blue Shield of Montana to a private corporation. In accordance with State law, the assets transferred were designated to a charitable trust for public benefit. It is estimated that MHCF corpus will be between \$140 and \$150 million and will average roughly \$7 million annually in grants, making it one of the largest foundations in Montana and certainly the largest grantmaker focused on the healthcare needs of Montana residents.

MHCF is dedicated to improving the health status of Montanans and to increasing the quality and accessibility of healthcare services for people across the state. Through its grantmaking programs and activities, the Foundation will work with and through a variety of public and private partners to address the health needs of a diverse, mostly rural population of just over a million people. Foundation Trustees are currently meeting with a variety of stakeholders in order to identify areas in which it is judged the Foundation can have the greatest impact through its initial programming. In addition to specific areas of health and healthcare, the Foundation will be seeking opportunities to address system-level issues related to how public health and healthcare services can be delivered in a more effective, efficient, and more synergistic manner.

The Foundation will work closely with the Department of Public Health and Human Service's [Health Improvement Plan](#), which seeks to improve the health of Montanans to the highest possible level. The Foundation will have the opportunity to collaborate with public health system partners to elevate awareness about health issues and help create long-term, systematic change.

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Montana Department of Justice / Press Release / Attorney General Fox Introduces Montana Healthcare Foundation Board Members

December 19, 2013

Attorney General Fox Introduces Montana Healthcare Foundation Board Members

This afternoon, Attorney General Tim Fox announced and introduced the members of the Montana Healthcare Foundation's Board of Trustees.

"I join my fellow Montanans in thanking these new board members for their willingness to step forward and take the helm of the Montana Healthcare Foundation," Attorney General Fox said. "I know we're all looking forward to the great work that the foundation will do to improve health care in our state." The foundation's board members are:

Dr. Paul R. Cook of Red Lodge

Dr. Cook is the Director of the Center for Interdisciplinary Education at Montana State University Billings. As such, he is responsible for establishing an on-campus component for a Master's Degree program in Health Administration. Prior to being named Director, Paul served for five years as President and CEO of Rocky Mountain Health Network, which is associated with Saint Vincent Healthcare. Paul is an officer and board member of Billings Wellbeing Institute, a board member of the Montana BioScience Alliance, the Montana Health Forum, and the Global Health Equity Foundation.

Michael V. Harrington of Missoula

Michael is an associate professor of management at the University of Montana School of Business

Administration, which he joined in 2003. He served as Associate Dean of that school for ten years. Montana DOJ use cookies to improve your experience on our website. By Professor Harrington is a member of the Montana Society of CPAs, the State Bar of Montana, and the browsing this website, you agree to our use of cookies.

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with The Montana Power Company and later with Touch America, Inc. For approximately nine years, Professor Harrington has been a member of the Board of Directors of First Security Bank of Missoula.

Judith LaPlan of Sidney

Judith has been the administrator of the Richland County Health Department since 1997. She was one of the founding members of the Montana Association of Public Health Officials and served as its first president. She was a member of the Montana Public Health Improvement Task Force from 2001 to 2011, and served as its chair for more than seven years. She is a member of the governing/advisory boards of the Montana Health Eastern Area Authority, the State Emergency Response Committee, the Seventh Judicial District Adult Treatment Court, the Accreditation and Quality Improvement Committee, and the Richland County Strategic Plan Steering Committee.

Joanne M. Pieper of Belgrade

Joanne is a former Senior Vice President of New York Life Insurance Company. She served in the Company's New York City home office in a variety of positions during her 28-year career. As Senior Vice President, Joanne oversaw the design, marketing, and administration of group programs for medical, life, and disability insurance. After retiring, she relocated to Montana where she has been a leader in civic and philanthropic activities for the past 17 years. She served as President of the Board of Trustees of the Museum of the Rockies and was a participant in Governor Martz's task force that studied the problem of uninsured Montana citizens. She served a term as a member of the Bozeman Daily Chronicle's editorial board, and is currently a member of the Haven Women's Shelter capital campaign committee.

Denis J. Prager of Clyde Park

Dr. Prager has been the principal of Strategic Consulting Services since 1994. He has advised many of the foundations formed from the conversion of nonprofit health plans to for-profit entities. He provided consulting services to the California Endowment, the California Wellness Foundation, the Archstone Foundation, the Healthcare Georgia Foundation, and the Ralph M. Parsons Foundation. Prior to relocating to Montana, Denis was with the John D. and Catherine T. MacArthur Foundation, first as Deputy Director, then as Director of the Foundation's Health Program. Denis also has served as Assistant Director of the White House Office of Science and Technology Policy, a U.S. Public Health Service Fellow at Stanford University, and in various capacities with the National Institutes of Health. Since relocating to Montana, Denis has served (or is serving) as a member of the Board of Directors of Livingston Healthcare and other Montana non-profits.

William P. Underriner of Billings

William has been the owner of Underriner Motors in Billings since 2001. He has served in leadership roles of the Montana Automobile Dealers Association and the National Automobile Dealers Association. [More info](#)

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Association, where he oversaw a \$130 million investment portfolio. William has served as chairman of the board of the Federal Reserve Bank of Minneapolis, Helena Branch, chairman of the Saint Vincent

Hospital Foundation Board, board member of the American Cancer Society Western United States, Chairman of the Board of Directors of the Billings Chamber of Commerce, President of United Way of

Yellowstone County, and with other service organizations.

Mignon R. Waterman of Helena

Mignon served as a Montana State Senator for twelve years. There she was a member of the Public Health, Welfare and Safety Subcommittee and the Mental Health Subcommittee of the Senate Finance and Claims Committee. She also chaired the Children, Families, Health and Human Services Interim Committee. Mignon was a founding member of the Helena Local Advisory Council on Mental Health and served on the Mental Health Oversight Advisory Council for four years. She was also a member of the Helena Mental Health Crisis Response Partnership Steering Committee and worked to develop a mental health crisis system for Lewis & Clark and surrounding counties. Additionally, Mignon has served as Secretary-Treasury of St. Peter’s Hospital Board of Directors and was a member of St. Peter’s Hospital Foundation Board of Directors. Her other public service Includes Chair of the Helena School District No.1 Board of Trustees, President of the Montana School Boards Association, and member of the Montana Chamber of Commerce Board of Directors.

Attorney General Fox formed the Montana Healthcare Foundation after he and Commissioner of Securities and Insurance Monica Lindeen approved the limited acquisition of Blue Cross Blue Shield of Montana’s insurance portfolio assets by Health Care Service Corporation (HCSC). State law required the Attorney General to distribute the transaction’s \$40.2 million purchase proceeds directly to a non-profit foundation whose mission is to improve the quality, availability, and awareness of healthcare programs and services for Montanans. In order to best fulfill that responsibility, the Attorney General’s Office created a new non-profit organization, which is a 501(c)(3) charity with an independent board of directors. The Attorney General’s approval of the conversion transaction also required HCSC to create at least 100 new jobs in Montana, which HCSC is fulfilling with the establishment of a call center in Great Falls.

Earlier this month and after reviewing 100 applications, Interim Trustee Ed Eck and search committee members Karen Fagg and James Soft nominated the seven aforementioned individuals for the board. In accordance with state law, the Attorney General’s Office confirmed that the nominees meet the statutory requirements for the new foundation’s board members.

The Montana Healthcare Foundation is a non-governmental entity. Its mission is to improve the quality, availability, and awareness of healthcare programs and services for Montanans.

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MT Healthcare Foundation

2:35 PM WED DECEMBER 4, 2013

Healthcare foundation board will decide how to spend \$40 million from BCBS-MT sale

By [DAN BOYCE](#) ([PEOPLE/DAN-BOYCE](#))

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3:30

Hear the radio version of this story from "Montana Evening Edition"

Attorney General Tim Fox's office said Tuesday a group of candidates have been nominated for the board of a new healthcare foundation created following the sale of Blue Cross Blue Shield of Montana to an out-of-state company.

[BCBS-MT sold to Illinois-based Healthcare Service Corporation this summer](#) (<http://mtp.org/post/bcbs-mt-sale-proceeds-will-create-montana-healthcare-foundation>). State law dictates money from the sale must go toward creation of a non-profit with the broad focus of improving healthcare quality in Montana. The resulting Montana Healthcare Foundation received \$40 million and an interim team has spent months looking through 100 applications to nominate its board of trustees.



(<http://mediad.publicbroadcasting.net/p/kufm/files/201308/ECK.jpg>)

Montana Healthcare Foundation Interim Trustee E
Edwin Eck

Interim Trustee E. Edwin Eck, appointed by Attorney General Fox, said the law requires candidates to come from geographically diverse parts of the state and to have varied backgrounds in areas like nonprofit management and investing.

"We tried to put together a team of people we felt met those statutory requirements and were well regarded in their communities as civic leaders," Eck said.

Nominations from the selection committee are:

- **Dr. Paul R. Cook**, Red Lodge. Director of the Center for Interdisciplinary Education at MSU-Billings.
- **Michael V. Harrington**, Missoula. Associate professor of management at the University of Montana School of Business Administration.
- **Judith LaPlan**, Sidney. Administrator of the Richland County Health Department.

· **Joanne M. Pieper**, Belgrade. Retired Senior Vice President of New York Life Insurance Company.

· **Denis J. Prager**, Clyde Park. Former Health Program Director at the John D. and Catherine T. MacArthur Foundation.

· **William P. Underriner**, Billings. Owner of Underriner Moters.

· **Mignon R. Waterman**, Helena. Former Montana State Senator.

The nominees await confirmation from Attorney General Fox, who said he will do so if they meet the requirements of the law and complete background checks. His office said this process should take a couple of weeks. Eck's role as Interim Trustee will finish with the formal appointment of the board.

Board members will be tasked with deciding exactly how to apply the broad directives of the law.

Nominee Mignon Waterman said the money provides great opportunity, but she acknowledged the board will still need to be deliberative in finding ways to use it.

"We could spend all of this money in a heartbeat," Waterman said. "That in my mind, would not be the wisest and best use of the money."

Interim Trustee Eck said once appointed, the new board will need to meet to discuss term lengths and who will serve in leadership positions.

Eck also said the foundation could receive another \$100 million or more as additional Blue Cross assets are sold off. He said that amount should be clear within a year.

TAGS: [Montana Healthcare Foundation \(/term/montana-healthcare-foundation\)](#) [Tim Fox \(/term/tim-fox\)](#) [E. Edwin Eck \(/term/e-edwin-eck\)](#) [Mignon Waterman \(/term/mignon-waterman\)](#) [Blue Cross Blue Shield of Montana \(/term/blue-cross-blue-shield-montana\)](#) [Healthcare Service Corporation \(/term/healthcare-service-corporation\)](#)

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Chief Executive Officer

Montana Healthcare Foundation (based in Bozeman) - Great Falls, Montana Area

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This Is A Preview Of The Chief Executive Officer Job At Montana Healthcare Foundation (Based In Bozeman). To View The Full Job Listing, Join LinkedIn - Its Free!

About this job



Job description

This is an exciting opportunity for the CEO to grow and build an organization from the ground-up with the help of a supportive, respectful, mission-driven Board of Trustees. Along with the Board of Trustees, the CEO will support their strategy planning for, defining, and clarifying the vision and mission of Montana Healthcare Foundation (MHCF). The CEO will be instrumental in establishing the culture of the Foundation, developing the philanthropic initiatives of the organization, and implementing these initiatives through the grant-making process.

To view the full position profile, please visit the following page: http://www.waldronhr.com/images/stories/Position_Specifications/mhcf_ceo.pdf



Desired Skills and Experience

IDEAL CANDIDATE & KEY COMPETENCIES

The successful candidate will have deep experience collaborating with a governing board and a broad spectrum of community players. S/he will ideally have some experience with start-up organizations. If not, the individual should bring an entrepreneurial spirit and creative approach, balanced with strong analytical skills. Complementing their passion for addressing health issues, this individual will have an ability to understand the business side of organizations. Because the Montana Health Foundation will primarily be a grant making organization, this individual must understand the grant making life cycle, including measuring impact.

If not currently or formerly living in Montana, the ideal candidate is passionate about living in and making Montana their home. A personal history that includes living or working in rural societies is preferred.

MINIMUM QUALIFICATIONS

We seek candidates with a minimum of 10 years professional experience with executive management responsibilities, preferably in a non-profit or philanthropic organization in high growth or start-up mode. Experience in the health industry, public health, health policy and/or life sciences would be beneficial.

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The Montana Health Foundation is committed to hiring a diverse workforce and all qualified applicants are encouraged to apply. To be considered, please go to candidates.waldronhr.com and include a carefully crafted, customized cover letter in your application that includes how your skill set and background align with the demands of the position. Use reference code LI414 when applying. Letters should be addressed to Tom Waldron.

About this company

With healthcare becoming one of the leading issues on the minds of Americans today, Montana Healthcare Foundation (MHCF) envisions a measurably healthier state through improving healthcare access, education, research, and public policy.

Headquartered in Bozeman, MHCF was established in late June of 2013, and came into existence as result of the sale of Blue Cross/Blue Shield of Montana to a private corporation. In accordance with state law, the assets transferred were designated to a charitable trust for public benefit. It is estimated that MHCF corpus will be between \$140 and \$150 million, making it the largest health-focused grantmaker in Montana.

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Robert Phillips

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HELENA — The foundation funded by the sale of Blue Cross and Blue Shield of Montana to a Chicago insurance giant eventually will have more than \$150 million in assets, to fund millions of dollars each year in health-care programs, officials say.

"What an amazing asset for this state," says Denis Prager, a Clyde Park consultant who chairs the new foundation's board. "The opportunity is just tremendous."

Prager says the Montana Healthcare Foundation is still getting organized, but plans to hand out \$1 million in grants this year.

Within a couple of years, the foundation's assets should grow from its current \$40.2 million to more than \$150 million, as portions of Blue Cross not sold to Health Care Service Corp. (HCSC) are sold or cashed out, with the proceeds going to the foundation.

Those assets include buildings in Helena and Great Falls, \$55 million from the 2012 sale of Blue Cross' old insurance agency, Western States Insurance, \$50 million to \$60 million of leftover reserves from Blue Cross, and some deferred tax benefits.

However, the company handling these assets — Caring for Montanans Inc. — also must pay old liabilities associated with Blue Cross that were not assumed by the buyer.

These liabilities include about 10 pending lawsuits against the company and other legal action that may arise after the sale, which was made final last year.

For example, when state Auditor Monica Lindeen this year fined Blue Cross \$250,000 for market-conduction violations dating back to 2006, Caring for Montanans paid the money — not HCSC.

Caring for Montanans has set aside a \$20 million fund to pay these liabilities. That money came out of the old Blue Cross surplus.

Former state Auditor John Morrison, who's now an attorney in private practice in Helena, believes those liabilities should not be taken out of the leftover assets that will fund the Healthcare Foundation.

When a nonprofit health insurer like Blue Cross is "converted" or sold, like it was last year, its leftover assets are supposed to go to a foundation at their fair market value, he said last week.

The law "does not say the fair market value of the assets 'after liabilities are offset against them,'" Morrison said.

State attorneys who reviewed the sale in 2012 and 2013, however, say the law allowed Blue Cross and its buyer, HCSC, to structure the deal the way they wanted, and that's what the state approved. HCSC bought Blue Cross' book of health insurance business, but wanted to leave behind some of the old company's liabilities, such as the pending lawsuits.

"Nothing in the (law) requires the buyer to inherit the liabilities of Blue Cross," said Jesse Laslovich, chief legal counsel for Lindeen. "If it had been, we would have made that a condition of our approval."

Still, it appears that the new foundation will be getting a sizeable amount of cash, even after the old Blue Cross assets are offset by the liabilities.

Prager said the Montana Healthcare Foundation is in the process of finding and hiring its executive director, after which it will hire some additional staff and consider how it plans to hand out about \$1 million in

grants this year.

"My preference is that we focus on one or two areas and solicit proposals," he says. "We won't have the capacity to handle hundreds of proposals."

Once Caring for Montanans Inc. settles the pending lawsuits and sells other assets, the Healthcare Foundation should have more than \$150 million in assets.

Prager notes that federal rules on foundations require them to spend at least 5 percent of their assets on programs each year — and, at \$150 million, that would mean \$7.5 million in grants for the Montana Healthcare Foundation.

"We've got some real (health-care) problems in Montana, and our health ratings aren't all that great," he said. "There's a lot to do, and this foundation has a huge potential to make a difference for people's lives in the state."

ROBERT J. PHILLIPS

PHILLIPS HAFFEY PC

Suite 301, River Front Place

283 West Front

Missoula, MT 59807

Ph. 406-721-7880

Fax 406-721-0058

rjphillips@phillipsmontana.com