DC Health Benefit Exchange Authority
Executive Board Meeting Minutes
April 4, 2013
4:00pm – 6:00 pm
441 North Capitol Street, NW, Suite 820N
Washington, DC 20001

Members Present:
Dr. Mohammad Akhter (Chair), Dr. Henry Aaron, Kevin Lucia, Kate Sullivan Hare, Dr. Leighton Ku, Dr. Saul Levin, Diane Lewis, Director David Berns

Members Absent:
Khalid Pitts, Director Wayne Turnage, Commissioner Bill White

Presentations by:
Denise Grant, Director of the Tobacco Control Unit, DC Department of Health
David Helms, Director LMI's Center for Health Reform

I. Opening Comments

The meeting was called to order by Dr. Akhter. He welcomed the members and public and reviewed the agenda.

II. Approval of Minutes

The minutes of the March 22, 2013 were approved unanimously by voice vote as circulated.

III. Report from the Executive Director

Executive Director, Mila Kofman, provided the Board with a brief update report covering the following:

- Emergency legislation clarifying that the DC Health Benefit Exchange is relieved from District procurement rules will be taken up by the city council next week.
- The Mayor requested representation from the Health Benefits Exchange at town halls scheduled on DC's budget throughout the wards.
- IT testing for DC with the federal government will begin in April and be on-going.

IV. Employer and Employee Plan Choice Recommendations

Kevin Lucia reviewed the one consensus recommendation from the Employer and Employee Plan Choice Working Group and two consensus recommendations from the Executive Board Insurance Market Working Committee that did not achieve consensus in the Employer Employee Plan Choice Working Group.

CONSENSUS RECOMMENDATION FROM THE EMPLOYER & EMPLOYEE PLAN CHOICE WORKING GROUP ON PREMIUM ALLOCATION: Reallocated Composite Premium, with employees paying the difference in list billing between the reference plan and the plan they select is the premium rating approach in the small group marketplace. As recommended by the Employer and Employee Choice Working Group, this rating approach would operate as follows:

- Issuers receive list bill premiums.
    - The only exception to this may be with regard to mid-year census changes.
- Composite rates are calculated for all plans that employees of a group could select.
    - Rates for any one plan are calculated based on the assumption that all qualified employees of a group enroll in that plan.
- A reference Qualified Health Plan (QHP) and contribution amount is selected by the employer.
- The employer pays the same dollar amount for each employee, regardless of age or plan selected by the employee.
- For employees who select the reference plan, their premium payments are the same dollar amount, regardless of age.
- In addition to the employee contribution for the reference plan, if an employee selects a plan other than the reference plan, the employee pays (or receives) the difference between the list bill of the selected plan and the list bill of the reference plan with employees paying the difference in list billing between the reference plan and the plan they select.

No questions were presented.

CONSENSUS RECOMMENDATION FROM THE INSURANCE MARKET WORKING COMMITTEE ON MINIMUM EMPLOYER CONTRIBUTION AND MINIMUM EMPLOYEE PARTICIPATION RATES: The minimum employer contribution is set at 50% of the employer's reference premium for their employee and the participation requirement is set at 2/3^{rds} of employees who do not waive coverage due to having coverage elsewhere.

No questions were presented.

CONSENSUS RECOMMENDATION FROM THE INSURANCE MARKET WORKING COMMITTEE ON THE RANGE OF PLAN SELECTION CHOICES FOR THE SHOP EXCHANGE: The Exchange will offer qualified SHOP employers three options to pick from in establishing the range of QHPs qualified employees may enroll in:

- Choice 1: All Issuers & QHPs/One Tier – all issuers and all Qualified Health Plans (QHPs) on one actuarial value (AV) metal level.

- Choice 2: One-issuer/two Metal Levels – all the QHPs that one issuer offers on any two contiguous AV metal levels, if feasible and practicable. If not, then all AV metal levels.
- Choice 3: One-QHP – a single QHP offered by a single issuer.

Study Requirement: After a reasonable time to collect valid data, the Authority shall conduct a market study. This study must include a survey of employees and employers examining their experience with employee choice options and employees' satisfaction with the range of health plan choices made available to them by their employer in the Exchange. The research must also include actuarial analyses of premiums, must examine options to expand employee choice, and must evaluate employers', carriers' and the Exchange's experience in administering employee choice.

No questions were presented.

As Executive Board Insurance Market Working Committee Members provided some additional background on the last two recommendations, there was a detailed discussion of intent and drafting.

After a detailed discussion they agreed that the overall goal of the recommendations was to make the Small Business Health Options Exchange (SHOP) friendly to small businesses and not fully disrupt current practices while balancing the needs of employers and employees. To that end, the minimum participation requirement of 2/3 applies regardless of which carriers an employee chooses. A carrier cannot require a higher participation amount. Common practice is currently ¾ in DC.

In addition, employers would be required to contribute at least 50% of the premium for an individual employee. This reflects current practice in DC. This would still allow a carrier can choose to require less of a contribution and an employer can contribute a greater amount.

V. Public Comment was Accepted on Employer and Employee Plan Choice Recommendations

Claire McAndrew with Families USA supports the resolution on the employer contribution model. It is a win for consumers, employers, insurers, and does not diverge much from current practice.

VI. Votes on Employer and Employee Plan Choice Recommendations

Resolution on Employer Contributions and Employee Participation Limits.

Resolution on employer contribution and employee participation rates: There were questions over wording that could not be resolved. It was also noted that based on guarantee issue final regulations, participation rate limitations could not be applied during a 1 month open enrollment yearly for small businesses. The policy being discussed applied to times of the year other than open enrollment for small businesses.

The vote was postponed until Monday and the Health Benefit Exchange staff will revise the resolution to meet the intent of the board.

Resolution on Employee Choice:

Board discussed and recognized potential IT design limitations with matching policy. Board voted to unanimously pass the resolution.

Resolution on Composite Rating:

Board voted to unanimously pass the resolution.

VII. Report and Discussion on Tobacco Rating

Kevin Lucia, Chair of the Executive Board Insurance Market Working Committee, reviewed the non-consensus tobacco rating recommendation from the Standing Advisory Committee, 6 to 2 with 1 abstention to prohibit tobacco rating in the District.

He reported on the recommendations from the Executive Board Insurance Market Working Committee:

1. Require 1.2 to 1 tobacco rating in the district applying the other federal guidelines.

   2 to 1 Vote: Kate Sullivan Hare voted yes, Henry Aaron and Kevin Lucia voted no

2. Prohibit tobacco rating.

   2 to 1 Vote: Henry Aaron and Kevin Lucia voted yes and Kate Sullivan Hare voted no

Members discussed their views. Some suggested the best policy would be a tobacco tax, but that is not an available option for the Board. Members discussed the presentation of Denise Grant, Director of the Tobacco Control Unit in DC's Department of Health and David Helms, LMI's Director of Health Reform, from the Insurance Market Working Committee.

Members generally believed that 1.5 to 1 was not appropriate or acceptable for DC. Some discussed a lower amount such as 1.2 to 1 as reasonable and a deterrent to smoking. Some asked whether having a surcharge but exempting some of the lower income populations would be permitted.

Some members considered any premium surcharge the wrong approach because it creates barriers to health coverage and access to smoking cessation programs, it treats smoking differently from other diseases, and does nothing on the prevention side.

Members discussed DC's progress on tobacco with zoning requirements and not permitting smoke in restaurants and bars and suggested that carrots are more suited to this issue than sticks, particularly since the stick is not well designed to stop or prevent smoking.

The board will accept input from the public and take a vote on Monday on whether DC will have tobacco rating.

VIII. Risk Pooling for Ratemaking Purposes

Executive Director, Mila Kofman provided background for this discussion.

Generally, rates are set once a year in the individual market based on claims data for the individual market. In the small group market, rates can vary quarterly or more based on medical inflation and potentially claims experience for new entrants into the market.

Recently CCIIO said that in a merged market, where there is one risk pool and rates are set by using claims data from both markets, rates could not vary for new entrants to the small group market through the year.

This would result in insurers having to project rates up to two years in advance. Such uncertainty could lead to higher rates, and rates that do not accurately reflect the claims data.

Today CCIIO provided a new option where rates would be filed with the federal government for their purposes as if there were two risk pools, individual and small group. This would include for reporting, reinsurance, risk adjustment and other federal purposes. For District purposes, an index rate would be set across the markets with one risk pool for premium purposes. This would allow rates in the small group market to vary quarterly for new entrants.

Ms. Kofman recommended that given the federal constraints, DC not merge risk pools for federal purposes, but do so for rating within the District.

Board members asked about whether the District would be open to litigation as not complying with federal rules. Ms. Kofman said that states are permitted to be more protective then federal rules, for federal purposes DC would be meeting the rules. There would be due diligence and reporting with any action.

IX. Legislative Package Overview

Executive Director, Mila Kofman walked through draft Health Benefit Exchange legislation.

Board members asked for clarification on the provision regarding coverage of services that are not in the essential health benefits and suggested clarifying the language.

X. Adjournment