



Health Benefit Exchange Authority Executive Board Meeting

FINAL MINUTES

Date: May 11, 2016
Time: 5:30 PM
Location: 1225 Eye Street NW, 4th Floor, Board Conference Room
Call- in Number: 1-877-668-4493; access code 735 160 666

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

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

Chair Diane Lewis called the meeting to order at 5:47 pm. A roll call of members present confirmed that there was a quorum with five voting members present (Dr. Aaron, Ms. Sullivan Hare, Ms. Hicks, Mr. Pitts and Ms. Lewis).

II. Approval of Agenda, Diane Lewis, Chair

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

III. Approval of Minutes, Diane Lewis, Chair

It was moved and seconded to approve the April 6, 2016 minutes. The motion passed unanimously, with Dr. Aaron, Ms. Sullivan Hare, Ms. Hicks, Mr. Pitts and Ms. Lewis voting yes.

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

RATE FILINGS

Ms. Kofman reported that the proposed rates for plan year (PY) 2017 had been filed with the Department of Insurance, Securities and Banking (DISB) for approval in both the individual and SHOP marketplaces. The information is from the press release posted by DISB earlier in the day.

According to the DISB release, on the individual side, CareFirst is proposing no change on rates on its PPO product, and a 13.3% average increase on its HMO product. She emphasized that “average” increase meant some customers will see a lower increase while others will see a higher one. Kaiser is proposing an average 12% increase in the individual market. A total of 18 plans were filed to be available in the individual market, a decrease of eight plans from PY 2016 offerings.

On the SHOP side, CareFirst filed for an average 4.4% decrease on its PPO product and no aggregate change for its HMO product. Kaiser is proposing a 2% increase. Aetna is proposing a 5.4% increase for its PPO product and 11% for its HMO product. United is proposing a 2.2% increase for its PPO product and a range of 2.2% - 11.4% for its HMO product. A total of 152 plans were filed to be available in the SHOP market, an increase of 16 plans from PY 2016 offerings.

HBX staff is reviewing the filings. Ms. Kofman noted that as HBX has done in the past, we have contracted with independent actuaries to review the filings and provide feedback to DISB on our and our customers’ behalves, to advocate for the lowest possible rates for our customers.

Ms. Watkins entered the meeting.

BUDGET HEARING

The budget hearing took place on April 13, 2016. Both Ms. Kofman and Ms. Lewis testified. Ms. Kofman was thankful for the many supporters who showed up to testify on our behalf. She reported that last week the Committee on Health and Human Resources had voted to pass the HBX budget as submitted. The next step in the process is consideration by Council.

MEETING WITH CMS ADMINISTRATOR

Ms. Kofman reported that she and Debra Curtis, Senior Deputy Director for Policy & Programs, had met with CMS Acting Administrator of CMS. The meeting concerned ways CMS can assist the state-based marketplaces (SBMs) and strengthen what they do. Ms. Kofman and Ms. Curtis focused on outreach and enrollment. In order to maintain a stable risk pool, SBMs need to search for new, younger customers constantly. Another important reason to grow outreach and marketing is the mutual goal of reaching near-universal coverage. Ms. Kofman reported that the “ask” was for CMS to see if there existed further grant opportunities for SBMs in this regard. Mr. Slavitt said he would discuss the issue with colleagues within HHS.

GENERAL SERVICES ADMINISTRATION

Ms. Kofman reported that she and Rob Shriver, Director for Marketplace Innovation, Policy & Operations, had met with GSA staff to discuss how SBMs can get better deals with vendors. General Services Administrator (GSA) Administrator Nina Turner Roth had spoken at the recent “Power UP DC” event and wanted to help SBMs get better deals. GSA committed to helping SBMs. HBX will follow up with GSA to give it more information about the types of IT licenses SBMs use and what types of vendors SBMs use (e.g. printing services). GSA will do what it can to get those types of vendors on the GSA schedule, and leverage the GSA relationship with vendors to help all SBMs.

SBM MEETING IN DC

SBM Executive Directors and senior staff had met for the last two days here in the District. Success stories of the recently-concluded open enrollment period and strategies for the next open enrollment period were shared. The group also discussed strategies on how to leverage each other and the collective purchasing power effectively to get the best deals for customers. Meetings occurred at the White House and on the Hill; those conversations were productive. Maximum flexibility for SBMs was emphasized, particularly when federal regulations require a change to existing IT systems, as the SBMs need time both to budget for and incorporate necessary changes to IT platforms. SBMs also acknowledged how helpful the Administration has been in promoting SBMs successes.

1095-A REPORT

Ms. Kofman noted the following:

	Tax Year 2015
Total 1095-A's	16,762
Consumer-reported corrections	75
Carrier-reported corrections	780
Percentage of all forms corrected	5%

ASSESSMENT REGULATION UPDATE

The HBX Assessment proposed rule, issued pursuant to the Health Benefit Exchange Authority Financial Sustainability Amendment Act of 2015, was published in the DC Register on December 18, 2015 for public notice and comment. We did not receive any comments during the final comment period. The DC Office of the Attorney General provided technical and conforming changes for legal sufficiency. These changes are posted on the HBX website. We have submitted the Assessment proposed rule for Council review.

ASSISTER AND BROKER TRAINING

A number of assister organizations had expressed interest in having a refresher and also training additional staff to help consumers. Assister organizations have experienced attrition of staff and wanted us to train new staff they had hired to backfill open positions. A two-day training was held.

HBX also conducted in-person training for brokers. This training was the second in our series of trainings to certify new brokers or re-certify current brokers. A third in-person session is scheduled for early June.

GA/TPA PORTAL

Ms. Kofman reported that just this week, HBX launched the General Agent (GA)/Third Party Administrator (TPA) portal. This portal is critical to support brokers who use GAs and TPAs. In small agencies in particular, brokers cannot give the full range of support to clients after they set up the client with the appropriate benefit package, and they use GAs and TPAs for back-office support.

NEW FEDERAL INTERIM FINAL RULE AFFECTING SPECIAL ENROLLMENT PERIODS

HBX staff is reviewing a new interim final rule (IFR) from CMS that was issued last Friday evening on SEPs. HBX will have to make some IT changes in response to the IFR, but staff is still reviewing what that will entail. In response to a question from Dr. Nesbitt, Ms. Kofman said one of the biggest changes is that if an individual is moving from one state to another, in order to enroll in coverage in the new state's marketplace, the individual must have had at least one day of minimum essential coverage in the prior state in order to qualify for an SEP. Previously there had not been a requirement of prior coverage to qualify for an SEP when moving to another state.

The Board engaged in a discussion on the use of attestations. Ms. Kofman stated that HBX always reserves the right to look beyond an attestation if circumstances indicate that a deeper dive is necessary. Presently if it looks as if some gaming is occurring, the SEP process ferrets that out. However, verification is a labor-intensive process, and HBX experience to date indicates verification is not warranted in all circumstances. HBX works closely with the carriers and abuse of the SEP process does not seem to be an issue in the District. Dr. Nesbitt noted that the new rule creates an additional barrier for customers to overcome, and the HBX use of attestations is the least administratively burdensome for HBX.

FEDERAL REQUIREMENTS ON QUALITY RATINGS

CMS is delaying posting of quality ratings on the FFM website until 2018. Instead, CMS will continue to test the ratings in five FFM states (Virginia is one of those). HBX staff is considering what steps we should take given this change. Staff will bring this topic to the Board Research Committee for its input.

ENROLLMENT DATA

Ms. Kofman noted that previously the Board had asked for numbers on customers receiving APTC, the metal tiers they chose and age breakdown. She reported as follows:

QHP RECEIVING APTC	
METAL	PERCENT
Bronze	34%
Silver	48%
Gold	11%
Platinum	7%
TOTAL	100%

AGE & METAL	CATASTROPHIC	BRONZE	SILVER	GOLD	PLATINUM	TOTAL
< 18	4%	29%	30%	20%	17%	100%
18-25	23%	24%	25%	16%	12%	100%
26-34	12%	24%	29%	21%	14%	100%
35-44	0%	28%	31%	22%	19%	100%
45-54	0%	33%	34%	18%	14%	100%
55-64	0%	37%	37%	14%	12%	100%
65+	0%	36%	36%	13%	15%	100%
TOTAL	6%	28%	31%	19%	15%	100%

Ms. Kofman noted that the distribution was similar across ages, which was surprising to her since age is often correlated to higher utilization. Dr. Aaron noted the correlation to premium as well.

Dr. Nesbitt said the platinum numbers seemed high to her. She thought that primarily self-employed people purchasing through the exchange could afford platinum, but perhaps that was not the case. Ms. Kofman said platinum is the most expensive premium, but has less cost-sharing. The platinum plan would be especially attractive to people who take very expensive drugs.

Dr. Ku, Ms. Watkins and Ms. Zeilinger entered the meeting during the discussion.

Ms. Kofman reported historical data as in the past:

HISTORICAL DCHL CUSTOMERS SERVED	
PROGRAM	LIVES
QHP	35,014
SHOP	28,189
Medicaid	157,820
TOTAL	221,023

** Totals as of May 8th, 2016 and include future coverage start dates.*

Ms. Kofman looked at effectuation data by age:

AGE GROUP	EFFECTUATION %
< 18	72%
18-25	65%
26-34	69%
35-44	73%
45-54	78%
55-64	80%
65+	51%
TOTAL	72%

Ms. Kofman noted that this information on effectuations by age bracket will be helpful as it informs the people we need to target after they have chosen a plan, with reminders about paying the premium or else you will not have coverage. Ms. Hicks asked if we still had a strong younger population. Ms. Kofman replied yes.

Ms. Kofman looked at effectuation data by metal level:

METAL LEVEL	EFFECTUATION %
Catastrophic	58%
Bronze	69%
Silver	75%
Gold	74%
Platinum	75%
TOTAL	72%

Ms. Hicks asked if we were satisfied with the effectuation rates. Ms. Kofman said one of the questions on the survey in the field dealt with people who chose a plan but never effectuated. Some people may have good reason for not effectuating, such as acquisition of job-based coverage. Ms. Kofman was hopeful that the survey results would inform whether policy decisions need to be made in this regard. She hoped to have preliminary information by the next Board meeting, but the survey is rolling out in phases so she was not sure.

Dr. Aaron went back to rate filings. He asked if staff had a sense of where the increases actually are, and did we know the cost of the second lowest silver plan. Ms. Kofman said that the contract actuaries, Oliver Wyman, were just digging into the filings. Dr. Ku noted that DISB is also reviewing the filings and the proposed increases are subject to change.

V. Finance Committee Report, Henry Aaron, Chair

Dr. Aaron reported that the Finance Committee met on Monday, May 9th.

Assessment Regulation Update: As Mila already presented as part of her Executive Director report, the Committee was updated on the status of the assessment regulation.

Audits: Staff updated the Committee that the Insurance Regulatory Trust Fund Bureau Audit is complete, but it is still not finalized. In addition, HBX is in the midst of the annual Single Audit which is required for any agency that receives federal grants in excess of \$100,000.

Status of IT Contracts: At the March Board meeting, the Board approved nine (9) IT contracts that required Council approval. Staff updated us that all nine of those contracts are now approved by Council and have been awarded.

Actuarial Review Contract: The Committee discussed actuarial services and supports the actuarial services contract for approval on the agenda this evening. Mila will go into more detail during that discussion.

Financial Review: The Committee reviewed FY 16 expenditures to date and noted that expenditures are as expected. In addition, our Chief Financial Officer provided updated information on assessment collections and balances and that information will now be reported to the Finance Committee at each meeting.

VI. Discussion Items

- a. Consider a nomination from the Executive Board Business Operations Committee for the Standing Advisory Board -- *Diane Lewis, Business Operations Working Committee Chair*

Ms. Lewis stated that the resolution is to fill a vacancy on the Standing Advisory Board left by the resignation of Stephen Jefferson. Staff posted the opening and widely circulated it.

On May 5th, the Board Operations Committee met and reviewed the applicants. The Committee selected Dave Chandra to join the Standing Advisory Board. Dave is known to most of us. He's been an active participant in the creation and operation of DC Health Link from the beginning. He has served on working groups and advisory committees as well. He has worked in District government in the past, and most recently spent several years at the Center for Budget and Policy Priorities focused on health policy and advocacy, and is now an independent consultant working on a wide variety of health issues. He has also served as a Certified Application Counselor (helping customers get enrolled) in our neighboring state of Virginia. He is also a DC Health Link customer.

Dave has shown his commitment to the success of the ACA in the District and nationwide and we appreciate his willingness to participate even further by joining the Standing Advisory Board.

This resolution nominates him to the seat previously filled by Mr. Jefferson and he will serve the remainder of that term which runs until November 2016.

In November, there are three terms expiring on the Standing Advisory Board so we will be back at the end of this year to address those issues.

- b. Report on the Power Up DC Small Business Event on May 3rd – *Linda Wharton-Boyd, HBX Staff*

Ms. Wharton-Boyd reported on "Power Up DC" available [here](#).

After the presentation, the issue of cost was discussed. Ms. Wharton-Boyd said it cost about \$6,000 per sponsor, with three sponsors, totaling about \$18,000. Board members thought the price was very reasonable. Ms. Kofman said she has asked Ms. Wharton-Boyd to present her with all the cost information so we can evaluate in the future whether investments at such events are cost-effective for us when grant money runs out. The direct cost to HBX of this event was very low.

c. Actuarial Services Contract – *Mila Kofman, Executive Director*

Introduction: HBX utilizes outside actuarial services each year to review insurance company rate filings with DISB. Our contracting actuaries work with DISB, the carriers and HBX staff to review rate requests. HBX has also used actuarial services for other projects from time to time, such as standard plans review for actuarial value compliance for Plan Year 2017.

Background: Mercer (Oliver Wyman is a subcontractor to them) has been the company HBX has used for this work. In order to assure timely review of filed rates, HBX staff is requesting approval for Mercer (Oliver Wyman) to conduct the review for Plan Year 2017 rate filings with one option year.

Period of Performance: The Period of Performance shall consist of one (1) year from the date of the contract with one option year period.

Cost: Costs shall not exceed the following:

Base Year:	not to exceed \$250,000
Option Year 1:	not to exceed \$250,000

For the next plan year, HBX intends to issue an RFP and bid the project.

Ms. Sullivan Hare noted that last year, we were not as happy with the work as the prior year. She wondered why the project had not been bid this year.

Ms. Kofman said last year, the process had some issues. Carriers did not always provide enough information to prove the assumptions were reasonable. This year, DISB has adopted a checklist that states what must accompany each rate filing. HBX is hopeful that this year, the carriers will provide all the necessary information.

Also, she had a conversation with Oliver Wyman about expectations for rate review this year. Last year, the problems did center around inadequacy of information in the rate filings. Generally speaking, the Oliver Wyman team we use are among the best, if not the best, in the country. Oliver Wyman performs rate review for CMS in those states that do not have an approved rate review program, performs rate review on behalf of several insurance departments around the country, and has private carrier clients as well so it has a wealth of expertise.

Ms. Kofman said that HBX had intended to issue an RFP in the fall. However, there were multiple complicated procurements occurring at the time. Also, the HBX contracting officer retired at the end of

the year. HBX was short-staffed in the contracting area and was down to one employee. Now we have three contracting employees.

VII. Public Comment

No public comment was proffered.

VIII. Votes

a. Resolution -- Standing Advisory Board Nomination

It was moved and seconded to adopt the Resolution titled, “To appoint a new member to the Standing Advisory Board to fill a vacancy.” The motion passed unanimously, with Dr. Aaron, Ms. Sullivan Hare, Ms. Hicks, Dr. Ku, Ms. Lewis and Ms. Watkins voting yes.

b. Actuarial Services Contract

It was moved and seconded to approve the procurement for actuarial services with Mercer as outlined above. The motion passed unanimously, with Dr. Aaron, Ms. Sullivan Hare, Ms. Hicks, Dr. Ku, Ms. Lewis and Ms. Watkins voting yes.

IX. Closing Remarks and Adjourn. *Diane Lewis, Chair*

The meeting was adjourned at 7:20 p.m.