

Health Benefits Exchange Board  
Orientation  
Thursday October 6, 2011  
3:00 – 5:00pm  
RI Foundation

*Attendees: Michael Fine, Elizabeth Roberts, Pamela McKnight, Peter Lee, Tim Melia, Linda Katz, Don Nokes, Minerva Quiroz, Steven Costantino, Meg Curran (Chair), Richard Licht*  
*Absent – Chris Koller, Mike Gerhardt*

- I. Welcome – Lt. Governor Roberts welcomed the Board to the orientation, and asked that each of the members introduce themselves and, if affiliated, their organizations. Advised the group to ask any and all questions where necessary to ensure all are on the same page.
  
- II. The Role of the Exchange in Health Care Reform (Presentation Found [here](#))
  - a. Health Care Reform - An Overview - Presentation by Jennifer Wood (refer to Powerpoint )
    - i. Questions/Discussion Points:
      1. What are ACOs? Accountable Care Organizations. The Federal government is willing to provide funds to assist states developing these.
  - b. Health Benefits Exchange 101 - Presentation by Angela Sherwin (refer to Powerpoint)
    - i. Questions/Discussion Points:
      1. Will there be Health Insurance for individuals to purchase available outside the exchange? That is a policy decision, and it is highly likely for RI there will be insurance products available for individual purchasers both inside and outside the Exchange. However, pursuant to the ACA, if someone qualifies for a federal subsidy, the only place they may obtain insurance with the subsidy is through the Exchange.
      2. Is the Exchange looking to expand the number of insurers serving RI now, or reach out only to existing insurers? That also is a policy decision to be made and discussed by Board and groups etc in future. The way the Exchange is structured will have a lot to do with whether other insurers might be attracted to offer in RI.
      3. How is small business defined according to the Exchange? Right now fifty employees or fewer; the ACA permits states to elevate that definition to 100 employees or fewer in a couple of years. Tax credits are

designed for businesses with 25 employees or fewer and are already available to and being accessed by some small businesses in RI.

4. On the slide noting the Exchange Basic requirements, the question was posed how do number four “1.Assign a rating to each qualified health plan (gold, silver...)” and number one “1.Certify qualified health plans” relate? Number one is about selecting the carrier; number four is about rating the products that the carrier provides. The products that the carrier offers would certainly inform the criteria by which one selects the carrier to begin with, yet there will be a further analysis of the plans. These criteria would only apply for plans offered through the Exchange.
7. The ACA also includes an affordability standard for the mandatory purchase of health insurance. If the mandate purchaser is above 400% of the Federal Poverty Level (FPL) and yet the products would cost one more than 9.5% of his or her income there would be a determination that the coverage is not “affordable” and thus he or she would not be penalized, however this is a pyrrhic victory as the individual also would not have coverage. As a result the ACA policy implementation will result in what is referred to as “near-universal” coverage, not “universal” coverage.
8. There are also a number of issues to consider about how to address the circumstances of lower income workers whose employer offers a plan that is not “affordable” within the federal definition. RI policy makers will have to decide how to provide options to these individuals – these options may include a continuation of a Rite Share-like (employer/employee/state partnership) program in the Exchange or may resulting the employee purchasing as an individual, with a subsidy, through the exchange.
9. If an employer offers just individual coverage and not family coverage, is there a penalty? No, because it is an individual mandate, and thus, at this time, does not address family plans.
10. How will [the Exchange] work for those who are self-employed? The understanding is that it is a choice – one may buy coverage as an employer, or may chose to apply for a subsidy as an individual.
11. Number on the slide entitle “Who will use the Exchange”) represent the maximum potential take up

for each area. These numbers do not include Medicare, but it does include dependents.

12. One of the critical roles for this Board is to make recommendations on policy questions such as those discussed above and others, such as, will RI choose to deviate from the Federal “essential benefits package” etc.
13. Whose responsibility is it to go into the Exchange – the employer or the employee? By putting in place an individual mandate in Massachusetts there was a trend to push employees back into the arms of their insurance offering employer. Thus, at least in Massachusetts, the individual mandate has had an impact on both individuals and employers and near-universal coverage has been achieved.
14. In the iterations of budgeting, is the \$74.5 for the Level 2 Grant a cap? No, there is a 25% swing, should it be needed. That funding request is only the RI proposal and is subject to discussions and negotiation with the federal government.
15. Should the state be concerned about a sustainability model when the funds run out? Yes and no – the federal subsidies do not sunset. These costs will not be passed along to the state budget at any time. However a small proportion of Medicaid expansion costs (5%) will gradually shift to the state. Financial sustainability of the Exchange is a key question of how this work. Initial investment will dictate what the ongoing funding needs will be. No commitments in design would be made without a solid, long-term financial sustainability plan. After 2014 this must be a self sustaining entity, not using taxpayer funds --must be designed from the beginning as self sustaining.
16. Every state is not choosing to do this, and the federal government will create a federal exchange however that may not be responsive to RI products and consumers – and the state would still need to pay.
17. Can the grant application be made available to all Board members? Yes, will be made available with these minutes.

c. Exchange Board Work – Next 12 Months (Presented by Angela Sherwin)

### III. Board Basics

- a. Open Meetings Act – this is a public body, with public notice of meetings, all deliberation conducted publically unless an exception

applies, all meeting notices, agendas and minutes will be posted on web.

- b. The Governor will employ the Executive Director of the Board, and then that person will work on staffing, in consultation with this Board. Further conversation on staffing and personnel will be discussed at a future session.

IV. Logistics

- a. Private contact information
- b. Outside request for information
- c. Doodle – Scheduling
- d. Meeting Regularity

- V. Wrap up – Next session will include an operational briefing on the exchange, and connected. There will be a discussion of the advisory committee and the personnel. Request for an environmental scan and glossary.

- VI. Adjourn – The Board Orientation was adjourned at 5:00pm.