



Insurance Market Working Committee

March 28, 2013

11:00am – 1:00 pm

899 North Capital Street NE, Room 6129

Washington, DC 20002

Opening and General Updates:

- The meeting was called to order by Kevin Lucia

Members Present:

Kevin Lucia, Chair
Henry Aaron
Kate Sullivan Hare

Phone Participant:

Jon Kingsdale participated by phone as an expert facilitator for the Employer & Employee Choice Working Group.

Staff present:

Debra Curtis
Jeffrey Gabardi

I. Approval of Minutes

1. The Minutes of the meeting of March 19th, 2013 were approved.

This meeting is to discuss non-consensus items and to review one consensus item from the Employer and Employee Plan Choice Working Group.

Jon Kingsdale was asked to discuss his report.

- He referred to the final report and Appendix A which included all of the group members and other participants who have been part of the decision making process.
- The Employer Employee Plan Choice Working Group (“Working Group”) had five meetings that were three hours long.
- 3 sets of issues
 - Employee Choice Models – which “models” of employee choice should the Exchange offer to employers?

- Minimum Contribution and Participation Requirements – Should the Exchange require that employers contribute a minimum portion to their employees’ premiums and should the Exchange require that at least a certain portion of a company’s employees purchase coverage in order to participate in the SHOP exchange?
- Premium Rating and Employer Contribution Approaches – What premium rating and contribution approach should the Exchange pursue?

II. Non-consensus Votes

- A. Should the Exchange require employers to contribute a minimum portion of their employees’ premiums and should the exchange require that at least a certain portion of a company’s employees purchase coverage in order to participate in the shop exchange?
- Mr. Kingsdale explained that the existing practice requires a small business employer to contribute at least 50% to the premium of a single person and have at least 75% participation of the of the group. He presented the options the group discussed:
 - 50% contribution / 75% participation
 - 50% contribution / 0% participation – minimum employer option
 - 50% contribution / 50% participation

No consensus was reached by the Working Group.

Discussion:

The Insurance Market Committee members discussed the fact that this decision will be codifying a policy that is currently voluntary, there were concerns that the level of participation needs to be set low enough so as not to penalize small firms from being able to provide coverage to those employees who want and need that coverage. After this discussion, unanimous agreement was reached on a 50% minimum contribution level for employee’s coverage and to set the participation level at two-thirds of eligible employees.

- B. Which models of employee choice should the exchange offer to employees?

Jon Kingsdale started the discussion by describing the five models of employee choice that are highlighted in the Employer and Employee Plan Choice Working Group Report.

Discussion:

Committee Members discussed whether the option for an employer to pick a single plan should still be maintained? There was initial disagreement on this issue, but then consensus was reached that because of the transition to a unified market taking place over the first year of the Exchange and the need to provide employers with options that they are used to, that it should be maintained. However, the Insurance Market Committee Members agreed on including two additional choice models as options for the employers. First, the option for an employer to choose a metal tier of coverage and provide their employees the choice to select any plan at that tier level. The second option would be for the employer to choose a carrier, but allow the employees to select their metal tier. The Employer and Employee Plan Choice Working Group came to consensus on limiting this option to two contiguous tiers of coverage in order to mitigate against market instability. However, the Insurance Market Committee members were informed that due to IT limitations in year one, the Exchange may be unable to narrow this two contiguous tiers. Insurance Market Committee members were concerned about the level of choice that might be achieved for employees so they developed a recommendation for a study by the Exchange Authority to survey participants and find out if they are satisfied with their choices.

After discussion, the Insurance Market Committee Members agreed to the following recommendation by unanimous consent: The Exchange will offer employers a package of employee models to choose from.

- a. All Issuers & QHPs/One Tier – all issuers and all QHPs on one AV metal tier level
- b. One-issuer/two AVs – all the QHPS that one issuer offers on any two contiguous AV metal tiers if feasible and practicable. If not, then all AV metal tiers.
- c. One-QHP – a single QHP offered by one issuer

Study Requirement: After a reasonable time to collect valid data, the Exchange 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.

III. Quick Review of Consensus Item from the Employer and Employee Plan Choice Working Group

Jon Kingsdale did a quick review of the premium allocation methodology agreed to be consensus by the Working Group. He explained the way that the system will work whereby each employer will select a reference premium as if all of their employees were in that plan. Then, if the employer offers a choice model, the employees will pay higher premiums if they select more expensive plans and lower premiums if they choose less expensive ones.

IV. Adjournment

- The meeting adjourned at 12:40 pm.