

**ECONOMIC AFFAIRS IC**  
**June 11, 2012**  
**EXHIBIT 13**

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Chairman of American Trucking & Transportation Insurance Company*

Testimony before Economic Affairs Interim Committee June 11, 2012

Members of the Committee:

As a Montana employer with around 1200 employees I can tell you that managing our health care costs is one of the most difficult tasks we have. For many years that cost increases yearly at a much higher percentage than we can increase our rates, and that has contributed to over 4000 trucking companies in the US and several in Montana closing their doors the last four years.

Over 10 years ago while facing a time of rapidly rising liability premiums in the trucking industry, I led a group that started American Trucking and Transportation Insurance Company, a Montana based risk retention group. We insure over 3500 trucks and are owned by the 5 companies that we insure. Not only have we kept premiums flat, we actually lowered them and today have built up strong cash reserves.

The key areas that has made this successful was a strong emphasis on safety and claims management that reduces the number of claims, and the severity of those claims, and a focus on keeping our administrative costs well below most insurance companies as this is a key area underwriters use to set rates.

That is one of the reasons that almost two years ago when I was asked to sit on the board with a group of Montana business owners and citizens to form a Montana health Coop, that I agreed. The goal of that group was much like our risk retention group. We would have the focus on strong primary care to reduce the high cost claims, and work with providers to better utilize their resources by sending more coop patients to underutilized care facilities to help maintain lower costs. At the same time put a strong focus on keeping control of administrative overhead that would have an immediate effect on premium cost.

With a lot of hard work and the help of some good consultants we submitted an application to HHS on October 17 2011 to create a new health insurer, an insurer that would be coop owned and operated by its members. In Montana this coop will be subject to the same laws and taxes that apply to other Montana insurers.

On February 21<sup>st</sup> we were one of the first applications approved and we received start up loans of 6.7 million dollars and solvency loans of up to \$51 million dollars. These funds are not given all at once but are conditional upon and funded only after we achieve highly specific and difficult milestones showing we are making progress toward our agreed upon goals. To date we have meet all goals and are on target to be issuing policies in October of 2013.

This is quite an accomplishment for a group of Montanans whose goal is to rein in the rising costs of health care for Montana business, schools, government and families. As a board member I will assure Montana citizens that I will do my best to keep the focus on low administrative costs, more focus on primary care and preventive medicine, and better cooperation with heath care providers to better utilize their equipment and facilities.

Although I believe there are many parts of the Affordable Health Care Act the need to be changed, this is one area that should give the citizens of Montana hope for a more cost effective health care system. I tend to agree with a the results of a professionally done survey that showed 67% of Montana business believe that more completion is needed for health care insurance. The board of the Montana Health Coop is a group of Montana citizens that believe that this is the best opportunity Montana has to provide a better more cost effective health care delivery system.

Ray Kuntz