Health Benefits Exchange Advisory Board
Tuesday June 5, 2012 – 1:00pm
RI Foundation
Meeting Minutes

Attendees: Meg Curran (Chair), Mike Gerhardt, Pam McKnight, Amy Zimmerman, Commissioner Koller, Linda Katz, Marta Martinez, Dwight McMillan, Director Licht, Secretary Costantino, Tim Melia

Absent: Don Nokes (Vice-Chair)

I. Call to Order – Chair Curran called the meeting to order at 1:00pm

II. Administrative Update – Jennifer Wood gave the update, advising: This will be a new, continuous agenda item. Brief status reports on where things stand administratively. With the legislative session coming to an end the Governor will be prepared to announce the Exchange Director's appointment prior to the next meeting of this Board. We will also be providing materials in advance of the next meeting a dashboard of sorts with budgetary updates, etc. The federal funds as part of the development for the exchange are part of the Governor's budget so that we may continue forward. You are aware that the UHIP RFP is posted and making its way through the process.
   a. Linda Katz: The Exchange director does not need to be confirmed by the Senate?
      i. Jennifer Wood: No, because it is a Division Director position that is appointed by the Governor.
   b. Linda Katz: Legislation pending that includes a number of policy items that call for an analysis and return to the general assembly including the BHP analysis.
      i. Jennifer Wood: That is correct – we feel that is an important piece to keep out federal partners aware that we are serious about our work.
   c. Commissioner Koller: What is the budgetary expectation around staffing for the exchange.
      i. Jennifer Wood: The staffing has been discussed with the director as well as funding for five FTEs.

III. Presentation – Selection of QHP's to Offer of the Exchange. Dan Meuse, Jon Kingsdale to present. (Slides available upon request and on the website.)
   Questions/Comments/Clarifications
   a. Director Licht: The same rules apply to be on the exchange as are applied to sell insurance in RI?
      i. Dan Meuse: Some rules would, but the work is to have some rules on the exchange be more specific. There are specific

minimum criteria that specific QHP's have to meet. There is a floor, and there are currently discussions about how to set that floor. Would it be market-wide, or is the floor different inside or outside the exchange 0 that is a topic.

ii. Director Licht: Is the goal to increase the competitive marketplace, as that would benefit everybody? Some may argue that having more insurers may make things more competitive. The exchange may be a way to lure someone not currently in the market into the fold – do we think these rules can aid in that?

iii. Dan Meuse: The affordability discussion was the primary discussion of the stakeholder group. The primary feedback from that group is that affordability is most important and that whatever the exchange can do and whatever the state may do to drive affordability should be of the utmost importance. The exchange by nature is meant to encourage competition, and with the exchange having a goal of favorably impacting cost trends, that would be a lens that this discussion should be viewed with at all times. What both the state regulatory offices are thinking about ad that we will ask the Board to consider is competition best met when there is a level playing field inside and outside the exchange and the exchange may set specific criteria for innovations that it wants to drive towards that are in alignment with other innovative ideas, proposal or efforts, so that we do not split the market and end of having folks that need to use the exchange walk away or have adverse impacts.

b. Mike Gerhardt: Have we heard of any interest of anyone [insurers] coming into the state? If you have three carriers now, as anyone else expressed an interest in coming forward?

i. Dan Meuse: There have been small entreaties into smaller populations, but not full out. The compromise on the public option was that the Office of Personnel Management (OPM) would develop a multi state plan and that an insurance company would be required to offer a multi state plan on the exchange. That will therefore be a fourth player on our field that we already know about.

c. Director Licht: In the many gap coverage places, national players are significantly less expensive than our state players offering the state product, as they have a much larger population.

i. Commissioner Koller: Medigap model is an interesting one to look at.

ii. Mike Gerhardt: People buy what is familiar.

d. Tim Melia: Has the minimum criteria been set?

i. Dan Meuse: In the last meting there was a long list that was very technical. There are 11 or 12 specific technical criteria, and we can provide that to the Board and show what the work

product will be. Now RI is at the point that say we can add to it or not.

ii. Tim Melia: Will there be waivers to those criteria, or will they need to stick strictly to the minimum criteria?

iii. Dan Meuse: To my knowledge there are not opportunities to step below the minimum floor that is set. There are options to exceed that on one's on. Do not believe there are waivers to the QHP certification requirements.

e. Secretary Costantino: As you look at that continuum, we have to decide where along that continuum is best for RI. If you had to categorize the pros and cons on the exchange, and the extremes, how would explain that.

   i. Dan Meuse: Coming up in future slides, but one way to think of this is what is best in year one, but then what is best in year two, or year five.

f. Amy Zimmerman: So how often are you re-qualifying plans?

   i. Dan Meuse: Theoretically it can be done on an annual basis .

   ii. Amy Zimmerman: Would that create a lot of churn?

   iii. Dan Meuse: Yes, and that is an important consideration.

g. Mike Gerhardt: We have expert groups that look at these?

   i. Dan Meuse: The expert group pin discussing this had vocal brokers and agents who considered opening it up and allowing market determination was the only way to go. As we move towards the left the providers were more focused on ensuring there were specific criteria being met. The carriers have been less interested in more prescriptive models, generally speaking.

   ii. Mike Gerhardt: BCBS has been moving more in that.

h. Linda Katz: It seems to me that there are a number of innovations on standards – there are not really innovations, that we would do, but rather growing off of existing work. My suggestion is to watch language perhaps. Not everything is an innovation, but rather an expansion of existing programs.

   i. Dan Meuse: That is an important distinction, you are correct, and one we should keep in mind.

i. Mike Gerhardt: How many plans do you envision?

   i. Dan Meuse: We will be getting into that shortly.

   ii. Linda Katz: From the consumer's perspective, too much choice is no choice.

j. Commissioner Koller: One of the things I would like to think about as we do this is to find out how important comparison shopping is to the consumer. Is the idea that it is enough to have plans segregated by actuarial value, is that enough for comparison-shopping, or should it be more parsed out? I feel that should be informed by some expert research.

    i. Dan Meuse: We know that there has been some research done into quality rating, and satisfaction, and seeing how the consumer compares that but we will go further into it.

k. Mike Gerhardt: The purpose of innovation is to drive down the price – this is not something that happens in a vacuum.
    i. Dan Meuse: Right. That is one of the important points: it is important to innovate with the goals in mind. In coordination with partner agencies having the goals of making a more rational delivery system, improving health of Rhode Islanders, achieving near universal coverage.

l. Pam McKnight: I think it is important to hear innovative ideas both from the exchange but also from carriers as they may have different goals. We want to promote both and do not feel it should be an either/or approach to the problem.

m. Secretary Costantino: Let's say a carrier puts out a plan with payment reforms, intense primary care model – is that innovation?
    i. Dan Meuse: I would argue that it is, that exchange has wide latitude what it thinks is an innovative practice and can selectively work with carriers on innovative issues.

n. Amy Zimmerman: You spoke about the potential for competition and alignment. Without enough alignment you will not have enough market-share for it to be effective.
    i. Dan Meuse: Excellent point – talking about three or four state entities, driving and trying to move towards a goal as a state. The exchange's market share is one thing; it is more powerful when added to other market-shares as well.

o. Commissioner Koller: Was this estimate example done with reduced cost sharing?
    i. John Kingsdale: Yes.

p. Secretary Costantino: In terms of the labels, gold, silver, bronze, is it all based on cost sharing? Does it have anything to do with the type of benefit?
    i. John Kingsdale: You could do that, or let carriers say we want HMO instead of PPO but they are based on cost sharing.
    ii. Dan Meuse: It is actuarial value, not simply cost sharing. Say a single service, a single specialist visit, with two plans both have copays of $20.00 (for example), you would think it would the same metal label, but as the actuarial value may be different, then the metals could be different for each plan. The federal government will provide a calculator.

q. Director Licht: When you say a calculator do you mean they will provide the actuaries?
    i. Dan Meuse: They hare collecting the data and are creating a calculator in which we input data, and it will somehow come out with an actuarial value.

    ii. Director Licht: If I am paying $20.00 for the same service, and theoretically it could be with the same doctor, but because of the work of the carrier it could be a different metal?
    iii. John Kingsdale: Yes, but it is not a precise science – if they are close they may be the same.
    iv. Director Licht: But to the theory, regardless of percentile tolerance, what is the theory that one is better than the other.
    v. John Kingsdale: There isn't the theory that one is better than another. Remember this is a commercial population., averaged over a group.

r. Secretary Costantino: Thirty-nine potential quality plans could be offered, but ninety thousand is the pool, does that make sense?
    i. John Kingsdale: Right and actually that is the purpose of this slide – to show that with just three carriers already at 39 options. That demonstrates this can get complicated quickly.

s. Director Licht: What does OOP stand for?
    i. John Kingsdale: Out of Pocket

t. Director Licht: How do you explain to a purchaser what the difference is to a PPO or a HMO briefly? If you are giving them a choice how would they know what they are working towards?
    i. John Kingsdale: That is a great point, and by and large there are only about 17 people who understand all of this and most are in this room. Most will click and read, and that is what private insurance is.
    ii. Director Licht: Have a click on definition perhaps?
    iii. Mike Gerhardt: It is almost a distinction without a difference at this time?
    iv. John Kingsdale: There has been a fair amount of convergence here at least.

u. Secretary Costantino: You don't see standardization?
    i. John Kingsdale: Yes, clearly some tension if you go from one extreme or the other. If you go all standardization then there will be discord, or if you go all the other way there will be challenges.

v. Director Licht: When you say "offers at least two of the prescribed innovations," do you mean that BCBS offers two innovations and Tufts offers two, then that is actually four innovations. Thus there are more than even thirty-nine options?
    i. John Kingsdale: Yes, potentially, depending on the nature of the innovation.

w. Tim Melia: Will carriers want that innovation in that mix and have folks identify it?
    i. John Kingsdale: Believe that they will.

x. Commissioner Koller: In this example, nineteen is better than thirty-nine, it may be helpful to touch on how standard is standard.

    i. John Kingsdale: Ask carriers to submit, gold, silver, and bronze. Then provide to a consumer group. There was confusion amongst the consumers at each of these junctures. Thus there was a push to standardize amongst gold, silver and bronze.
    ii. Commissioner Koller: Is there one set of cost sharing then or five?
    iii. John Kingsdale: In this example, there are five designs across the six variables and each of the carriers has a QHP.

y. Secretary Costantino: What happens if the affordability issue hasn't changed at all? Will there be an opportunity to have a plan within the constructs of this sample that can get to the affordability level? I am just getting back there to see the standardization vs. innovation.
    i. John Kingsdale: A consumer may well say I can only afford $400.00 per month for my family, and only one plan will pop up. The additional elements are that if you are below 400% of FPL, then there are subsidies.

z. Director Licht: Right now, 80% of Rhode Islanders who have health insurance have no say in what their plan looks like. They get a plan from their employer, and the insured has no say. Now you are taking eighty thousand or so people who are uninsured and you are asking them to chose from nineteen or thirty-nine or even twelve or fifteen plans and make a choice when no one in RI knows how or does make this choice. I am waiting for some form of comfort or security that this will work. What can you say to that?
    i. John Kingsdale: Your question is really a fundamental one of the exchange. There are a lot of things consumers love to shop for but health insurance is not one of them. That is why this complexity needs to be limited, you might want to have some standardization, and you need there to be logic to help the consumer limit his or her focus. Perhaps as the Secretary had suggested, and give a price point. Or perhaps give a way to search by what is covered etc.
    ii. Director Licht: It seems to me that you have to get the consumer and have them decide what metal they would like.
    iii. John Kingsdale: Yes, and can organize it different ways.

aa. Linda Katz: If you go on the website and pick the Medicare or supplemental plan, how do I have enough information to make one choice over another? I think we need to build in that consumer assistance.
    i. John Kingsdale: Good point, most people get one design from the carrier, the carrier works with the broker, etc. This individual choice context is very different. There has been pressure over time to reduce that pressure.

bb. Amy Zimmerman: Has there been experience where small businesses place more emphasize on the business owners to make affordable choices for their business?

i. John Kingsdale: We have done research with businesses on this question. People do prefer broad choice. When you dig a little deeper there are rating problems with giving everyone broad choice, and employers think that doing that will add competition. There are some practical reasons you may want an employer to say I can subsidize silver or bronze, and then can offer choice across carriers at that level. It is the decision of this exchange to inform employers of how many options they have.

cc. Tim Melia: You are presenting plans to small businesses that still are not affordable, and thus will not drive a lot of businesses to the exchange.

i. John Kingsdale: The main thing driving silver is that you need to have three separate silver plans to meet the cost sharing option, in the individual market. Two standard, one unique, and have to have a richer version of that standard. You could drive it to one, plus the three variances of silver, but giving up options.

ii. Commissioner Koller: This is good as giving up standardization and choice. We need to learn also from the experiences of other places, whether it be Part D or the Connector, we need to learn from these past examples.

IV. Wrap Up:

a. Dan Meuse: important to the staff at this point, is for the Board to say to the staff there are models they would like more information on, or models to take off this spectrum. The goal is to come back in the middle of the summer with essentially a white paper with two or three of these models would be effectuated, make recommendations to the director on which way to go.

b. Secretary Costantino: Is there any algorithm that will say you will have more penetration with one model or another? Is there any science to this that would help inform out decision on this.

i. John Kingsdale: There is no science, but some significant percent will be that customers will be driven as individuals, so really talking about 40% or so. You want the carriers to be actively marketing the exchange, want some options that work for them, you want enough choice that you are not missing the market, and you want it to be simple and usable enough to make this easy to shop. I think we can dive into the specifics and say these options are too far, and go to the extreme.

ii. Deb Faulkner: Whatever we start with in year one is not what we will end up with in year four. We are considering a phased approach and test the heck out of it. As we learn, we evolve our strategy accordingly. The best models we have are the Massachusetts experience and the Utah limited experience, but we need to try and test.

c. Amy Zimmerman: Typically when doing a spectrum and want to find balance, perhaps cut off the two ends. This will help you think about balancing and more information for the center three.
d. Linda Katz: Perhaps can we have another meeting on this, perhaps help us walk through on the connector so we can see what happens with choice, and then talk more about the innovations on the last slide? We will look at the three in the middle and come back is an option, but it feels that we should have more discussion about this with additional information.
    i. Secretary Costantino: I agree with Linda. Maybe after you see the whole thing that will be more clear.
e. Commissioner Koller: I am comfortable with Amy's suggestion of lopping off the edges. Would recommend from personal experience that we need to stand this up, so we may see what is important to incorporate in design, etc.
f. Secretary Costantino: Does this decision have to be made today?
    i. Dan Meuse: Not have to be, but then the next Board meeting would need to be the follow up discussion.
g. Commissioner Koller: The slide that was put up with the nineteen options seems to say to me do not over do innovation – keep it simple?
h. Linda Katz: If we ask you to go with the middle three and do a white paper on those three are we asking you to do unnecessary work when if we look at it during another session we can narrow it further.
    i. Dan Meuse: We can provide in-depth reports on all five of these and because you are only choosing one would be a lot of work, but as a staff we do not want to direct a decision without providing you the most important background data.
    ii. Linda Katz: Okay, but then I feel that discussion needs to be had about the how the three middle models have the effect on choice, on simplicity and what are important from that big laundry list of criteria. Are there year one items that the Board would want to include?
i. Mike Gerhardt: I would lop off the ends to limit the staff work and focus our efforts. In a way issuer defined innovation and exchange defined innovation can be merged, to what is the best innovation rather than what is the arbitrary distinction of who proposed what.

V. Public Comment – no comment put forth.

VI. Adjourn – Next Meeting June 26, 2012