



Standing Advisory Board Meeting Minutes

March 27, 2013

5:00 pm – 7:00pm

899 North Capital Street NE

Washington, DC 20002

Opening and General Updates:

- The meeting was called to order by Chris Gardner and attendance was taken by roll-call.

Members Present:

Claire McAndrew, Chris Gardiner, Stephen Jefferson, Bill MacCartee, Dania Palanker, Kevin Dougherty

Members Present Via Teleconference:

Barry Lewis
Jill Thorpe
Karen Johnson

Staff Present:

Mila Kofman, Executive Director
Debra Curtis

I. Approval of Minutes

1. The Minutes of the meeting of February 21, 2013 were approved
2. The minutes of the meeting of February 25, 2013 were approved

II. Mila Koffman introduced Debra Curtis, the new Deputy Director for Policy and Exchange Programs.

III. Old Business

Executive Director Mila Kofman presented an update on progression of the legislative package. A draft of the legislative package needs to be ready in early April. It will include a consensus of recommendations from the various work groups, as well as non-consensus recommendations. Draft legislation is expected to be completed next week. Following that, the draft of the legislation will be presented to the Executive Board for final approval before being introduced in the City Council.

IV. New Business

Standing Advisory Board Chairman Chris Gardner asked if the Exchange will be operational by the targeted due date of October 1, 2013. Executive Director Kofman stated that the information technology component is the most significant aspect in determining the readiness of the Exchange. Several state based exchanges included in Wave I have already began testing with CCIIO. We are part of Wave II. The IT aspect is essential.

- **Consideration of a Tobacco Rating Policy**

Standing Advisory Board Chairman Gardiner presented the Board with the question of whether the DC Health Benefits Exchange should adopt the tobacco rating policy put forth by the federal government in the Affordable Care Act which allows for variation in premium rating for tobacco use to a maximum of 1.5-1, or should the Board reject tobacco-rating, or should the Board choose a different level of tobacco rating? He then asked Executive Director Kofman to introduce the tobacco rating topic by stating her opinion on the issue. She stated that she believes that the tobacco rating is a proxy for health and if you do not allow health based ratings, then a rating based on tobacco should also not be allowed. There is urgency for us to reach a decision on this issue so that it can be included in the legislative package.

BOARD DISCUSSION: Vice Chair Claire McAndrew presented materials regarding DC tobacco use statistics. She also further explained the effect of a 1.5 – 1 tobacco rating policy by highlighting that it would put in place a surcharge that would mean a smoker would be charged \$150 for the same policy that a non-smoker was charge \$100. She also highlighted the fact that the federal law prohibits the premium tax credits to help cover the cost of the tobacco rating. She used an example of an individual at \$17,000 of income whose premium tax credits enabled her to qualify for a \$57 monthly premium price. The unsubsidized premium would be \$600. If that individual smoked, her monthly premium would increase from \$57 to \$357 a month. That would effectively make insurance unaffordable for someone at \$17,000 income.

Board member discussed the need for smokers to have access to smoking cessation treatment, but some voiced strong concerns about personal responsibility and the fact that smoking does increase health costs so people should be held accountable.

State exchanges would have already weighed in on the tobacco rating include: CA – no, CT – no, AK – 1.2 to 1 rating and CO – 1.5 to 1 rating

The fact that there is little evidence to show that a surcharge would reduce overall costs of insurance for everyone was discussed.

PUBLIC INPUT: Chairman Gardiner invited public attendees to voice their opinions. Several advocacy organizations were represented including the American Heart Association, the American Cancer Society, the DC Cancer Consortium and others who all stated their opposition to the use of tobacco rating.

Three health plan representatives were in attendance. The Board was told that United does not currently tobacco rate its policies. Kaiser stated that if tobacco rating were allowed, they would likely utilize it. Carefirst Blue Cross Blue Shield affirmatively stated its desire to utilize tobacco rating.

MOTION: Vice Chair Claire McAndrew made a motion that we **do not** rate on tobacco in the individual and small group market. That motion was seconded.

Clair McAndrews	Agree
Chris Gardiner	Agree
Stephen Jefferson	Disagree
Billy MacCartee	Agree
Dania Palanker	Agree
Barry Lewis	Agree
Jill Thorpe	Disagree
Karen Johnson	Abstain
Kevin Dougherty	Agree

FINAL VOTE: Agree: 6; Disagree: 2; Abstain: 1.

ADDITIONAL ITEMS:

Executive Director Mila Kofman brought forth two additional topics for discussion with the Standing Advisory Board.

CATASTROPHIC HEALTH PLANS: The ACA requires availability of one catastrophic health plan within the Exchange. We’ve begun a discussion with the carriers about whether they intend to offer these plans. To be compliant with the Federal law, we need to assure that at least one plan will be available in the Exchange and the most straightforward way to do that may be to require each carrier to offer a catastrophic plan. At this time, I just wanted to make you aware of this issue as we are still working through the details of how to best effectuate the federal requirement.

MERGED MARKETPLACE: There are new regulations out from the federal government that could force us to reconsider merging the individual and small group

markets into one. We are still investigating our options, but if the new federal requirements endanger our ability to effectively operate the small group market in a merged environment, we will need to revisit that issue.

V. **Adjournment**

- The meeting adjourned at 6:50 pm