



Health Benefit Exchange Authority Executive Board Meeting

DRAFT MINUTES

Date: September 28, 2016
Time: 5:30 PM
Location: 1225 Eye Street NW, 4th Floor, Board Conference Room
Call- in Number: 1-877-668-4493; access code 735 490 026

Members Present: Henry Aaron, Nancy Hicks, Leighton Ku, Diane Lewis, Khalid Pitts, Stephen Taylor, LaQuandra Nesbitt, Tamara Watkins (arrived late)

Members Absent: Laura Zeilinger, Kate Sullivan Hare

I. Welcome, Opening Remarks and Roll Call, *Diane Lewis, Chair*

Chair Diane Lewis called the meeting to order at 5:33 pm. A roll call of members confirmed that there was a quorum with five voting members present (Dr. Aaron, Ms. Hicks, Dr. Ku, Ms. Lewis, Mr. Pitts).

II. Approval of Agenda, *Diane Lewis, Chair*

It was moved and seconded to approve the agenda. The motion passed unanimously, with Dr. Aaron, Ms. Hicks, Dr. Ku, Ms. Lewis and Mr. Pitts voting yes.

III. Approval of Minutes, *Diane Lewis, Chair*

It was moved and seconded to approve the August 8, 2016 minutes. The motion passed unanimously, with Dr. Aaron, Ms. Hicks, Dr. Ku, Ms. Lewis and Mr. Pitts voting yes.

IV. Annual Board Officer Elections, *Nominations and Vote for Chair, Vice-Chair, Treasurer/Secretary of the Executive Board*

Purvee Kempf, General Counsel and Chief Policy Advisor stated the following:

The by-laws allow for voting board members to make nominations, including nominating themselves. Non-voting members are permitted to make nominations of voting board members. In order to be considered for the vote, a nominated voting member must accept the nomination. Once

all nominations and declinations for a position are complete, there will be vote for each position. Elections for each officer shall be made by majority vote. Abstentions are not permitted.

Ms. Kempf asked for nominations for the position of Chair. Dr. Aaron nominated Ms. Lewis to continue as Chair. The motion was seconded by Ms. Hicks. Ms. Lewis accepted the nomination. The motion passed unanimously, with Dr. Aaron, Ms. Hicks, Dr. Ku, Ms. Lewis and Mr. Pitts voting yes.

Ms. Kempf asked for nominations for the position of Vice-Chair. Ms. Lewis nominated Dr. Aaron to continue as Vice-Chair. The motion was seconded by Dr. Ku. Dr. Aaron accepted the nomination. The motion passed unanimously, with Dr. Aaron, Ms. Hicks, Dr. Ku, Ms. Lewis and Mr. Pitts voting yes.

Ms. Kempf asked for nominations for the position of Secretary/Treasurer. Dr. Ku nominated Mr. Pitts to continue as Vice-Chair. The motion was seconded by Diane Lewis. Mr. Pitts accepted the nomination. The motion passed unanimously, with Dr. Aaron, Ms. Hicks, Dr. Ku, Ms. Lewis and Mr. Pitts voting yes.

V. Executive Director Report, Mila Kofman, Executive Director

SCHEDULING UPDATE

The October board meeting is being moved from Wednesday, October 12th to Wednesday, October 19th so as not to conflict with the Yom Kippur holiday.

NEW PRINTING VENDOR: At the last board meeting the board approved the selection of a new notice printing vendor not to exceed \$250,000. We've done a competitive solicitation and found a new vendor that is offering better printer rates than the previous vendor. The vendor's name is IMS and they are working with a local CBE. Also, as a reminder these notices are required as part of the federal law.

SYSTEM MAINTENANCE & UPDATES FOR OCTOBER: There are system deployments scheduled for October. The significant weekend is Columbus Day weekend. For that weekend customers will not be able to access all or parts of the system at various times.

Rx FORMULARY LOOKUP TOOL: We've launched a beta version of the prescription drug formulary tool in the individual market. We have received positive feedback from assisters, navigators and customers. We haven't made any changes to it, but if we receive feedback that changes are needed, we'll deploy those changes. Otherwise, we'll remove the beta label for Open Enrollment.

PASSWORD RESET UPGRADE: We also made a major upgrade to resetting passwords on our website. This was the number one complaint from customers and has created high call volume at our contact center. We upgraded all of that and since we've implemented that our call volume has gone down significantly.

CMS PAYMENT NOTICE PROPOSED RULE & OTHER ITEMS: CMS proposed payment notice rule was issued earlier in September and we are reviewing and will be submitting comments to CMS. If you have questions, we can have one of our attorneys provide additional information to you.

OFFICE MOVES: We completed two moves in September. One for our Contact Center and one for our IT team. Contact Center was moved at the request of DMV to use 1st floor space and so the city moved us to the 3rd floor instead. This move provided us the opportunity to move our IT team as well, and we have shared staff from other agencies also in the IT space. I also want to thank our COO Ikeita Cantu Hinojosa’s leadership to make these moves happen smoothly.

STANDARD PLAN WORKING GROUP: At Ms. Kofman’s request, Dr. Ku reported that the Standard Plans Advisory Working Group had its initial meeting earlier in the month. The discussion is about standard plans for 2018. That discussion includes updating the standard plans for 2018 and making them compliant with the 2018 federal actuarial value (A/V) calculator, discussing whether to add standard plans to SHOP, and whether to develop more than one standard plan at all metal levels. The group hopes to complete its work by the end of the year, and report back to the Board in early 2017.

ENROLLMENT DATA

Ms. Kofman reported the following:

HISTORICAL CUSTOMERS SERVED	
PROGRAM	LIVES
IVL	37,594
SHOP	40,775
Medicaid	172,992
TOTAL	251,361

** Totals as of September 15, 2016, include future start dates.*

COVERED LIVES CURRENTLY ENROLLED	
PROGRAM	LIVES
SHOP	30,068
IVL	17,259
TOTAL	47,327

** SHOP includes 1,737 Groups*

We continue to look at age groups of special enrollment periods (SEP) and continue to see that younger people are coming in during special enrollment periods – younger than those in open enrollment.

Metal level breakdown for those currently covered:

- Platinum: 16%
- Gold: 20%
- Silver: 32%
- Bronze: 27%
- Catastrophic: 5%

Standardized plans continue to be a popular choice with the SEP population with 43% choosing.

APTC PERCENTAGE: 7% continues at the percent of people currently covered also receive APTC. This makes the case that we need expanded APTC support from the federal government so that more people qualify for financial help.

314 people qualify for cost sharing reductions and almost all are choosing silver products -- which is the best value for them.

VI. Finance Committee Report, Henry Aaron, Chair

Dr. Aaron reported that the Finance Committee met on Monday, September 28. He was present with HBX staff and Ms. Lewis and Mr. Pitts were on the telephone.

Assessment Collection Update: Staff updated the Committee that HBX has collected approximately \$24 million of the approximately \$30 million in assessments on health insurance carriers this year. That means we have approximately \$6 million outstanding. DISB, which conducts the assessment collection for HBX, is sending out a second notice of assessment this week to carriers that have not submitted payment. Based on past years and DISB experience, we expect payment from the majority of these carriers after receipt of this second notice.

Procurement Updates: Executive Director Kofman updated the Committee that a vendor has been obtained for Notice Printing Services. As you may recall, the Executive Board approved that procurement at our August meeting, but we made that approval in advance of the contract award because of timing issues. The new vendor comes at a lower price point than the previous contract and that is good news. The vendor is Immediate Mailing Services.

FY 18 Budget Timeline Update: Staff informed the Committee that the timeline for developing the FY 18 Budget has moved earlier. A final FY 18 budget submission is due to the Mayor by the end of November – rather than the end of December which had been the case. Accordingly, we are speeding up that process. The Finance Committee expects to review the staff proposed FY 18 budget by the end of October, it will then go the Standing Advisory Board by early November and to the Executive Board at our November 9th meeting.

Audits: Staff reported that HBX has begun the annual CAFR audit which is required by the City.

Financial Review: The Committee reviewed FY 16 expenditures to date and noted that expenditures are as expected.

VII. Research & Data Committee Report, Leighton Ku, Chair

Distributed to the board is a fact sheet highlighting findings from the customer survey done this summer by the CONSUMER's Checkbook for us. It shows that around 25% of the people who enrolled in individual coverage were uninsured before they became covered through DC Health Link, 53% of those found eligible for Medicaid had been previously uninsured, and 40% of the small businesses did not offer coverage before joining DC Health Link. This suggests a fairly large impact about making

insurance coverage more available. Cumulatively, we estimate 25,000 people in 2016 didn't have insurance before joining. That is consistent with data from Census Bureau, Kaiser Family Foundation, etc. We are among the top in the country in covering the uninsured. The fact sheet has additional information and can be found [here](#).

VIII. Marketing and Consumer Outreach Committee Report, *Nancy Hicks, Chair*

As everyone knows, we are very interested in a health literacy campaign for the District. We have stats on the low level of health literacy in the country. We are working with a Steering Committee that includes CareFirst, Aetna, Kaiser and United with the objective of planning, shaping and supporting a health literacy campaign. We also want their financial support for this campaign. Linda Wharton-Boyd and I are currently meeting with Kaiser to develop a concept proposal that will be a framework for the campaign. We'll share with other members of the Steering Committee. We envision this as a multi-year campaign with some steps in 2017, but more in the future.

Mila Kofman thanked Nancy for devoting so much of her time with this important initiative. The survey Leighton discussed also noted that 50% of respondents have a high school degree and another 30% have a college degree – so it is a very educated customer base on the insured side. However, only 31% said they were very confident that they can figure out what services are covered by their insurance plan. That is a reminder that health insurance literacy is critical. Dr. Nesbitt also has a personal commitment to health literacy at DOH and we'll continue to ask for her time and expertise on this campaign.

IX. Insurance Market Committee Report, *Henry Aaron, Chair*

Dr. Aaron reported that the Department of Insurance, Securities and Banking (DISB) today approved rates for 2017 plans sold through DC Health Link. This year, as has become customary, HBX hired a nationally-respected actuarial firm to analyze the factors that enter into the determination of rates. We do so in order to provide recommendations to DISB on behalf of our customers.

With respect to the rates announced today, we appreciate that DISB considered our input and that is reflected in the 2017 rates DISB approved for SHOP plans by all insurers and on the Kaiser rates in the individual market. However, the Committee believes that the average rate increase of 22.8% approved for CareFirst in the individual marketplace is unwise on policy grounds. It is important to note that the 22.8% increase is an average. Thousands of people buying coverage through DC Health Link will face increases two or even three times that amount.

CareFirst had been using three incorrect assumptions for the past several years. Our contract actuarial firm has questioned these assumptions each year by pointing out that they were either not supported or were wrong. The correction of these three assumptions accounts for most of the quite stunning increases in CareFirst rates that DISB has approved.

CareFirst proposes to correct all three assumptions entirely in one year. DISB concurs. However, by waiting three years to make this change and by making the entire change in one year, the combined effect is very large,

especially for purchasers of bronze policies, some of whom will face rate increases in a single year of more than 70 percent.

As HBX has been arguing for the past three years that these assumptions were incorrect, we cannot and do not argue that some correction is unjustified. But we do believe that correcting them entirely in just one year is unwise public policy.

These shocking rate increases on individual policy holders seriously risks destabilizing the entire individual health insurance market place in the District of Columbia. To avoid such untoward results, HBX staff, working with our contract actuaries, proposed that these increases be phased in over a number of years. As an illustration of the effects of such a phase-in, if the rate implications of these revised assumptions were spread over three years, the average rate increase for individual plans offered by CareFirst would be 6.4% in 2017 rather than 22.8 percent.

Let me stress that these matters involve a lot of numbers and technical analyses. We have posted a full slide deck on the HBX website for those who want to wade into the weeds. Some here will doubtless have questions. HBX executive director, Mila Kofman, is ready to provide additional detail.

Before I hand things over to her, let me stress again that we understand the need for eventual rate increases to correct for CareFirst's erroneous assumptions used in rate filings for the past several years, believe that for the sake of the residents of the District of Columbia, and to avoid the dislocations that one may confidently predict will follow from trying to impose the full adjustment in a single year, these rates should be phased in gradually.

HBX expressed these views to DISB. DISB disagreed with our recommended approach. DISB is the agency with full authority to approve rates. The HBX Insurance Committee remains acutely concerned about the impact this rate increase will have on marketplace.

Stephen Taylor asked if the Exchange made a formal recommendation on the rates that they were recommending because as to date, we have not received any such recommendation and on the contrary we were told not to pursue a phase-in.

Mr. Aaron responded that it was his understanding that these data were confidential and for the entire HBX Board to take a vote would have required a public session which would have violated the confidentiality of this information. Procedure precluded any such formal action. But it was communicated to DISB.

Mr. Taylor responded that there were some discussions, but there was agreement not to move forward with a phase-in.

Ms. Lewis noted that HBX was clear we always wanted the phase-in, but it became clear it was not going to be approved.

Mr. Taylor noted that he did not believe that was correct.

Ms. Kofman laid out the process for this year and previous years. She noted that the filings are available to HBX, but except for the original filings of the health insurance carriers, all additional information is confidential and we've always honored that confidentiality. Our actuaries have access to all information, including the confidential information. There is a lot of back and forth among the actuaries with DISB actuaries. Once HBX staff obtains information from the HBX actuarial firm, we communicate that info at the staff level among HBX and DISB staff. When I get final recommendations, I communicate that to the Insurance Commissioner. In this case I did that about a month ago via email to the Insurance Commissioner. In this case, because of the significant difference in the recommendations, there were continued communications on this front.

Mr. Ku noted that Mr. Taylor seems to think there was imperfect communication. If there were a formal recommendation at this stage is there anything that can be done to modify the rate that was just released or can it be brought up at a different level like the City Council?

Mr. Taylor responded that he thought he should have been at the Insurance Committee meetings, but based on final recommendations, the rates are approved.

Ms. Kofman stated that the recommendation from the Exchange was a phase-in, over three or five years, and she could make that email public if that is helpful as rates are now final. However, is Mr. Taylor saying that confidentiality isn't an issue? In the future, we could do a public briefing on Insurance Committee and full board of our recommendations. We are always happy to improve our process for the way we communicate and advocate on behalf of our customers.

Mr. Taylor, that makes sense, but we'll make a streamlined process going forward making clear what the process is.

Ms. Nesbitt stated that the Board can move into executive session to discuss rates and that certainly could have been done and would have protected confidentiality. That is something to consider procedurally. Moving forward, my back of the envelope estimate is that there are about 4400 people who will face a rate increase. We should focus efforts on communicating with them.

Mr. Taylor agreed, but said it is key to understand that CareFirst is dropping Health Savings Account plans so for people who had been making contributions to HSAs, the effective increase is much lower.

Mr. Aaron noted that if you are in a bronze plan now that you don't have an opportunity to buy a cheaper plan. So, switching plans won't reduce your premium. With respect to earlier discussion on communication, I agree we should consider the larger board discussion moving forward. But, it is my understanding that HBX staff and our actuarial consultants were in close contact with DISB staff and were presented as the HBX recommendation. Admittedly, the heft of the whole board vote wasn't there. But, the idea that HBX's position was not communicating to DISB will not withstand scrutiny.

Ms. Lewis noted that this process this year is the same process we have used each year since our existence. We do this every single year.

Ms. Nesbitt stated that her recommendation was just responding to a way to clear this up moving forward and avoid any confusion.

Ms. Kofman noted that all communications from HBX were via email and I think it will be helpful for me to share those with board members. Ms. Nesbitt's suggestion to add more formality to the process is not a bad one going forward. We will do that. IN the meantime, I'll share the communications I had with the Commissioner on the recommendation and I'll also pull the emails of our staff and actuaries. At no time did we advocate for a one year increase. Our position has been a phase in. My understanding was that DISB was considering a phase in until most recently. We can try to pull that info as well.

Ms. Lewis, two things Ms. Nesbitt contributed – facilitating a broader discussion among board members in the future and the education piece which is a significantly important piece.

Mr. Aaron agreed with both of these points, but noted this rate increase is still a problem. If there were any way to modify the rate, through whatever course, it is worth looking at. It doesn't take the departure of more than a few thousand people to push up rates, there is colorful language to describe this problem and it is a real one.

Mr. Ku noted he'd not received any answer to his question about whether there is any recourse to modify the rate approval. Fixing the problem next year just doesn't fix this year's problem. Are there other creative solutions available?

Ms. Kofman noted that no response may be possible for that given potential litigation.

Mr. Aaron noted that we need to consider how to address this, won't be resolved tonight, but people need to think seriously about it.

Mr. Ku noted we've built something DC should be proud of and this impact could potentially reverse that and that would be extremely unfortunate.

Ms. Lewis noted that this won't be brought to conclusion this evening.

Ms. Kofman noted that the HBX slides are on the website regarding HBX recommendations on rates and that HBX appreciates the consideration given by DISB to this recommendation.

X. Public Comment

No public comment was proffered.

XI. Closing Remarks and Move to Executive Session, *Diane Lewis, Chair*

It was moved and seconded to go into executive session pursuant to DC Code 2-575(b)(4)(A) and Section 31-3171.11. The motion passed unanimously, with Dr. Aaron, Ms. Hicks, Dr. Ku, Ms. Lewis, Mr. Pitts and Ms. Watkins voting yes.