



**Health Benefit Exchange Authority Executive Board Meeting  
FINAL MINUTES**

**Date:** Wednesday, April 6, 2016  
**Time:** 5:30 PM  
**Location:** 1225 Eye Street NW, 4<sup>th</sup> Floor, Board Conference Room  
**Call- in Number:** 1-877-668-4493; access code 738 170 308

**Members Present:** Henry Aaron, Kate Sullivan Hare, Nancy Hicks, Leighton Ku, Diane Lewis, LaQuandra Nesbit (via telephone), Stephen Taylor (via telephone), Wayne Turnage (via telephone), Tamara Watkins  
**Members Absent:** Khalid Pitts, Laura Zeilinger

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

Chair Diane Lewis called the meeting to order at 5:40 pm. A roll call of members present confirmed that there was a quorum with five voting members present (Dr. Aaron, Ms. Hicks, Dr. Ku, Ms. Lewis and Ms. Watkins).

**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 Ms. Watkins voting yes.

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

Mary Beth Senkewicz, Associate General Counsel and Policy Advisor, noted there was a typo in the minutes that should be corrected. It was moved and seconded to approve the March 9, 2016 minutes as amended. The motion passed unanimously, with Dr. Aaron, Ms. Hicks, Dr. Ku, Ms. Lewis and Ms. Watkins voting yes.

**IV. Executive Board Business, Discussion and vote on 2016 Executive Board Committee Assignments –  
*Diane Lewis, Chair***

Ms. Lewis reported that with the change in board members, it is time to update the Executive Board Committee Assignments. The committee assignments with proposed changes are:

Insurance Market Committee:

- ~~Kevin Lucia, Chair~~
- Henry Aaron, Chair
- Kate Sullivan Hare
- [Diane Lewis](#)

Research and Data Analysis Committee:

- Leighton Ku, Chair
- Henry Aaron
- ~~Kevin Lucia~~
- [Tamara Watkins](#)

The following committee assignments will remain the same:

Business Operations Committee:

- Diane Lewis, Chair
- Khalid Pitts
- Nancy Hicks

Finance Committee

- Henry Aaron, Chair
- Diane Lewis
- Khalid Pitts

IT Infrastructure and Eligibility Committee:

- Leighton Ku, Chair
- Henry Aaron
- Kate Sullivan Hare

Marketing and Consumer Outreach Committee:

- Nancy Hicks, Chair
- Kate Sullivan Hare
- Khalid Pitts

Ms. Lewis noted that the names of the committees are being streamlined by striking the word “working.” She noted the new name has no meaningful change in the level of work actually required of the committees.

It was moved and seconded to update the Board Committee assignments as outlined. The motion passed unanimously, with Dr. Aaron, Ms. Hicks, Dr. Ku, Ms. Lewis and Ms. Watkins voting yes.

V. **Executive Director Report**, *Mila Kofman, Executive Director*

**FOLLOW-UPS FROM LAST BOARD MEETING**

Ms. Kofman corrected the record by stating the Third Open Enrollment Outreach Update would occur at the June Board meeting.

**BUDGET HEARING NEXT WEEK**

Ms. Kofman reported that the Budget Oversight Hearing is Wednesday, April 13<sup>th</sup>. She and Ms. Lewis will attend and testify. She noted that the HBX budget was presented in the Mayor’s budget as previously approved by the Board, with no changes.

**SHOP DENTAL:**

Ms. Kofman reported that HBX is now offering standalone dental plans in the SHOP Marketplace. This coverage is available for all companies offering June 1 coverage or renewing their coverage June 1 or later. Dr. Ku asked if the majority of people buying dental coverage were buying adult-alone coverage, since all the plans had pediatric dental benefits embedded in the plan. Ms. Kofman said that anecdotally, yes. She also noted that on the individual side, people could buy dental benefits only and not purchase a major medical plan. On the SHOP side, people have to purchase major medical in order to purchase dental. The difference has to do with group health laws and regulations.

**KAISER FAMILY FOUNDATION REPORT ON COVERING THE UNINSURED:**

In March, the Kaiser Family Foundation released analysis which shows that the District of Columbia leads the nation in enrolling eligible residents through its health insurance marketplace. Kaiser’s analysis shows that the District has enrolled the highest percentage of people nationwide – 74% -- who are eligible for coverage through a health insurance marketplace under the ACA.

**NASHP POLICY BRIEF ON DC HEALTH LINK’S OPEN SOURCE CODE:**

NASHP published a brief, based on a webinar NASHP hosted for HBX staff, at which HBX briefed other states on the use of open source code. The brief highlights DC Health Link as a model for other states.

**SMALL BUSINESS EVENT MAY 3rd:**

In recognition of National Small Business Week, DC Health Link business partners, the Greater Washington Hispanic Chamber of Commerce, the DC Chamber of Commerce, the Restaurant Association Metropolitan Washington along with participating resources partners of the DCHL Braintrust will host a small business forum, ***POWER UP DC 2016 “Get \$\$, Get Movin’... Accessing Capital to Start and Grow Your Business Through Non Traditional Funding Sources.”***

The Power Up DC 2016 forum will be held early next month, Tuesday, May 3 from 8 a.m. to 12:30 p.m., at the Marriott Marquis Hotel.

The event that will feature expert panelists who will share information for enhancing business growth through nontraditional funding streams and creative financing options and provide entrepreneurs with the opportunity to engage in a variety of business-focused workshops aimed at affecting their bottom line. A “Matchmaking Meet-up with Business Resources” session will follow, during which business owners can meet one-on-one with lenders and other resource representatives.

Among the participating resource partners are the U.S. Women’s Chamber of Commerce, U.S. Small Business Administration, Washington Economic Partnership, Congress Heights Training and Development, the DC Small Business Development Center at Howard University, DC Small and Local Business Development and others.

The event is supported by DC Health Link, the District’s online marketplace for health insurance. Pre-registration has been successful and there is now a waiting list for the event.

#### **BROKER UPDATES:**

- The Producer Advisory Committee met on March 16 to discuss more robust broker training and broker recertification. The meeting was very productive.
- HBX staff has also been very engaged with general agencies and TPAs that support broker activities. There have been one-on-one trainings and agency trainings. There are weekly webinars where questions can be asked and answered. There are weekly newsletters, and other communications, particularly to reach out to brokers that are not certified to participate in DC Health Link. Trainings are provided for free and are eligible for continuing education credits.
- A new portal that general agents (GAs) can use is planned for deployment in the second quarter. GAs often support brokers that generate business with back office help, particularly for small or single broker agencies.

#### **CARRIER FILING DEADLINES**

Ms. Kofman stated that the Carrier Manual had been updated for Plan Year 2017 and had been circulated among the carriers. Deadlines are as follows:

- Plan Form and Rate Filing Deadline: May 2, 2016
- Federal Template Filing Deadline: August 1, 2016
- QHP and QDP Benefit Summary/SBC Submission Deadline: September 1, 2016
- Final QHP and QDP Benefit Summary/SBC Revision Deadline: September 30, 2016

## ENROLLMENT STATISTICS

Ms. Kofman reported the following:

HISTORICAL DCHL CUSTOMERS SERVED	
PROGRAM	LIVES
QHP	34,276
SHOP	27,583
Medicaid	153,743
<b>TOTAL</b>	<b>215,602</b>

\* Totals as of March 31st, 2016

STANDARD PLANS	YES	NO	TOTAL
Active Shopper Renewals	42%	58%	100%
New Customers	35%	65%	100%
Special Enrollment	38%	62%	100%
<b>TOTAL</b>	<b>37%</b>	<b>63%</b>	<b>100%</b>

% OF APTC TAKEN	NEW CUSTOMER
LESS THAN 85%	4%
EXACTLY 85%	35%
MORE THAN 85%	32%
UNKNOWN (still investigating)	29%

Dr. Ku asked if we would ever know how many people pay extra taxes because of income changes, etc. regarding APTC. Ms. Kofman said no, that the IRS may share information with HBX staff, but if any of the information is disclosed, the discloser would be subject to criminal penalties.

2016 EFFECTUATIONS - AS OF MARCH 31, 2016 (THESE ARE OPEN ENROLLMENT NUMBERS; SEPS NOT INCLUDED)				
OE EFFECTUATION	AUTO RENEWAL	NEW CUSTOMER	ACTIVE RENEWAL	TOTAL
EFFECTUATION %	75%	75%	82%	76%

These percentages mean that of the percentage of customers who made a plan selection, that percent paid their January premium. Ms. Hicks asked how these numbers compared to national numbers. Ms. Kofman said staff had not seen any national numbers, but she thought the numbers were generally comparable to other states.

Dr. Aaron said that he knew this information came from the carriers, and that we do not have all the information we might want. He noted that the cumulative numbers are increasingly less interesting numbers. What we want to know is how many people are covered.

Ms. Kofman said that as of March 31, 2016, 16,901 people were active and paid up in the individual market. There are 6,011 people who have not yet paid; they may be within their payment window and may have paid, but we do not have their effectuation files from the carrier. Dr. Ku noted that there are grace periods in play as well. He thinks the numbers could increase. Ms. Kofman noted that the numbers are fluid to a degree, as carriers gain more information and send us the proper files. For example, 711 people were incorrectly auto renewed because the carriers had not sent the termination file until after the auto renewal.

Dr. Ku asked if he thought we would get the information in a timely manner and improve the data we have. Ms. Kofman said that the carriers had improved greatly in sending us enrollment reports, which we receive in addition to effectuation files. She was optimistic that improvement would continue, but noted there are inherent limitations to having perfect data.

Ms. Kofman reported that the people who came in through a SEP are generally the same age as people who came in through open enrollment.

2016 QHP AGE GROUPS	OE	SEP
< 18	8%	9%
18-25	11%	8%
26-34	41%	40%
35-44	18%	20%
45-54	12%	11%
55-64	9%	12%
65+	1%	0

Ms. Kofman noted that there has been a lot of news about SEPs and the federal marketplace. Therefore, she wants to start tracking it more closely. She noted that HBX works closely with the carriers to ensure SEPs are working for District residents.

Ms. Lewis noted that Ms. Sullivan Hare had joined the meeting during Ms. Kofman’s report.

**VI. Finance Committee Report, Henry Aaron, Chair**

**RESERVES POLICY:** Dr. Aaron reported that the work of the Finance Committee in multiple recent meetings focused on drafting a policy on reserves.

Dr. Aaron reminded the Board that he had mentioned this issue at the March Board meeting. He stated it has always been recognized that HBX must maintain reserves and in fact it does do so. What HBX does not have is a written policy. HBX staff researched whether other state-based marketplaces have written policies on reserves. Based on the staff research and discussions with other states, it appears that SBMs have reserves but no written policies. The Finance Committee asked staff to draft a written policy. The OCFO staff (Office of the Chief Financial Officer) took the lead with significant input from HBX staff.

The Finance Committee met by phone on March 31 to review the draft policy. All three Committee members participated. There was a robust discussion on key policy questions among the members of the Committee. Policy questions included, but were not limited to, whether the Finance Committee or the Executive Board should be responsible for authorizing use of reserves; how operational and capital reserves should be structured; and how much operational reserve is necessary. The committee instructed HBX staff to modify the draft accordingly. The Finance Committee met again on April 4, 2016 for its regular monthly meeting. Ms. Lewis and Dr. Aaron participated. After reviewing the changes in the draft, the Committee decided to move the policy to the full Executive Board for consideration.

If the Board accepts the work done by HBX staff and the Finance Committee on this important issue, other states have asked HBX to share its written policy as a template from which they can work.

Executive Director Kofman will go through the policy in full detail during the upcoming discussion so I do not want to duplicate that discussion.

Dr. Aaron stated that HBX staff, OCFO staff and the three members of the Finance Committee spent significant time researching and developing this written policy. It comports with accounting practices. It is responsive to the CMS requirements for financial sustainability for state-based marketplaces – which is a required component of full certification as an SBM. And, the Finance Committee endorses it as an important written policy to have in place. We will hold the rest of the discussion until the appropriate time in the meeting.

**FINANCIAL REVIEW:** The Committee reviewed FY 16 expenditures to date and noted that expenditures are as expected.

## **VII. Research and Data Committee Report, *Leighton Ku, Chair***

Dr. Ku reported that the survey work was ongoing and the design was completed. The survey has gone into the field; there is a short timeframe. The goal is to survey both new customers and renewing customers. The survey went by email first to about 1,000 customers. It should be completed in a couple of months.

## **VIII. Discussion Items**

- a. Formalization of the HBX Reserve Policy -- *Henry Aaron, Chair, Finance Committee and Mila Kofman, Executive Director*

Ms. Kofman highlighted a few points. Federal law requires that the HBX be self-sustaining. The need to have reserves for sustainability purposes has been present with respect to HBX from the beginning. For example, it was contained in the blueprint submitted to CMS for funding HBX.

HBX and the Office of Chief Financial Officer (OCFO) staff led the effort to develop the reserves policy. It is in keeping with District policy, accounting practices and best practices.

The policy provides that the OCFO is responsible for certain things and HBX is responsible for certain things. However, policy decisions rest with HBX and specifically the Board.

Regarding procedures and reserve funds, the operating reserve definition is very broad and allows HBX to pay for multiple expenses. The capital reserve definition is more narrow and applies to what you would normally consider a capital expenditure, such as bricks and mortar or IT.

On calculating reserves, operating reserves are based on six to nine months of Council-approved operating budget. One policy decision is whether six to nine months the right time period. The second is what measure of budget to use, the CAFR audit, for example. However, the CAFR audit has grant expenses and we did not want to have grant funds in the equation.

Capital reserves will be calculated based on availability of funds after fully funding the operating reserve.

Use of reserves is structured so that use of reserves is the decision of the full Executive Board. After robust discussion, the Finance Committee decided that the full Board should be in charge of using reserve funds. The Executive Director will make a request, the Finance Committee will make a recommendation with respect to the request, and the full Board will decide.

Ms. Kofman said a lot of work had gone into developing the written reserves policy and there was a reason no other state had done it yet.

Ms. Hicks thought it was important that the policy provided for replenishing reserves if reserve funds are spent. Ms. Kofman said HBX always wanted to have reserves on hand. The federal government through the rulemaking process often adds requirements that will cost an SMB funds to comply.

Ms. Kofman noted there was a technical correction to the version of the document that had been circulated and that was discussed.

b. *Standard Plan Modifications for Plan Year 2017 – Leighton Ku, Chair, Standard Plans Advisory Working Group*

Dr. Ku noted that the Standard Plans had to be updated to comport with the 2017 plan year actuarial value calculator. Also, adjustments needed to be made for mental health parity requirements. Third, operationally, some of the carriers had implemented the standard plans in a way the group had not anticipated. CareFirst successfully made the argument that the cost-sharing for outpatient procedures that were not surgical should be lower than an outpatient surgery cost-sharing. He spent time going through the individual changes, which are shown [here](#).

Dr. Aaron said he thought the bronze plan was in reality a catastrophic plan. Dr. Ku noted that the bronze plan in particular is skimpy. Dr. Ku noted that the emphasis in bronze was first dollar access to preventive, primary and specialty care, generic drugs and urgent care. Ms. Sullivan Hare asked whether the prescription drug deductible applied to generic drugs. Dr. Ku said no.



There occurred a protracted discussion of drug prices and pharmacy practices.

Ms. Hicks asked if the majority of people on APTC take the silver plan. Dr. Ku said the cost-sharing reductions are available on the silver plan. Ms. Kofman said in general, the most popular plan on the individual side is bronze, and silver is second.

Ms. Kofman summarized the information requested by the Board: what metal levels our APTC customers chose; and are younger people generally selecting lower metal levels? Staff will provide the age and metal levels for the entire customer base in the individual market.

**IX. Public Comment**

No public comment was proffered.

**X. Votes**

a. Formalization of the HBX Financial Reserve Policy

It was moved and seconded to adopt the HBX Reserves policy as amended. The motion passed unanimously, with Dr. Aaron, Ms. Sullivan Hare, Ms. Hicks, Dr. Ku, Ms. Lewis and Ms. Watkins voting yes.

b. Resolution on Standard Plan Modifications for Plan Year 2017

It was moved and seconded to adopt the Resolution titled, “To adopt recommendations to modify the standard qualified health plans at each of the four metal level tiers to comply with the Plan Year 2017 federal Actuarial Value Calculator.” The motion passed unanimously, with Dr. Aaron, Ms. Sullivan Hare, Ms. Hicks, Dr. Ku, Ms. Lewis and Ms. Watkins voting yes.

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

It was moved and seconded to move to closed session, pursuant to DC Codes Sections 2-575(b)(2), 2-575(b)(4) and Section 3171.11, the Board will move to a closed session to discuss contracting and obtain legal advice. The motion passed unanimously, with Dr. Aaron, Ms. Sullivan Hare, Ms. Hicks, Dr. Ku, Ms. Lewis and Ms. Watkins voting yes.

The meeting was adjourned at 7:35 p.m.