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Expert Advisory Committee

Department of Administration, Conference Room B
December 10, 2013
8:00am – 9:30am
Meeting Minutes

Attendees: Don Wineberg, Chair; Elizabeth Lange, Elaine Jones, Kathryn Shanley, Paul Block, Abbe Garcia, Ted Almon, Paula Rossi, Jessica Mulligan

I. Welcome and Introductions

Don Wineberg, Expert Advisory Committee Chair, called the meeting to order. The Expert Advisory Committee welcomed new members, Paula Rossi of Coastal Medical and Dr. Jessica Mulligan of Providence College.

II. Follow-up from December 9, 2013 Board Retreat: Structural and Funding Options

Ted Almon provided a synopsis of key points from the December 9, 2013 Board Retreat Structural and Financial Options presentation and discussion.

Don Wineberg, Expert Advisory Committee Chair, facilitated a discussion of Structural and Financial Options.

A. Administrative Services for Fee (The "Almon" Proposal)
    a. HSRI could collect copays and deductibles; subscriber would be charged for copays and applicable deductible on top of premium
    b. HSRI could then charge a fee to providers/ hospitals for this service
    c. Last year, uncompensated care in the hospital system exceeded 2 million dollars; an agreement with hospitals could be established to capture this funding for a fee
    d. HSRI could provide an administrative function for other plans; if HSRI collected premiums and paid claims, HSRI should receive a cut of the Third Party Administrator (TPA) fees
    e. Proposal would require development of additional administrative structure

f. Plan would not work for group insurance, as the subscriber is billed, not the individual
g. Possible unintended consequence: If the Exchange is responsible for collecting copays and deductibles, this ties to people potentially losing their insurance and leaving the Exchange if they are late on payment

B. Exchange User Fee – Key takeaways:
   a. Expert advisory committee members unanimously agree that Exchange funding should not come from Exchange users alone
   b. An Exchange user fee exempts the self-insured
   c. There are not enough Exchange users to provide sufficient funding; this will be the case at least until eligible employer size is increased to 100 employees
   d. RI Business Group on Health has specifically stated that Exchange funding should come exclusively from users

C. Other discussion points:
   a. Will the Exchange through its efforts create savings outside of the Exchange?
   b. If savings are created across all payers, shouldn't these payers contribute to funding the Exchange? (Anti-free rider legislation needed)
   c. Payment structure should be stretched across all patients; there should be no hierarchy, same as at point-of-service, creating a differential will ultimately make the Exchange unappealing
   d. A soda tax, or other broad based tax, is appropriate to the broad benefits the Exchange will create and the necessity for equity around health insurance
   e. Payroll tax is not a politically viable option
   f. Premium Tax / Health care fees already collected – committee members pointed out the following:
      i. All medical and dental insurers currently pay a premium tax that goes to the General Fund; could this be diverted to support the Exchange instead?
      ii. The self insured do not currently pay a premium tax
      iii. Insurers currently pay a federal assessment. Any additional fees to insurers will be reflected in increased rates and ultimately paid by individuals; needs to be considered in developing a funding strategy
      iv. Physicians' licensing fees and broker commissions currently collected could be diverted to the Exchange
   g. Increasing the size of the Exchange – committee members opined:
      i. Exchange needs to reach a critical mass of enrollees in order to gain desired negotiating power and effect cost of care long term

        ii. State and municipal employees and early retirees are populations that could buy through the Exchange to increase volume
    h. Amy Black, HSRI staff, provided an update on partnerships with labor community:
        i. HSRI working on an analysis of the potential for partnering with existing plans (ie. Health and Welfare Fund and Taft Hartley Plans)
        ii. Group Insurance Commission of MA includes municipalities and represents some 500,000 lives; excellent example of bargaining power gained through volume

D. Administrative Savings – key committee points, questions:
    a. Analysis on increased efficiencies of HHS as a result of the overhaul of MMIS system is needed
    b. Have there been cost reductions and administrative savings to the state that could be used to fund the Exchange?

E. Strategic Partnerships
    a. Is there potential to create a partnership and joint-funding strategy for HSRI, APCD, and SIM? Or other quasi-public entities?

F. Next Steps – Committee requested items:
    a. Could Director Ferguson call a high-level meeting of the insurers and hospitals that have something at stake and establish an agreement of cooperation around funding options? (i.e., CEOs of BCBSRI and United Health Care)?
    b. More information on Medicaid expansion and those not previously covered is desired
    c. Exchange Advisory Board would like to put together a proposal with the support of the Expert Advisory Committee with one or two viable funding options for review by the Budget Office and the Governor
    d. Time for a meeting with additional materials to be established for further discussion

III. Public Comment

Don Wineberg, Expert Advisory Committee Chair, asked for public comment, hearing none, the meeting was adjourned.