Advisory Board Retreat

HealthCentric Advisors
235 Promenade Street, Providence
12:00 pm – 4:00 pm
December 9, 2013
Meeting Minutes

Attendees: Christine Ferguson, HSRI Director; Meg Curran, Board Chair; Steven Costantino, Secretary of EOHHS; Geoff Grove, Board Vice-Chair; Dwight McMillan, Basics Group; Amy Zimmerman, Department of Health Representative, EOHHS; Kathryn Shanley, Delta Dental of Rhode Island; Patrick Quinn, SEIU, Healthcare 1199 New England; Linda Katz, Economic Progress Institute; Ted Almon, Claflin Company; Mike Gerhardt; Kathleen Hittner, Office of Health Insurance Commissioner

I. Call to Order

Director Christine Ferguson welcomed the board and Board Chair Meg Curran called the meeting to order.

II. Operational Update

Christine Ferguson, *Director*

A. Review of Board Objectives

Director Ferguson reviewed the R.I. Health Benefits Exchange Strategic Plan 2012-2015, providing an update on which objectives are completed and ongoing.

a. Completed Objectives (summarized)
   - Objective 1: Develop technology platform
   - Objective 3: Obtain positive federal "gate review" of progress

b. Ongoing Objectives (summarized)
   - Objective 2: Recruit and retain core staff
   - Objective 4: Apply for federal certification for the Exchange (conditionally certified; final review on January 17th)
   - Objective 5: Develop innovative approaches for small employers to participate in the selection and purchase of their employee's health coverage through the Exchange
   - Objective 6: Provide a functional user-friendly portal that will facilitate a consumer-centered experience
   - Objective 7: Continue to utilize broad outreach to consumers
   - Objective 8: Operate a technology platform and Exchange

program that enables the consumer to easily compare the cost and quality of coverage, easily and quickly enroll in coverage and determine eligibility for and, if eligible, access tax credits for coverage

- Objective 9: Develop, implement and continuously evaluate the effectiveness of benefit design and health plan certification processes
- Objective 10: Expand the operational capabilities of the technology platform over time
- Objective 11: Expand the scope of who can enroll through the Exchange

c. Discussion and Questions
   i. How close is HSRI relative to the operational objectives? *Progress is good but could be faster; specifically need to advance conversations around the regulatory environment and having a wider range of plan options available.*
   ii. Objectives should be translated for board meetings such that the board can be tracking progress on the operational objectives; operational objectives would be useful for guiding the board's conversations
   iii. Need to focus on SHOP; it is still not working the way it was envisioned

B. Target Populations

Director Ferguson reviewed HSRI target populations.

a. Individuals (Non-Medicaid)
   i. 510,063 currently insured: core goal to maintain coverage for the currently insured
   ii. 44,406 uninsured plus 15,000 Blue Cross direct pay customers who will flip into the Exchange is a target of approximately 60,000 uninsured

b. SHOP
   i. Approx. 15,000 businesses offering insurance: core goal to maintain coverage
   ii. Approx. 15,000 businesses not currently offering insurance
   iii. Volume of uninsured businesses is not sufficient to drive product design and lower cost delivery system; a key question for HSRI will be how many employers can be converted to the Exchange using full employee choice in order to drive delivery system reform
   iv. Clarification: out of state employees are included in the Exchange if their employer purchases through HSRI
   v. Current challenges to SHOP success:
      1. Negative press around the federal system
      2. Systems errors in the SHOP enrollment process; work-arounds being developed

vi. SHOP SWAT process underway for the month of December; small businesses struggling to enroll are offered a full walk through of the process with broker, contact center, and Deloitte technical support
vii. Small business tax credit has been available for the past two years so does not offer a major new incentive to small business (qualification: 25 employees or less with an average salary of less than 50,000)
viii. Possible methods for stimulating SHOP volumes
    1. Public employees: municipalities should be engaged in the Exchange and offer plans with full employee choice; a wide range of plans would need to be available to allow for range of employee benefit packages
    2. Early retirees: requires a level of trust and development of an operations system

C. Volumes and Customers

Director Ferguson and Amy Black reviewed application, enrollment and operational data for October 1, 2013-November 30,2013.

a. Application Life Cycle
    i. Presents system data in the context of the flow of the enrollment process. During this time period, there were **19,191** accounts created and 2736 individuals who enrolled in an Exchange plan
        1. Report highlights areas in the enrollment process where systems fixes need to be developed and customers need to be outreached to
    ii. SHOP enrollment is not limited to the open enrollment period and will continue throughout the year
b. Operational data being tracked; increased call volumes in recent weeks have resulted in lower service levels (i.e., longer wait times)
c. Target market has been defined in terms of demographic and geographic characteristics to inform sales and outreach

III. Structural and Funding Options

Christine Ferguson, *Director*

A. Review of HSRI Staffing Structure

Director Ferguson noted that HSRI will continue to employ contractors instead of FTEs until the organizational structure has been clarified. HSRI currently employs 9 FTEs, who are mainly dedicated to operations, while the remaining positions are filled in by contractors. Director Ferguson reviews the current organizational structure (broken into 4 areas).

a. Operations: bifurcated to deal with small business and individual systems as separate but related; requires working within a system

that has been built for a variety of agencies (ie. maintaining a relationship with CMS)

b. Finance and Business Operations
c. Sales and Marketing: would not normally be a part of any government department, but is a core part of HSRI; customer support is needed to articulate HSRI's value proposition
d. Product and Services Development: includes strategy and design of the health plan options that can be offered to people; the unique relationship between HSRI and the Office of the Health Insurance Commissioner has been highly beneficial insofar as one process has been developed to engage carriers
    i. Reporting/Evaluation/Metrics and Measures: a level of analytics that has never existed on the state level is being implemented to evaluate long-term success, including: measures of workforce productivity, outcomes in terms of care and use of predictive modeling to determine who uses and needs different plans and what range of plans should be available

B. Grant Funding by Functional Areas

Director Ferguson reviewed HSRI grant funding by functional area and noted that there will be another opportunity to ask for grant dollars February 15th; HSRI will determine gaps in funding and ask for funding to cover these areas.

a. UHIP (eligibility and enrollment tool behind the website) has required about half of the funding available and includes updates to the legacy systems; this focus will change moving forward
b. State to State Comparison
    i. RI is well within the range of other states for funding
    ii. Product design, sales and outreach are the areas where there is a significant difference between states. RI is the only state with a focus on small business and this will define where funding is required.

C. Comparison of Structural Options

Director Ferguson led a discussion of options for the structure of HSRI going forward. Current structure – state agency established under Executive Order

a. Most states are using a quasi-governmental structure
b. Estimating the sustainability budget is difficult given that there is no past history of a similar statewide approach anywhere in the country and volumes remain difficult to anticipate
c. Until December 2014 federal dollars will pay for operations; this will cover the fist 6 months of fiscal year 15; in the next budget that comes from the Governor's Office there will need to be a 6 month funding strategy to cover the last 6 months of fiscal year 15
    i. Need to explore if the first 6 months of funding can be budgeted and extended through the second 6 months
d. Conversations with the federal government have been initiated and will continue around extending federal dollars through the

end of fiscal year 15, given that the federal system has affected the SBM's ability to be sustainable.

D. Possible Revenue Sources

Director Ferguson reviewed possible revenue streams and invites discussion.

a. Revenue Source Options Overview
   i. Assessments (claims, premiums)
   ii. State appropriation
   iii. Advertising
   iv. Grants (public and private)
   v. Additional products and services
   vi. Strategic partnerships with other quasi-publics or non-profits

b. Exchange user fee. *Discussion points:*
   i. Fees charged on top of the premium are used by many states (ie. in CA a 3% fee is charged to individuals; 4% fee charged to SHOP)
   ii. Don't want small businesses to have to support the exchange and have to pay a fee in order to access full employee choice
   iii. If individuals were charged a user fee they would essentially have to pay a portion of their tax credit to use the mechanism by which they were eligible for a tax credit
   iv. User fees exempt the self-insured

c. Claims tax
   i. Would include the self-insured

d. Services provided through the Exchange ("The Almon Proposal")
   i. Providers would pay the Exchange a fee to collect deductibles and co-insurance (copay and deductible could be added when the premium was billed)
   ii. 2 million dollars worth of uncompensated care in RI last year; over a third of which was uncollected copays; represents a significant funding source

   Discussion point:
   iii. Would require the development of an additional administrative structure

e. Soda tax – Board member proposal
   i. If the Exchange helps to drive delivery system reform the whole state benefits and the burden of responsibility should be shared by all, not just Exchange users
   ii. Ultimately the legislature will be responsible for making this decision

f. Premium tax
   i. On the insurance side there is already a 2% premium tax, federal assessment and claims assessment

   Discussion points:

   Any additional fees will ultimately be built into rates and

passed back to the consumer

ii. Could the existing premium tax go to funding HSRI?

Discussion points:

Related initiatives: APCD and SIM

iii. Interconnected initiatives will be competing for funding at the same time

iv. Would be useful to connect the initiatives in a single framework that provides a broader picture

v. Represents an opportunity for the Governor to set out a vision for how HSRI, APCD and SIM are related

vi. Funding the entire network needs to be considered

g. Defining affordability

i. Need to first define what the state of RI can afford (all public revenue sources are ultimately tax dollars)

ii. Are there administrative savings that can be directed to HSRI?

iii. Rate setting represents an ideological problem and is thus not viable; the Exchange needs to drive change in the delivery reform system; this requires volume

iv. Need to develop a holistic vision that includes an understanding of the changes in Medicaid

v. Working group on affordability should be established to determine if the basic health options are sufficient

h. Driving delivery system reform

i. Will expanding coverage reduce costs? Can an analysis be done?

ii. Not likely, people will be able to decrease costs through increased availability of plans and choice of plans

iii. Exchange needs to be more than an eligibility system; must create a more efficient delivery system, more affordable options, and better health outcomes

i. Next steps

i. Board would like to review the different structural options in more detail and develop a proposal for the legislative session so there can be a conversation with the Budget Office and the Governor

E. **Definitions of Success**

Director Ferguson suggested further discussion on the definitions of success.

a. Currently the definition of success is based on enrollment

b. Is a metrics driven definition of success useful?

i. Percentage reduction in the number of uninsured?

ii. Percentage reduction in the cost of care?

IV. Public Comment

The Chair asked if there was any public comment, hearing none, the meeting was adjourned.