

Health Insurance Exchange Working Group
Meeting Minutes
Tuesday, September 11, 2012
Department of Insurance

Working Group Members Present

- Director Bill Deal
- Senator John Goedde
- Representative John Rusche
- Representative Lynn Luker
- Zelda Geyer-Sylvia
- Scott Kreiling
- Dave Self
- Tom Shores
- Kevin Settles
- Alex LaBeau
- Wayne Hoffman
- John Watts

Members Absent:

- Dr. John Livingston

Others Present:

- Deputy Director Tom Donovan – Department of Insurance
- Gary Schneider – Colorado Health Benefits Exchange (COHBE)
- C.J. Bawden – Silver State Health Insurance Exchange (Nevada)
- Jon M. Hager – Executive Director, Silver State Health Insurance Exchange (via teleconference)
- Paul Dioguardi – Director IEA/HHS (via teleconference)
- Amanda Cowley – Director, HHS/CCIIO State Exchange Group (via teleconference)

Call to Order: The Chairman called the meeting to order at 10:02 a.m.

Chairman Deal asked the committee to review the minutes of the meeting of 8/29/12.

MOTION: Sen. Goedde moved that the minutes be approved as written. There was a second. The MOTION passed on a voice vote.

The Director introduced representatives of KPMG (Robert Mitchell and Andy Gottschalk), a consulting firm that would be computing possible costs for an Idaho exchange. They will present their findings at the next meeting of the Working Group.

Mr. Gary Schneider, IT program manager for the Colorado Health Benefits Exchange (COHBE) spoke before the committee. He had a PowerPoint presentation (a copy is attached). He reviewed the

mission, legislative history, small employer emphasis, timeline and guiding principles (slides 1-8). He noted that the goal of COHBE was to use as much off-the-shelf technology as possible. The challenge of the Exchange was to spot the needs and wants of all Colorado citizens and meet as many as possible. He noted that COHBE is not a state agency. However, COHBE works closely with the Colorado Department of Insurance. In fact, the Director of the Colorado Department of Insurance is a member of the COHBE Board.

He pointed out that COHBE is separate from the Medicaid program. This aids in branding and marketing.

In slides 9-11, he presented the COHBE policy latitude. He noted that flexibility is the over-riding principle here. In slides, 12-15, he spoke about the effort, cost and time to build a SBE. He noted that CGI is a large system integrator, and COHBE uses their services extensively. He also noted that the "second wave" of states deciding to adopt a SBE would find the process much easier, quicker and cheaper since there would be more information about available technology and systems.

In slide 14, he pointed out the projected costs and funding sources of a COHBE Exchange. He said that his board had decided that direct licensing was more beneficial. Engaging a company like CGI to host was a good use of funds. Keeping costs to a minimum was paramount for the exchange. Legislation mandated that no general funds would be used for COHBE.

He discussed timelines in slides 15 and 17. Coordination with the state Medicaid agency was discussed in slides 17-22. The architecture of the exchange was featured in slides 24-28. Leveraging federal funds was discussed in slide 30. He explained that because COHBE was not a state agency, it was not encumbered by the state procurement process.

Mr. Kreiling asked Mr. Schneider about enrollment periods. Mr. Schneider said that Colorado adheres to the federal guidelines for open enrollment periods. Mr. Shores asked how long it would take for a business to sign up its employees. Mr. Schneider said that it could be accomplished in one sitting. The business could choose a broker to help in the process. Mr. Watts asked if any plan would be allowed to join in the exchange. Mr. Schneider said that any plan that is certified by the state could be in the exchange. Mr. Shores asked about the difference in premiums pre-COHBE and post-COHBE. Mr. Schneider said that the premiums had not been set yet. Mr. Self asked about the decision to choose CGI to host its services. Mr. Schneider said that COHBE had searched for "bundled" solutions. It would be easier to correct a problem if only one vendor was involved. Mr. Schneider said that Colorado could serve as an intermediary if another state sought its help in establishing its own exchange.

Rep. Rusche asked about the costs of Colorado's Exchange. Mr. Schneider said that the current figures are at \$5 - \$8 per member per month. (There was some confusion over projected costs at the time of the presentation, Ms. Jones clarified these figures with Mr. Schneider later.) Mr. Settles and Ms. Geyer-Sylvia were curious to know if Colorado was able to meet the federal deadlines set up for establishing an exchange. Mr. Schneider said that he believed Colorado would be able to meet the October 2013 deadline. He noted that COHBE had met all federal requirements to date.

Rep. Luker asked if Colorado would be able to meet the readiness assessments by January 1, 2013, or if they even with their preparation fell within the “conditional approval” classification. Mr. Schneider said that COHBE had submitted all the required information to HHS at this point. He believes that there is considerable flexibility regarding deadlines and required structure from the federal government after October 2013. Mr. Schneider said that COHBE would be in the “conditional approval” class.

The Director thanked Mr. Schneider and said that his presentation was very informative.

Mr. Paul Dioguardi spoke to the committee by teleconference. Also attending via teleconference was Amanda Cowley. Mr. Dioguardi said that he works directly with the Secretary of Health and Human Services. He reviewed the 3 possibilities for state exchanges: a state-based exchange, a federal/state partnership, or a federally facilitated exchange. He reiterated that goals for all exchanges are a single point of entry, increased competition among carriers, and maximum flexibility for the states. He noted that the federal government wants the states to choose the plan that is best for them. He believes that there has been good progress toward state-based exchanges. He noted that HHS had issued the “Blueprint” in May and the FFE guidelines in the same month. He also noted that data collection is in progress for Essential Benefits guidelines. He said that 13 state governors had indicated that they were intending to establish a state-based exchange. Another 19 states had drafted legislation to establish a state-based exchange. Other states had obtained federal grants to begin planning a state-based exchange. He said that more grants would be available after 2014. For those states who would be looking at the partnership model, he suggested that it is important to share this information early with the federal government. Early planning would help to transition later to a SBE.

Mr. Shores asked Mr. Dioguardi if the guidelines for planning were flexible. Mr. Dioguardi said that there were certain deadlines that were set in the law, and therefore not flexible. He said that HHS could offer a conditional certification for a SBE under certain conditions. The important issue is that states must prove that they are ready to be up and running by the deadlines set by the law. Mr. Shores said that there were certain obstacles that a state could not overcome by these deadlines. For example, Idaho’s Legislature will meet in January, 2013. This is long past the 2012 deadline. Mr. Dioguardi reiterated that the state must demonstrate that it is well on the way to being able to meet the deadlines in the law. The actual “build out” of the exchange could take considerable time. Ms. Geyer-Sylvia asked if Idaho could buy certain federal programs or equipment to satisfy ACA requirements for the law. Ms. Cowley responded that the federal government cannot sell its programs or equipment. However, the state could adopt the partnership model, and assume those tasks that are allowed in the model. By approaching the exchange in that manner, the state could learn from the federal model. Also, certain federal services would be available in the “cloud” and would be available to the states later. Ms. Geyer-Sylvia asked if the federal government had computed the cost of a FFE at this point. Mr. Dioguardi said that they had not.

In answer to a question from Sen. Goedde, Mr. Dioguardi said that it appeared the partnership model would be the best choice for Idaho, in his opinion. Sen. Goedde asked him if the questions posed by the Governor of Virginia had been answered at this point. Mr. Dioguardi said that some had been answered, but not all of them. Sen. Goedde asked if an exchange would truly offer free market

solutions to health care availability. Mr. Dioguardi said that HHS' view was the exchange would definitely provide free market solutions. It would offer the consumer the best plans, at affordable prices, with defined quality and benefits.

Rep. Luker asked if the federal government was itself ready to "go live" by the deadlines established in the law. Ms. Cowley said that they had been working on the FFE model for 1 ½ years and felt that the IT and infrastructure were close to being ready. HHS believes that it will be able to deliver a working model to any state by the deadline. Rep. Luker asked about the role of the Navigator in the FFE model. Mr. Dioguardi noted that the Navigator would be compensated through federal grants, but no grants had been awarded to date. Rep. Luker then asked Mr. Dioguardi whether the federal government was prepared to do the Medicaid eligibility assessment required when an applicant enters the exchange portal. Mr. Dioguardi was unable to answer that question. He noted that the Medicaid expansion is not required by the law, but the individual states could choose to adopt this expansion.

Mr. Hoffman asked Mr. Dioguardi about any liability that the state would incur in the award of tax credits. Ms. Cowley noted that the verification hub would offer set services and the tools to calculate eligibility for the tax credit. These would be quite accurate. Mr. Hoffman asked about HHS rules governing exchanges: Are these rules final or could they change? Mr. Dioguardi said that most rules governing the functioning of the exchanges are final. HHS' goal is to clarify the way the exchanges should function. Their intention is not to change the way the exchanges are run. Ms. Cowley noted that the grant programs are designed to cover initial funding. The Blueprint was designed to provide an outline for the states to follow to create a functioning exchange. Mr. Dioguardi noted that if a state elected to establish a SBE and filled out the appropriate paperwork required by the Blueprint, it agrees to establish certain functions that are intrinsic to an exchange. Mr. Hoffman said it has been suggested that a SBE leaves the state in control of the insurance market, but a FFE cedes control to the federal government. Mr. Dioguardi said that a partnership model also cedes control to the federal government. Mr. Hoffman said that it has been suggested that the Idaho Department of Insurance would have no control over the regulation of health insurance offered in an exchange under the FFE model. Mr. Dioguardi said that the federal government would have control over those carriers offering products in the exchange, but would ensure that state laws would apply to those carriers. The DOI, however, would be responsible to ensure that companies offering products on the exchange would be licensed and solvent in the state. The DOI would still maintain regulatory authority over other kinds of insurance or other health insurance carriers outside of the exchange.

Mr. Shores asked who would determine which policies are offered in a FFE or a partnership. Mr. Dioguardi said that guidelines establishing Essential Health Benefits would determine those products offered in an exchange. HHS would use the EHB as a benchmark model. Individual states could select a benchmark that would best reflect the needs of the state. Each state could have different policies. In the case of a FFE, Mr. Shores asked if the federal government would be likely to favor current state carriers or would they lean to national carriers? Mr. Dioguardi said that they would use existing carriers so long as they qualified for the exchange and did not want to disrupt a state's market.

Sen. Goedde expressed concern that the role of the DOI would be substantially diminished under the FFE model. Mr. Dioguardi noted that HHS would work closely with the state and the goal would be a close working relationship with the local regulatory authorities. Sen. Goedde asked for more information on this question. Chairman Deal asked that HHS provide the committee more information on this topic.

Adjournment for lunch: 12:10 p.m.

The committee convened at 1:20 p.m.

The Chairman introduced C.J. Bawden, Communications Officer for the Nevada Silver State Health Insurance Exchange (SSHIX). Also participating in the meeting via teleconference was Jon Hager, Executive Director of SSHIX.

Mr. Bawden began with a PowerPoint presentation (a copy is attached). The presentation featured the reasons why Nevada had chosen a SBE, legislative authorization, governance, financing, plan certification management, the SHOP exchange, small employer options, reinsurance and risk adjustment, and consumer assistance. He said that current costs are projected to be \$4.30 initially, peaking at \$7.20, and finally settling at \$6.80 per member per month. Mr. Bawden said that Nevada had piggy-backed its IT system onto its existing Medicaid system, which was recently re-vamped. This allowed for a single entry to determine eligibility. This system is easily translated from the Medicaid system and is almost an off-the-shelf solution for an exchange. He said that Nevada had completed 5 items from the Blueprint, was working on 4 others, and 3 points were not yet addressed. He believes that the system Nevada is using is easily transferrable to other states. He emphasized that eligibility is the key if a state wishes to adopt a SBE quickly and efficiently.

Mr. Jon Hager spoke to the committee about SSHIX. He said that even though there are certain areas of the law that are onerous, there are some key areas that allow for state flexibility. Some of those areas are also possible in a partnership exchange. He said that HHS had emphasized that every state would be strongly encouraged to adopt a SBE. He urged that anyone interested in a SBE take advantage of federal funding that's available, and he noted that there also would be more funding available later. He suggested that it would be difficult for Idaho to be able to "go live" by the October 2013 deadline for plan year starting in 2014, but it would be able to make the October 2014 deadline open enrollment period for the second year. He suggested that Idaho look at the governance structure of its exchange. He noted that some states have a legislative committee in a governance role. Nevada chose a different, less political route. Their belief is that this choice will allow Nevada to be more nimble. He believes that a board or executive branch committee is a good choice. A board component allows for public input. He noted that SSHIX is in regular contact with other state agencies. Nevada's Capitol is fairly small, and communication with other state agencies is easier. He noted that Nevada's DOI handles issues that are market-wide, e.g. reinsurance. He noted that Nevada is using a contractor for some parts of the exchange. The exchange builds on its existing Medicaid system, using modifications that were needed specifically for the exchange. The state owns these modifications. Idaho could use these modifications if it chooses to. Nevada is interested in ensuring that this solution

to the exchange is successful. They are interested in helping other states find successful outcomes. Nevada could lower its implementation costs by making these solutions available to other states.

Mr. Self asked about the Navigator and brokers' place in the exchange. Mr. Bawden said that brokers would be licensed and certified in the same manner as they were before the ACA. New brokers would be certified in the same manner, and there would be continuing education available for them. The insurance company will know exactly who is enrolling people through the exchange. Navigators will be certified as specified in the law. They will be trained and certified through the exchange w/oversight by the DOI. Navigators can come from many places: through the state, public organizations, etc. The federal grant to fund them must be obtained. Once approved, they will aid in enrollment. Mr. Hager clarified that brokers will be paid by the carriers.

Mr. Hager emphasized that Nevada wished to establish a low-regulatory market. The ideal was to establish a free-market approach. If the state adds a large number of additional regulations it will cause a huge disruption in the market. Nevada prefers a "hands-off" approach. He suggests starting small with a few requirements and then adding more as necessary. Concerning the Navigator compensation, he suggests that there are already people in the field who are performing this kind of service in a volunteer capacity. Perhaps they don't need to be compensated. It might be that they might need something as simple as a computer. Mr. Bawden added that Nevada has 29 tribes in their state. He suggested that the exchange could use tribal councils as a type of Navigator. This group already has access, and provides consumer assistance.

Mr. Hager pointed out that Nevada has a large uninsured population - 23% - and it is not that difficult to reform the market. They expect to enroll about half of those either through Medicaid or through the exchange. He suggested that states with lower uninsured rates will have higher per member, per month fees.

Mr. LaBeau asked about the tax on exchange fees. Did Nevada choose this route before the decision for a "hosted" website? Mr. Hager said the target was to minimize the cost as much as possible. The hosted solution was reasonable. He noted that advertising can be quite expensive. California projects their advertising will be in the \$111-\$116 per member per month. Nevada projects the number of Navigators needed at around 6-9. He said that Navigators will be going into areas that are the hardest to reach.

Mr. LaBeau asked how Nevada determined the population to be served. Mr. Bawden replied that their program is based on the U.S. Census. Smaller populations will demand fewer dollars.

The Chairman thanked Mr. Bawden and Mr. Hager.

Mr. Shores noted that Idaho could be ready if we had some help, but there is still a great deal to accomplish. He said that a SBE was our best option, but every day we delay makes it that much harder to be ready by the October 1, 2013. He said that he does not support the partnership option until Idaho has exhausted the possibilities of a SBE. He wonders how Idaho could become self-sustaining by 2015 after beginning with a partnership. Mr. Bawden said that CCIIO will work closely with the state,

and there will be funds available. Mr. Donovan added that there will be later funding available through the first year of operation of a SBE, for example as late as 2017.

Mr. Shores asked Mr. Bawden how Nevada handled a possible conflict with their legislature and the process of planning and implementing an exchange. Mr. Bawden said that Nevada had taken a parallel path in the planning, with the idea in mind that it would adjust as needed.

Sen. Goedde asked that representatives from those states that consciously opted for a FFE speak to the committee. Why did they make this decision? The Chairman said that he would do his best to contact one or more of those states to see if a representative could speak to the committee. Mr. Hoffman suggested Texas and Louisiana be approached.

Ms. Geyer-Sylvia asked Mr. Bawden if it appeared that moving from a FFE to a SBE would be easily accomplished and less expensive. He said that he couldn't answer that question, since Nevada had elected to establish a SBE. He believes that it is easier now to establish a SBE since other states have developed systems and programs that could be adapted by states choosing a SBE now. Ms. Geyer-Sylvia asked if there would be differences in "unwinding" from a FFE. Mr. Bawden said there would be some disparity. There would be differences in enrollment and essential health benefit issues potentially.

Mr. Kreiling asked if Idaho was in a position to meet the November 16, 2012 deadline and the requirements of the Blueprint. The Chairman said that it was his opinion that until Idaho made a decision about the kind of exchange it wanted - SBE, FFE or partnership - looking at all possibilities and seeking to prepare for all of them may be wise. In addition, he pointed out that another grant application is approaching November.

Chairman Deal announced that the next meeting of the committee would be October 9, in the same room, from 10:00 a.m. – 3:00 p.m. He said that representatives from KPMG would present their research regarding the possible costs of an exchange. He said that the committee would need to consider the recommendations from the sub-committees and come to some sort of agreement on their findings so that they could present them to the Governor. He said that the Governor had asked for the committee to present its findings to him by the end of October. The Chairman said that he hoped the committee could present these findings earlier in October, perhaps at the conclusion of the next meeting. The Governor wants answers to the questions he posed, and recommendations for direction in the future.

Adjournment

The meeting adjourned at 2:46 p.m.

Next Meeting

The next meeting will be October 9, 2012 in the Senate Auditorium in the State Capitol – 10:00-3:00.

Minutes by Teresa Jones
Idaho Department of Insurance