



Health Benefit Exchange Authority Executive Board Meeting

MINUTES

Date: Wednesday, March 14, 2018
Time: 5:30 PM
Location: 1225 Eye Street NW, 4th Floor, Board Conference Room
Call- in Number: 1-650-479-3208; access code: 732 252 252

Members Present: Henry Aaron, Kate Sullivan Hare, Leighton Ku, Diane Lewis, Khalid Pitts, Stephen Taylor

Members Absent: Nathaniel Beers, LaQuandra Nesbitt, Wayne Turnage, Tamara Watkins, Laura Zeilinger

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

A roll call of members confirmed that there was a quorum with five voting members present (Dr. Aaron, Ms. Sullivan Hare, Dr. Ku, Ms. Lewis, Mr. Pitts)

II. Approval of Agenda, Diane Lewis, Chair

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

III. Approval of Minutes, Diane Lewis, Chair

It was moved and seconded to approve the February 21, 2018 minutes. The motion passed unanimously, with Dr. Aaron, Ms. Sullivan Hare, Dr. Ku, Ms. Lewis, and Mr. Pitts voting yes.

IV. Executive Director Report, Mila Kofman, Executive Director

ACA WORKING GROUP RECOMMENDATIONS: Staff is working with the Mayor's team on the recommendations of the working group.

AHP PROPOSED RULE: 720 comments already posted on DOL webpage. This will increase as others are posted. 899 comments have been submitted according to the regulation's webpage.

- **Oliver Wyman Analysis – DC focused:** If the proposal is finalized, Oliver Wyman found that small group claims costs would increase by as much as 25.8% and individual market claims costs would increase by as much as 10.9%. People would lose coverage: as many as 2.4% of people with small group coverage and 2.94% of people with individual coverage currently would become uninsured in the District as a result of this proposal. And the small group market would shrink by 90% while the individual market would shrink by 25%.

Currently we have three United Health companies, two Aetna companies, Kaiser, and CareFirst Blue Cross Blue Shield in the small group market. If 90% of the small group market moves to AHP coverage, it is unlikely that insurers will stay.

- **FOIA Request:** We joined with other stakeholders – led by the Center on Health Insurance Reforms at Georgetown and including the Acting Attorney General of Hawaii, AFL-CIO, Families USA, National Partnership for Women and Families, and Small Business Majority – on a letter calling on the Department of Labor (DOL) to withdraw or substantially delay the proposed regulation regarding Association Health Plans (AHPs). The coalition is making a Freedom of Information Act (FOIA) request because the DOL failed to provide critical information, data, or statistics from its own files detailing the history of financial abuses associated with Multiple Employer Welfare Arrangements (MEWAs) and the agency's experience with financially failing MEWAs. The DOL also failed to provide any proposed methods to prevent fraud and abuse that could be required of all AHPs.
- **HBX Comments:** HBX submitted comments on March 6 and I circulated it to Board Members. It is also posted on our website here:
https://hbx.dc.gov/sites/default/files/dc/sites/hbx/publication/attachments/DC_HBX_Comment_RIN%201210-AB85.pdf
- **Mayor/Council Letter:** Mayor Bowser and Council Chairman Phil Mendelson submitted a strong comment letter highlighting the dangers to the District if this rule goes forward as proposed.
- **Attorneys General Letter:** A group of 17 Attorneys General, including DC's AG, joined together to send strong comments in opposition to the proposed regulation.
- **NGA:** Commented opposing the proposal.

SHORT-TERM, LIMITED DURATION PROPOSED RULE: The Federal Government issued tri-agency (HHS, DOL, and Treasury/IRS) proposed regulations on February 21, 2018. Comments due April 23. We will submit comments.

The proposal would remove the current standard, a maximum of up to three months for a short term policy. The new proposed standard is to allow such plans to be up to 12 months (364 days) maximum. We have asked Oliver Wyman actuaries to analyze impact. These plans are not required to be ACA-compliant, and most do not cover all essential health benefits, for example.

CONGRESSIONAL: It is unclear whether market stabilization will be included in the Omnibus budget package (reinsurance, cost sharing reductions, etc.).

MEDICAL GLOSSARY SOFT LAUNCH: We have been working on an enhanced online glossary of terms (we are calling DCHealthSmarts). The glossary can be accessed at DCHealthLink.com and was designed in partnership with JustPlainClear®, a project of United Health Group. The redesign of this web application now makes a total of 3,036 health insurance and medical terms available to DCHealthLink.com customers and website visitors.

SEXUAL HARASSMENT TRAINING: Under the leadership of Mayor Bowser, District Government is undergoing mandatory training to combat sexual harassment. HBX did an onsite training for managers on Feb 28 and we have 100% of our managers trained. We have also achieved near 100% of staff online training.

1095 UPDATE: Corrections are ongoing. As of March 12 there are 32 corrections: 19 carrier-initiated and 13 consumer-initiated. Last year we had 507 carrier-initiated and 19 consumer-initiated corrections.

COUNCIL PERFORMANCE OVERSIGHT HEARING REPORT & BUDGET

OVERSIGHT HEARING ANNOUNCEMENT: Our annual performance oversight hearing was on February 23rd. We had a strong contingent of witnesses that included: a small business that offers choice; a customer who covers his family through our individual marketplace which has allowed both he and his spouse to pursue entrepreneurial opportunities; a number of our Standing Advisory Board members and ACA Working Group Members, assisters, brokers, and other community leaders.

Our annual Budget Oversight Hearing is scheduled for Thursday, April 19th, 2018 at 10 am. As always, Diane as the Board Chair will provide testimony in addition to my testimony.

IT BROKER WORKING GROUP: The first meeting is scheduled for Thursday, March 22nd. Meetings are scheduled through April. The goal is to have recommendations from the IT Broker Working Group to inform IT priorities related to brokers.

CMS MOVING TO CLOUD: On March 5, we received notification that CMS is planning to move all ACA-related systems to the CMS cloud environment. We will need to hear more from CMS about whether its move to the cloud will improve Hub ping performance or have any other impact on us.

SHOP CAMPAIGN, POWER UP DC: In celebration of National Small Business Week and in collaboration with our business partners (DC Chamber, GWHCC, and RAMW), HBX will host a “Power UP DC 2018 Conference – “Movin’ Your Business Forward: Start, Grow and Prosper.” The summit will be held the morning of Tuesday, May 1, 2018 with a location still being determined. This will be our third annual POWER UP DC event.

FOLLOW UP FROM THE LAST MEETING:

- **CHIP REAUTHORIZATION UPDATE:** Last month we reported that CHIP had been reauthorized for 10 years – through 2027. The question was asked if it was both funding and reauthorization. We stated last month that we thought the answer was both. This confirms that answer was correct. It is both funded and authorized through 2027.

- **SHOP AND INDIVIDUAL MARKET ENROLLMENT:** When I reported last month that we have had nearly 1000 people move from individual market to SHOP, I was asked if that was a new trend. The answer to that question is yes. During OE5 (2017-2018) there were 958 people to start a SHOP policy that had been in IVL previously. During OE4 (2016-2017), there were 218.

ENROLLMENT DATA: The data is available [here](#).

Dr. Ku asked if the Board could get numbers on SHOP enrollees by state. Ms. Kofman said that information could be provided.

Dr. Aaron asked about possible legal challenges to any rules adopted by the Trump Administration. Ms. Kofman said there are many potential bases for challenges, such as the agency exceeding its authority in promulgation of the rule, or why the rule is needed. In the case of the AHP proposed rule, there was no evidentiary support produced by the agency as to the rule's necessity.

V. Finance Committee Report, Henry Aaron, Chair

Dr. Aaron reported that the Finance Committee met on Wednesday, March 7th. Committee members Ms. Lewis, Ms. Watkins and himself participated by telephone with HBX staff.

2018 IT DEVELOPMENT OVERVIEW: HBX staff presented an overview to the Finance Committee of planned IT development for 2018. The staff reviewed the FY18 IT budget and described both previously approved projects and some new priorities. They explained how they had prioritized projects for FY18 development, including reasons why some previously discussed projects were now being deferred to FY19. This briefing was provided to both the IT and Finance Executive Board Committees. The presentation was helpful to our committee members so that we understand development priorities for this year.

IT CBE PROCUREMENTS: HBX staff walked through the five CBE procurements on the Executive Board agenda for this evening. As Ms. Kofman will be reviewing those in more detail later on the agenda, I will not repeat that information except to note that the Finance Committee voted to approve all five of these IT CBE Procurements and move them forward to the Executive Board this evening.

CAPITAL RESERVE ACCOUNT INVESTMENT ALTERNATIVES: As you will recall, we recently voted to fund our Capital Reserve. Kara Onorato, CFO for HBX informed us that she is currently investigating the options for how the Capital Reserve can be invested. When that work is done, we will have a discussion and recommendations for the Board.

FY 18 FINANCE REVIEW: We reviewed spending against the budget to date in FY 18 and noted nothing appears out of the ordinary.

VI. Discussion Items

a. Standard Plan Offerings for 2019 – *Dania Palanker, Chair, Standard Plans Working Group*

Every year the working group reconvenes to adjust the standard plans for compliance with the final federal actuarial value calculator. This year the final federal AVC was issued by CCIIO on Dec. 28, 2017.

The working group met five times beginning on January 24, 2018. The allowed AV for plans is +2/-4%, except for bronze that provides a major service before the deductible, it is +5/-4%.

The 2018 standard plans run through 2019 AVC yielded the following results:

- Platinum: compliant at 88.92%
- Gold not compliant at 82.92%
- Silver not compliant at 73.22%
- Regular Bronze not compliant at 66.20%
- HSA-compatible Bronze compliant at 61.82%

It was noted by the carriers that there may be minor differences in how its actuaries input data to the AVC, so while they would not expect a dramatic difference in AV when the carrier runs the calculator, it might be safer to keep the AV 0.05% under the maximum to make sure the plan's actuary can certify that the plan is within the *de minimis* range.

With regard to the AV, actuaries opined that you get the “most bang for the buck” by adjusting the deductible and the maximum out-of-pocket limit.

On the gold plan, the working group members discussed that a major objective of the gold plan was to keep as many services as possible not subject to the deductible, and to keep the deductible low. The consensus recommendation is to increase the MOOP by \$500 to \$4,000 and increase cost-sharing for the emergency room and emergency transportation by \$50 to \$300. The working group members discussed not creating barriers to emergency care in a true emergency. The carriers informed the working group that the neighboring jurisdictions have plans with a \$300 copay and has not seen people forgo care because of that cost.

On the silver plan, working group members discussed the difficult choices to be made to reduce the AV by 1.22%. The working group had protracted discussions centered on whether to keep the deductible the same rather than raising it, whether to raise the MOOP, and what cost-sharing changes impact the smallest number of consumers.

Some working group members felt strongly it was important to keep the deductible where it is so people could afford to access care, and to avoid people deciding it is not worth having insurance if they have to pay so much money before they can access care. The group

discussed that increasing the MOOP was preferable to raising the deductible as it would impact fewer consumers. No one is happy with the result but recognizes it is a tradeoff. Also, the emergency room and emergency transportation copay must increase from \$250 to \$350 to get within the allowable AV.

The consensus recommendation for silver is to increase the MOOP by \$1350 to \$7,600 and increase cost-sharing for the emergency room and emergency transportation by \$100 to \$350.

On the bronze plan, as with the silver plan, working group members discussed the difficult choices to be made to reduce the AV by 1.20%. Typically the bronze plan has had the maximum MOOP allowed. For 2019 the maximum MOOP is \$7,900.

Working group members were concerned about raising the deductible, which is already \$6,000. The proposal is to increase it to \$7,250. However, since almost all the services are subject to the deductible, there is minimal impact to the AV in raising copays.

Working group members discussed that the increase is shocking, but that it is because HHS put in significant increases in medical costs in the 2019 AVC. Working group members said that the standard bronze HSA-compatible plan has a deductible of \$6,200, so there is a lower deductible bronze plan available.

Additionally, the specialist copay and the x-rays and diagnostic imaging copay must be raised from \$75 to \$80 to allow for the needed cushion in the AV. Please note – the schedule laid out in the working group report neglected to change the specialist copay to \$80. That correction will be made in the final posting of documents.

The consensus recommendation for regular bronze is to increase the deductible to \$7,250 (a \$1,250 increase), the MOOP to \$7,900 (a \$550 increase), and the specialist and x-ray and diagnostic imaging copays to \$80 (a \$5 increase).

Dr. Aaron requested information on enrollees by age and metal level.

Ms. Sullivan Hare thought that for next year, she would like the working group to think about raising the bronze MOOP to an even higher level to get the deductible down. Of course, she realizes that we are constrained by federal law on how high the MOOP can be.

Dr. Ku thanked Ms. Palanker in leading the group. The work is difficult and hard choices must be made.

- b. Exercise Option Year for a Certified Business Enterprise (CBE) Contractor, Enlightened, Inc., for IT Consulting Services – *Mila Kofman, Executive Director*

Ms. Kofman stated that the recommendation is to execute option year two for Enlightened in an amount not to exceed \$550,000 for the period of April 22, 2018, through April 21, 2019.

This contract does not require Council approval because it is below \$1 million. The Finance Committee recommends approval.

- c. Exercise Option Year for a CBE Contractor, New Light Technologies, for IT Consulting Services – *Mila Kofman, Executive Director*

Ms. Kofman reported that this contract will need to go to Council. New Light Technologies provides IT consultants. The recommendation is to exercise an option year for \$5,250,000.00 from May 2, 2018 – May 1, 2019. The Finance Committee recommends approval.

- d. Exercise a District Supply Schedule Contract with a CBE Contractor, DataNet, to provide business operations support – *Mila Kofman, Executive Director*

Ms. Kofman requested the approval of a procurement with DataNet using the DC Supply Schedule, in an amount not to exceed \$1,390,000, for the period of March 15, 2018 through June 5, 2019. Massachusetts will reimburse HBX for \$690,000 of this cost. The DC Supply Schedule is a Council-approved contract vehicle that was competed and DataNet is one of the approved vendors. Therefore, no additional Council approval is necessary. The Finance Committee recommends approval.

- e. Contract Ceiling Increase for a District Supply Schedule Contract with CBE Contractor, Networking for the Future, for IT Consulting Services – *Mila Kofman, Executive Director*

Ms. Kofman requested the approval to add funds to NFF's DC Supply Schedule contract beginning on May 6, 2018 into September 2018, in an amount not to exceed \$5,554,831, of which \$548,000 will be reimbursed by Massachusetts. As the DC Supply Schedule is already a Council approved contract, this does not require Council approval. The Finance Committee recommends approval.

- f. Exercise Option Year for an Existing CBE Contractor, Networking for the Future, for IT Consulting Services – *Mila Kofman, Executive Director*

Ms. Kofman reported that this contract will need to go to Council. NFF provides IT Consultants. The recommendation is to exercise an option year for \$8,650,000.00 from May 6, 2018 – May 5, 2019. The Finance Committee recommends approval.

VII. Public Comment

No public comment was proffered.

VIII. Votes

- b. Option Year for CBE Contractor Enlightened, Inc.

- c. Option Year for CBE Contractor New Light Technologies
- d. DC Supply Schedule Contract with CBE Contractor DataNet
- e. DC Supply Schedule Contract Ceiling Increase for CBE Contractor Networking for the Future
- f. Option Year for CBE Contractor Networking for the Future

It was moved and seconded to approve all five procurements as outlined by Ms. Kofman and approved by the Finance Committee. The motion passed unanimously, with Dr. Aaron, Ms. Sullivan Hare, Dr. Ku, Ms. Lewis, and Mr. Pitts voting yes.

- a. Resolution – Plan Year 2019 Standard Plans

It was moved and seconded to approve the Resolution “To adopt recommendations establishing standard qualified health plans at each of the four metal level tiers for plan year 2019, plus a standard HSA compatible plan at the bronze level.” The motion passed unanimously, with Dr. Aaron, Ms. Sullivan Hare, Dr. Ku, Ms. Lewis, and Mr. Pitts voting yes.

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

The meeting was adjourned at 6:36 p.m.