



**Health Benefit Exchange Authority Executive Board Meeting**

**FINAL MINUTES**

**Date:** September 28, 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 735 490 026

**Members Present:** Henry Aaron, Nancy Hicks, Leighton Ku, Diane Lewis, Kate Sullivan Hare, Tamara Watkins, Laura Zeilinger

**Members Absent:** LaQuandra Nesbit, Khalid Pitts, Stephen Taylor, Wayne Turnage

**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 Kemp, 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 19<sup>th</sup> so as not to conflict with the Yom Kippur holiday.

**NEW PRINTING VENDOR:**

**SYSTEM MAINTENANCE & UPDATES FOR OCTOBER**

R1 improvements release is scheduled to go to production 10/1 and looks good in testing. Most HBX fixes in this release are around compliance. The release production will occur during the regular maintenance window.

R2 deployment is scheduled for the evening of 10/6 – morning of 10/11 (Columbus Day weekend). Cúram will be down for the entire deployment. IAM will be down from 8:00 pm on 10/7 through 7:00 am on 10/9. Enroll App (SHOP and unassisted) will be unavailable to consumers during the IAM window.

**Rx FORMULARY LOOKUP TOOL**

**CMS PAYMENT NOTICE PROPOSED RULE & OTHER ITEMS: Jenny attachment**

**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
<b>TOTAL</b>	<b>251,361</b>

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

COVERED LIVES CURRENTLY ENROLLED	
PROGRAM	LIVES
SHOP	30,068
IVL	17,259
<b>TOTAL</b>	<b>47,327</b>

*\* SHOP includes 1,737 Groups*

Check tape for further data

## 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 vender 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 vender comes at a lower price point than the previous contract and that is good news. The vender 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 9<sup>th</sup> 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**

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

**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 corrections are 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% for 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 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.

#### **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.