Arkansas Health Benefits Exchange Planning

Steering Committee Meeting	August 9, 2011	Arkansas Insurance Department Hearing Room	3:00PM – 5:00PM

Members Present:	***Consultants:***	***Members Absent:***
Fred Bean David Boling Elizabeth Burak David Deere Representative Barry Hyde (phone) Joni Jones Dr. Cal Kellogg Britton Kerr Tim Lampe Melissa Masingill for Ed Choate Frank Scott Ray Scott Annabelle Imber Tuck Kenny Whitlock ***Staff:*** Cindy Crone Bruce Donaldson	Jim Glick-First Data Dr. Lars Powell – Powell and Associates Mark Howland- SCIOinspire (formerly Solucia) ***Guests:*** Lenita Blasingame Austin Gaines Bentley Hovis Tricia Larson Jacque Martin Representative David Meeks Sam Partin Carol Roddy Dwane Tankersley	Patty Barker Deborah Bell Dr. Drew Kumpuris John Selig David Sodergren Marilyn Strickland Dr. John Wayne Representative Jon Woods Dawn Zekis

Meeting Summary:

Welcome and Introductions: Facilitator Jim Glick opened the meeting. Participants and visitors introduced themselves. Tim Lampe is new to Steering Committee as a liaison (with Ray Scott) to the IT Workgroup. David Boling announced that this would be his last Steering Committee meeting as he is moving to Arlington, VA to be Deputy Executive Director of the Mike Mansfield Foundation. Kevin Ryan will be the new ACHI representative on the Steering Committee. Cindy thanked David for his contributions to Arkansas's Exchange Planning effort.

Meeting Summary from July 26, 2011 was approved as printed and will be posted on website.

Updates

- UAMS Community Meetings – David Deere of UAMS Partners for Inclusive Communities reported that the current web-based survey will remain "live" on the web until August 25. A supplemental report to the July 25th survey report will be created. David also distributed a preliminary executive summary of major topic findings from the sixty-six community meetings across Arkansas. A more detailed report will be coming next week. At almost every session a new idea or issue was brought up by participants—and that says a lot about the collective wisdom of the individuals in this state. There was general agreement on many issues but not unanimity. Participants were fairly equally divided on governance thoughts: most favored the nimbleness of a non-profit with the safeguards of State government. The other topic that resulted in divided responses was how to structure the navigator program. Most stressed the need for unbiased navigators. Would insurance agents be unbiased? Most thought insurance agents should be navigators but others thought they would be biased and this possibility needs to be addressed and communicated.

- **First Data Activities -**Jim Glick reported that multiple planning sessions are underway and reports on Evaluation, Communication/Outreach/Education, and Program Integration would be available by the next

meeting. September discussions will focus on Information Technology, Business Plan, and Exchange Development Scheduling. A complete planning document will be presented and delivered by the end of the month.

- **Self-Chartered Industry Health Care Reform Advisory Group.** Dr. Cal Kellogg reported that the group has not met since the last Steering Committee meeting. They are working to secure funding for additional polling to understand grassroots support or resistance for a state or federally-operated Exchange. The next meeting is August 16th.

- **IT Workgroup** - Tim Lampe with DHS provided an update. The group met last week and reviewed IT assets for the HBE Portal. One option is to use Access Arkansas and Tim provided a handout and overview of Access Arkansas. DHS is currently utilizing this portal. The projected cost for the Exchange eligibility/enrollment portal is between 3.2 and 3.5 million dollars. The COTS (commercial off the shelf) system is anticipated to be in production in mid-October 2012 with Medicaid cost allocation at 75/25 (federal/state) due to COTS approach with transition to a 90/10 split with customization. Some concerns include identifying specific components of the HBE Portal, developing a business process flow diagram and cost allocation. There is a lot of work to do, however the work groups are collaborating and discussions are taking place. Cindy Crone commented that two areas of importance to clarify are timelines and terminology. It is important that everyone understand the critical developmental milestones of inter-related IT efforts and the various terms being used during interagency discussions, i.e. the terms "Portal" and "Enterprise" may have different interpretations. Finally, Tim suggested that a financial workgroup be formed.

- **Large Group Self-Funded Plans** - Bruce Donaldson reported that Provider Workgroup participants had raised a concern regarding the effects of the ACA on large group, self-funded plans. The main concern is "What would happen if low income employees leave the self-funded plans and go to the Exchange in order to get subsidies or a cheaper rate? This would have a negative effect on the self-funded plan and would cause premiums to rise becoming more unaffordable for employees and employers". Bruce provided a handout with the questions and responses and discussed with the group.

  -The ACA has put stipulations in place to prevent this from occurring. If an employer offers an affordable qualified health plan, employees would not be eligible for subsidies on the Exchange.

  -If the large group employer wants to keep an unaffordable QHP or a non-qualified QHP, he or she needs to offer a lower cost Bronze plan that would be affordable to employees and therefore not lose those low income employees to the Exchange. Offering multiple plans is not an inconvenience to a large group.

  Additional questions/responses were:

  -Would dependents be allowed to go to the exchange or would the option only be available to individual employees?

  -Dependents would be allowed provided that the health plan offered by the employer is unaffordable. (Unaffordable is defined as 9.5% of modified adjusted gross income or more)

  -How is the HBE going to know that employees have waived the employers qualified health plans?

  - Employer reporting of an employee roster will be required.

  -Will the ACA require employers to provide summary plan documents?

  -There will be a standard format for all employers.

- **Skype**- will be available by the next meetings for those who would like to attend Steering Committee or Workgroup meetings from a distant location. Bruce will be sending instructions for participation and use.

- **Liaison Role** - Liaison responsibilities of Steering Committee members were reviewed. Please take notes and make sure that the concerns and issues of each group are communicated to the other. The workgroups should be presenting concerns and issues to the Steering Committee via their liaison and vice versa.

- **CCIIO -** Cindy Crone provided a handout with update. In summary:

    - Exchange Director, Joel Ario, resigned effective September 23, 2011. The CCIIO Director is Steve Larsen.
    - Remember to send any comments on proposed federal Exchange regulations to Cindy or Bruce by September 9, 2011.
    - We will have a conference call with project officers on August 17, 2011 to discuss the request for a "No Cost Extension through December and other budgeting issues.
    - September will be a busy meeting month. We are asking that Joni Jones designate who from a Medicaid eligibility perspective will be going with AID staff to the Exchange Planning Grantee Meeting in September. Other meetings to be attended by Arkansas staff in September are: National Governors Association meeting on Exchanges, CMS-Medicaid Eligibility and Enrollment meeting , and User Experience 2014 planning session.
    - We will be submitting a Level One Establishment application in September.
      There is a CMS CO-OP funding opportunity available for interested non-profits in each state. The first application deadline is in October 2011; future applications will be available through the end of December, 2012. More information is available on the government website.

Unfinished Business

- **Governance** - Commissioner Bradford had planned to phone in an update today, but he has laryngitis and his voice is gone. He is optimistic about the Exchange planning process moving forward. As earlier reported, we will be seeking additional planning funds from CCIIO in September and the Commissioner will seek interim approval from the legislature (likely in November when the grant award is received) to allow continued Exchange development efforts until January 2013 when the full legislature will convene and either affirm or not affirm continued planning.

- **Education Campaign**- We are planning to launch an education campaign that will target Small Business owners. The goal is to inform them about the positive aspects of the ACA and Exchange, and how both will affect them. We are exploring ACHI's interest in helping with this educational campaign.

- **Stakeholder Summit**- The date and place for the Summit has been confirmed; it will be October 11, 2011 at the Embassy Suites in Little Rock. The day-long meeting will begin around 10am with lunch provided. The Commissioner is working to get high profile national speakers but no confirmations have been secured. We will keep you updated and welcome your comments. Please mark your calendars and plan to attend. We are planning for 200 to 300 attendees from across the state.

New Business

- **Dr. Lars Powell** reported preliminary Arkansas findings from his health insurance simulation model (HISM) that predicts consumer behavior based on past observed behavior (PowerPoint Handout). It superimposes observed behaviors from Arkansans and those demographically like Arkansans on to specific population segment behavior. The questions that we are trying to answer are: "How many people will be in the exchange? And how much will it cost?". It's important to have a large number of observations of people's behavior. The Current Population Survey is the backbone of the model. Dr. Powell combined 2001 and 2005 surveys to populate the model. He then e included inflation

rates to better reflect the expected behavior of people in 2014. The model includes whether or not an individual's employer offers health insurance, whether or not the individual pays a part of the health insurance and whether or not the individual has insurance. If insured, then what kind of coverage does the person have? Demographic information about the individual can predict how much they paid for medical insurance. How much they expect to consume in medical care can be broken down into how much the insurance will cover and the individual's cost sharing responsibility. Behavior is predicted based on price and cost changes. Of 39,000 plus observations, 78% had insurance and, according to the model, ~95% would choose to purchase health insurance in 2014.. He expects to see the numbers gradually approach 100% with everyone having some form of health coverage. Dr. Powell was questioned about whether the small penalty for not having health insurance coverage would help. His response was that there will be a small percentage of people that choose not to purchase insurance in the beginning and take the $695 penalty instead, but it is expected that Congress will gradually raise those penalties, and people will then opt to purchase coverage. Dr. Powell believes the model is accurate and working very well. A question was also asked about children and not adults being covered, and about families having members covered by different plans and/or subsidies. Dr. Powell said the model could adjust for those conditions.

- **SCIOInspire (formerly Solucia)**- Mark Howland provided an update with a slide presentation (handouts were marked proprietary and confidential). SCIOInspire is charged with an actuarial model for AID's planning efforts. Their work will supplement Dr. Powell's work and SCIOInspire is working closely with Lars. A summary model was presented for discussion and suggestions. The model was developed using a very large database of client information and is based on 15 million lives and 35 life years of data. National databases and the Massachusetts experience were also used to develop the model. It includes gender, age, and health care costs data to develop average risk factors by cohort to look at various migration and risk scenarios. Massachusetts is now at 98% insured. The data presented in the Arkansas column is estimate data only as SCIOInspire is waiting on actual AR data.

Future Work Groups Discussion – August workgroups will seek feedback on the Marketplace and financial modeling presented today.

Next Steering Committee Meeting - The agenda will include review of the Northwest Arkansas Agents Association paper that everyone should have received by mail. We will also discuss workgroup feedback on the Marketplace and Financial Models and development of program integration, communications/outreach/education, and evaluation plan.

The September discussions will center on IT and Business Integration.

The next Steering Committee meeting is August 23rd at 3-5 PM at AID.