

RI Healthcare Reform Commission – Executive Committee

June 27, 2011 Meeting Minutes

Lt. Governor Elizabeth Roberts – Present

Director of Administration Richard Licht – Present

Secretary of Health and Human Services Steven Costantino – Present

Health Insurance Commissioner Christopher Koller – Present

Governor's Policy Director Brian Daniels - Present

1. Call to Order:
 - a. Lt. Governor Roberts called the meeting to order at 1:37 PM.
 - b. The presenters today are Health Insurance Commissioner Chris Koller, and Ms. Deb Faulkner from the Office of the Health Insurance Commissioner (hereafter OHIC).
2. Presentation: Health Insurance Rate Review Grant Summary
 - a. Mr. Koller presented on an upcoming grant opportunity.
 - b. What is this grant and what action is necessary: the Governor will need to write a letter of support, and has requested that all letters associated with the Affordable Care Act (hereafter ACA) come through this committee. The content of this grant will be reviewed in July. A letter of intent will be submitted on this issue, which will consist of one page submitted with a summary of the opportunity, the efforts to date, the proposed activities involved and the amount of funding RI will seek (\$3.8 million, amount requested is a combination of the Health and Human Services (hereafter HHS) funding formula and incentive funds for which OHIC will be eligible). The next meeting could occur as soon as late next week to accommodate scheduling conflicts during the regularly scheduled time.
 - c. The OHIC proposes to use this second cycle of rate review funds to meet two goals: (1) to institutionalize premium rate review in RI, and (2) engage carriers in a transformation of the delivery system. Feedback will be requested for the next meeting. It was noted that this group's sense was to proceed with the letter of intent, and notice of the next meeting will go out in 24 hours to determine a time to gather feedback on this grant. This deadline is July 31.
3. Grants Update
 - a. The level Two Establishment Grant for the Exchange was discussed, which is already well integrated into the work of the Committee and the group.
 - b. The Community Transformation Grant was discussed, which offers \$1 per capita per year, up to \$1M each year, or over 5 years \$5M. The deadline is July 15th. The grant funds community based prevention activities. The award is competitive, with over 1,000 applications received by the Center for Disease Control thus far.
 - c. Discussion is held regarding grant coordination, and the potential for seeking additional grant funds, even outside of the ACA.
4. Presentation: Health Insurance Exchange Options for RI
 - a. Ms. Faulkner presented on the exchange.
 - b. There was a request to have additional information on the models proposed by Jon Kingsdale of Wakely Consulting Group for the Exchange, as well as to begin to touch upon criteria to develop these models.
 - i. The presentation began by discussing how the exchange fit into health reform.

- ii. Strategic questions raised by each starting point were discussed.
- iii. Individual models and the possible inclusion of the Basic Health Plan (hereafter BHP) were discussed.

1. The BHP is an optional program for the state, and would take adults below 200% of the Federal Poverty Level (hereafter FPL) out of the Exchange and cover them through a separate program. The State would get 95% of the premium and cost-sharing subsidies for this population to fund the program. It was noted that the BHP could look like RItCare to consumers. The question was raised if this was necessary, and it was determined that it was not.
2. A question was raised inquiring into the benefits of the BHP to the state. Discussion was held that one approach is to keep families together thereby ensuring better uptake for adults on insurance, and better health outcomes from keeping children and their parents together in health coverage. This option would resemble the CHIP program. The second benefit to the state is affordability. Because of the high premiums in the consumer market and the fact Rhode Island is an expensive commercial state, the BHP would result in what is deemed more affordable coverage. Another potential benefit is reducing churn as people move from publicly funded insurance to privately funded insurance. Financial risk to the state was also considered. The task of determining the sustainability of the BHP was assigned. The financing model allows the state to receive 95% of the subsidy dollars, which would need to compare favorably to the cost of the state covering individuals. Wakely is doing its analysis and will have a first round of numbers shortly. The 95% rule will likely not be clarified by September. It was noted this discussion assumes everything in the provider system will stay the same. It was explained that BHP is discussed in this context because decisions about BHP have design implications for the Exchange. A question was asked regarding whether Commonwealth Care is a BHP approach. It was explained that it is different in that the procurement is done through the exchange instead of the existing Medicaid approach.
3. The point was raised that another benefit is that currently the RItCare program also has Rite Share allowing employers to pay part of the premium if the employer-based coverage is not affordable. The BHP would also cover this group. Rite Share continuation could potentially be in support of the BHP concept.

iv. Potential Exchange Models were Discussed

1. The Minimalist Exchange plan was considered. The exchange would determine eligibility, allow consumers to shop and compare plans, and direct the consumer to the plan they have selected and the external websites needed to enroll, pay, and access health plan operations outside the exchange.
2. The Fully Functional Exchange plan was considered. The exchange would determine eligibility, then allow consumers to shop and compare plans, enroll in a plan, and view billing and collections all within the Exchange – leaving only health plan operations outside the exchange.

- a. With the Minimalist Exchange, those under 133% of the FPL would qualify for Medicaid, while those between 133% and 200% of the FPL would qualify for the BHP. The website and portal would determine eligibility only.
 - 3. Medicaid under 133% FPL, BHP 133-200% FPL with Robust Exchange (fully/functioning exchange)
 - 4. Medicaid under 133% FPL, Robust Exchange above 133%.
- v. Small employer models were discussed, as well as a merge of the small employer and individual to develop a comprehensive Rhode Island exchange.
 - 1. The “Conventional” Affordable Care Act vision of the exchange was discussed. First, the employer would choose the plan tier, and the employee would choose the plan design within that tier. The difficulty would be to determine if this would be sufficient and if it is cost-effective, considering the size and scale of RI. It was pointed out that there are not currently many models to compare to.
 - 2. Alternative Potential Models to the Conventional ACA vision were discussed.
 - a. A competitive model was discussed, where the insurer with the highest medical loss ratio and lowest premiums would be receive a contract to provide enrollment, billing, collections, and customer service.
 - b. Another potential model was discussed, where Rhode Island would outsource the exchange to another state or regional exchange. An interstate compact could be considered. Possible challenges were described, such as aligning potentially conflicting regulatory structures and the fact that different insurance structures could require a market merge.
 - c. A third model that was discussed was a “defined contribution” model. It could not rely on infrastructure built to support a fully functional individual Exchange. Employers would not be part of the decision process. Instead a dollar amount would be given to the employee to chose a plan within that price range.
 - 3. The point was raised that these plans must meet certain standards to be feasible. Questions were raised, such as: “is it what the employer’s want?”, “is there value added?”, “is it sustainable?”, and “is it effective?”. The point is made that if the plan does not win approval from employers, then no one will buy it, and that it is a challenge to assume that every small employer is going to want the same thing. The potential conflict between the needs of employers and employees were discussed. It was noted that market research would be required. The success of Massachusetts’s individual selection model was discussed. Potential trade-offs in each plan were noted, as well as the fact that while the conventional model has fewer choices, it has benefits as well. The similarity between the third option and the way Medicare is structured in the state was noted, as well as the fact that this could assist acceptance of the model. The tension

between employers and employees was once again noted as well as the fact that part of the request will mandate a certain amount of commercial insurance.

vi. Combined Individual & Small Employer Models were discussed.

1. One model discussed was a combination of the BHP, the Minimalist Individual Exchange, and a competitive award for one insurer for small employers. This would have a small infrastructure.
2. Another model discussed was a combination of the BHP and the Minimalist Individual Exchange while outsourcing the Small Employer Exchange. This would require a small infrastructure.
3. A third mentioned model was a combination of the BHP, the Fully Functional Individual Exchange, and Direct Purchase by Employees for small employers.
4. A fourth combination plan that was discussed was a combination of the Fully Functional Individual Exchange and the Direct Purchase by Employees for Small Employers.
5. A final combination plan that was discussed was a combination of the Fully Functional Individual Exchange and the Conventional ACA Exchange for Small Employers.

vii. Future action was discussed, such as identifying and discussing criteria for evaluating Exchange models, analyzing exchange models, evaluating exchange models against criteria, making recommendations for a preliminary exchange structure as well as plans for further evaluation. It is noted that it is the hope of the group that the stakeholders assist in the task of defining what would constitute a successful design for the exchange.

5. The meeting was adjourned.