Arkansas Health Benefits Exchange Planning

Small Business/Community Leaders/ Legislators	September 19, 2011	Arkansas Studies Institute Rm. 204	10:00AM – 12:00PM

Members Present:	Members Absent:
Richard Eden Rep. Barry Hyde Harold Simpson Vic Snyder Kenny Whitlock **Staff:** Tangelia Clary-Marshall **Consultant**: David Sodergren, First Data David Deere, UAMS **Guests:** Dolores A. Chitwood-NAIFA Ark Russell Greene-Connecture Jessica Fisher-National MS Society	Ron Boyeskie Jason Brady Jay Chesshir Ray Hanley Alan Hughes Annabelle Imber Tuck Jim Langston Rep. Tracy Pennartz Jody Purifoy Amanda Rose Karen Sullivan Rep. Jon Woods

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Meeting Summary:

I. David Sodergren- First Data, opened the meeting. Workgroup members and guests introduced themselves. David pointed out the handouts available to accompany the discussions for today's meeting. David also pointed out the two topics of discussion that will take priority for the Small Business Workgroup.

II. **The Small Business Workgroup meeting summary from August 15 was approved** as circulated without corrections and will be posted as "final" on the HBE website.

III. CCIIO/Project Updates- David Sodergren reported that Cindy Crone has provided a written report (handout). Cindy and Bruce are both in Arlington VA attending the CCIIO Grantee meeting and reported that there are some additional partnership options that are being discussed. Cindy and Bruce will provide additional information on these options and will be available for questions tomorrow. There is a PowerPoint presentation that CMS presented at the Grantee Meeting on the 20th in public domain.

IV. Steering Committee Update-Kenny Whitlock reported that there was an update on the web-based survey which indicated that 32.1% of those surveyed felt that continued planning is a waste of time, 31.6% indicated that they have concerns or questions regarding the planning but prefer a state run exchange verses a federal, 36.3% support the continued planning of the exchange. Based on the survey results approximately 68% support the continued planning efforts and support a state run exchange. Kenny informed the workgroup members that the survey results are available on the HBE website. Kenny then moved on to reiterate the importance of the assigned topics of discussions for the workgroups. Kenny briefly discussed the First Data Evaluation Plan by informing the workgroup that the 2 year cost for the plan is $733,000. Kenny reported that

there were questions regarding the Marketplace Report Summary in regards to the "Medicaid's cost per member" data reported. Was institutional care figured into the model and if that cost were removed would the model predictions change drastically? The question was raised "What keeps DHS and Medicaid from buying aggressively into insurance?" with the pre-existing clause going away. Kenny pointed out that the Small Business Workgroup had been assigned two particular issues to be discussed for today's meeting which are: 1. Should fees be assessed to support the exchange? 2. Should issuers be allowed to offer coverage regionally or statewide?

V. Discussion Topics

A. General Topic-Navigator Role and Plan-David reported that the Navigator role was discussed extensively in the workgroup meetings four weeks ago. The key points were that the Navigator program would be a grant-based program in community organizations and state agencies. The program would be open to any number of different groups that apply for the grant. Navigators would not be enrolling individuals into plans and would only offer support with understanding advance tax credits and the various plans and options available. David pointed out that the intention of the Navigators is not to enroll individuals but for outreach and education to be their primary goal.

QUESTIONS

1. Are different processes for Small Business verses Individual/Family Insurance being looked at in regard to the Navigator role?

   Response- The Navigator role is a "one size fits all" type program and would be provided on an "as needed basis".

2. Do the federal regulations set limitations for the states in regard to what we can or can't do as it relates to the Navigator role?

   Response-Yes, there are different pieces of it. For example, on the payment piece; brokers can be navigators however; they cannot be paid as a navigator and also as a broker on the same transaction.

3. Will broker transaction commission go into the 85% or 15% bucket?

   Response-Not sure if the answer to the question has been determined yet.

4. Why is the recommendation not to allow Navigators the ability to enroll individuals?

   Response- There is a couple of reasons. One is the licensure element.

5. What prevents Navigators from coercing a consumer into enrolling into a particular plan?

   Response-There is no commission or incentive for the Navigator.

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ISSUES

1. Employees resist online enrollment without assistance and employers will have to make time for employees to enroll. Employers do not want to do this.
2. When people enroll in the plans, there will still be challenges of claim problems, etc. Those that enroll themselves will be left to handle those problems.
3. Brokers/Agents will need some amount of compensation in order to devote a large amount of time to enrolling. The percentage bucket that insurers can allocate commissions to will determine their willingness to enroll.

COMMENTS

1. There are mixed results from Hospital Administrators at community meetings as to their willingness to act as Navigators.
2. The assumption is that there will be $2 million dollars allocated for funding.
3. The issue of compensation has not been fully lined out and is still on the table.

B. Workgroup Specific Topic-

1. Fees to support the exchange: Should they be assessed on QHP's sold inside and outside the exchange? Should all carriers be assessed a fee?

During the discussion regarding this question there were several issues and questions raised. The workgroup did make a recommendation that fees should be assessed on QHP's inside the exchange and that fees should not be assessed on QHP's outside the exchange.

QUESTION

Has there been any feedback from carriers on this topic?

Response-Carriers are expected to offer the same plan both inside and outside of the exchange.

If there is a fee assessed for all QHP's inside the exchange, would Medicaid/Medicare then have to pay a fee since they are inside the exchange?

Response-Medicaid will not be assessed a fee. It has not been determined that Medicaid will be categorized as being inside the exchange.

Will the fees be assessed as a "one time" per enrollment fee or per enrollee?

If fees are assessed, what will happen with the additional revenue that is being brought into the state?

How much money is needed to operate the exchange?

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Response-Three biggest areas of cost will be the Navigator program, the IT Program and the Administration cost. The administration cost is expected to be over $10 million.

Where will the start up money come from?
Response-Start up cost will be paid for through Level II funding with the exception of the Navigators.

If Arkansas goes to a Federal exchange, Who will pay for the Navigator Program? Who will recruit and train them?
Response- The Fiscal year does not align with calendar year. Is there an option to spend funds that have not been allocated yet?

ISSUES

Need to know the amount of money needed to operate in order to answer the question at hand. The exchange is expected to be a low cost, efficient operation; therefore large sums of money should not be needed to operate.

The subsidies have to go straight from the feds to the insurance carriers. There is no federal subsidy for the SHOP piece.

There is no economic advantage for Small Businesses to go to the exchange. The mindset is that the $700 penalty is cheaper for them.

The workgroup needs a projection on the premium tax amount. The projection is 210,000 members with a 2.5% premium tax.

COMMENTS

Everyone needs to know that the exchange has to be self-sustaining.

2. Should we allow issuers to offer regional coverage, or statewide only?

During the discussion regarding this question there were many issues and questions raised. The workgroup made the recommendation that statewide coverage be allowed with the option of a waiver program. The requirement to obtain a waiver would be to provide an innovative plan design or an added benefit to the plans being offered in areas with the highest uninsured.

ISSUES

If issuers are not required to offer coverage statewide then “cherry-picking” will occur.

You don’t want the exchange to stifle innovation efforts.

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Providers' (issuers) versus coverage for consumers will be an issue in some areas.

COMMENTS

The thinking is that fully insured companies who write in Arkansas are required to write in every county; however it was not known to be true.

Statewide mandates could force providers (issuers) to provide coverage in areas that are lacking.

Rationale for the decisions made by the workgroup may be just as important to the Steering Committee as the recommendations.

VI. Future Exchange Planning Discussions

The next meeting will be held October 24, 10a to 12p at the Arkansas Studies Institute, Room 204.

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