

**ACA WG
10 13 2017
Notes**

Roll Call

PRESENT

Jodi Kwarciany
Dave Chandrasekaran
Colette Chichester, Rob Metz
Maria Gomez
Laurie Kuiper
Katie Nichol
Patricia Quinn
Peter Rankin
Jnatel Sims
Margaret Singleton
Jenny Sullivan
Kevin Wrege, Kris Hathaway

ABSENT:

Leighton Ku
Donna Alcorn
Carl Chapman
Louis Davis, Jr.
Dania Palanker
Bonita Pennino
Carolyn Rudd
Liam Steadman
Tammy Tomczyk

Kwarciany: Yesterday, the Administration issued an executive order on AHPs, short term insurance, and HRAs. These measures will probably destroy the private insurance markets. The outcome is not finalized yet since federal agencies need to promulgate rules.

Also, the Administration announced that there will be no CSR payments going forward. Much less of an impact in DC since safety net so strong. However, regional carriers will need to consider beyond the District.

Debbie Curtis (HBX): Joint statement from AHIP and BCBSA is very strong; these decisions affect real people. NAIC also did a statement. States have already filed suit, and more will follow. Also OMB Chief Mulvaney said nothing on market stabilization efforts unless they get something in return.

Chandrasekaran: We have potential to get hurt with premium increases. I buy a silver plan. People are saying that people with APTC have more protection now, while full-pay people can get hurt, with premium increases at silver or across all plans.

Curtis: Loading up silver plan is not on the table here. Total CSR annual payments are less than \$150,000 in the District. Also, insurers will not make decisions based on our small market.

Kwarciany: Let's move to APTC wrap discussion.

Curtis: We are using the document "DRAFT State Premium Subsidy Wrap Option: Using Expected Contribution Rate Reduction Method." After the last meeting, we said we would get more items on paper to discuss.

Sarah Bagge (HBX): Method – APTC credits calculated in that customer is to pay certain percentage of income toward plan. Gets APTC for the rest. Wrap will work by reducing the percentage amount of income customer is to pay. Comes from local funds. Targeted to those for whom affordability is a real issue (see chart in middle of page one). Under 200% FPL are on Medicaid, so the bottom three rows are where most of our people are. Bottom of first page – rough cost estimates. (We have about 1,000 people who get APTC.)

Curtis: We may see growth in District since we are making coverage more affordable. The chart shows the cost projections of 1,000, 2,000 and 3,000 more people enrolled in coverage and receiving subsidies.

Bagge: Page two shows impact on select people. Depends on age and income.

Purvee Kempf (HBX): Based on same eligibility rules and calculation method of APTC. No additional application is required, and there is no reconciliation on your tax forms as there is for APTC.

Bagge: Explained what was in the document.

Kempf: Saying it a different way:

Table 1 – discount you are receiving from APTC

Table 2 – state subsidy discount plus APTC subsidy

Table 3 – premium with both subsidies in there. What people will actually pay on a monthly basis for benchmark plan.

Trying to help at the levels where it is needed the most.

Kwarciany: If Council was to handle appropriations for this, does Council perform calculations or do we give them a number?

Curtis: We can give out, as an example, this table. District staff can then do their own modeling and assist Council.

Susanna Groves (Council staff): Can the District impose penalties for people who do not have coverage?

Curtis: Yes, the District could. But right now, we are looking at if the individual responsibility requirement is not enforced, we have a District fallback. If you don't pay the penalty to the federal government, you will pay the District. But hopefully those people get coverage instead.

Kempf: Recommendations we make will be general. Council will decide how much money to put towards it. We will need input to draft as Council wants it.

Metz: Did we look at going over 400% or is it a heavy lift operationally?

Kempf: We did not go over 400% based on prior conversation of the working group.

Alex Alonso (HBX): Also, going over 400% does not get us to our target population.

Deborah Freis (OCFO): Variation from 1,000 to 3,000 increase, based on change in FPL or uncertainty over who would come in?

Alonso: The latter. How many tranches of 1,000 are we going to add. Each group is a mix of ages and income levels. Assumptions made based on our current marketplace mix. How many of those groups of 1,000 are you going to add.

Kwarciany: Let's look at draft recommendation:

LOCAL DISTRICT SUBSIDY IN ADDITION TO FEDERAL APTC PAYMENTS:

The District of Columbia will implement a local subsidy that will be in addition to federal Advance Premium Tax Credits for those with incomes up to 400% of the

federal poverty level. The subsidy will make premiums more affordable for those with incomes at or below 400% of the federal poverty level (FPL), providing greater assistance to those just above Medicaid levels and phasing out as income increases up to 400% FPL. The subsidy would have the same eligibility rules and calculation method as Advance Premium Tax Credits, not require an additional application, and would not require reconciliation at the end of the year.

Is there any specific discussion of language?

Chichester: All of the items on DC specific subsidies start in 2019. Call that out?

Curtis: Yes. Thanks.

Freis: Were you going to pay directly to the insurance carriers. The way it is worded does not specifically say that.

Curtis: We will clarify that.

Metz: Ensure somehow awareness of cost to implement – if costs more to implement than giving out, it should not be done. And it will be costly to implement. Also, do not get into bind on 2019 issue. Long runway on implementation. Do not commit to timing without awareness.

Kempf: We will add here.

Wrege: Timing of recommendations?

Curtis: We want this working group to be done by end of October. Bring to our Board at the November meeting.

Wrege: Vote on all the pieces together?

Curtis: Yes.

Groves: If want funded by Council, one approach is to put in Mayor's budget, Januaryish. But can be done by Council if they get it by April.

Alice Weiss (DHCF): We doing budget now.

Medicaid – ACA repeal efforts have not worked as they hoped. But interest still remains on reforms. Any thought of accounting for that if Medicaid expansion rolled back.

Curtis: Round one of the working group is focused on ACA still being in effect. If repeal becomes real, we have to get back to work.

Kempf: We working with what has happened already. Reinsurance gone, now CSR. If other changes come, we will have to come back and discuss them. We take changes as they come and deal with them.

Curtis: We owe new paper back. We will incorporate into the draft recommendation language about 2019, awareness of implementation cost, money goes directly to carriers, and permanence of the program. We can also add the examples from the tables.

Kwarciany: 2018 affordability options.

Curtis: Is there something we can do in 2018? We have not identified a magic bullet.

Kempf: Let's look at draft recommendations. There are three items in it. We amended one of them, so I will go through it:

DISTRICT INDIVIDUAL RESPONSIBILITY FALLBACK POLICY

The District of Columbia will implement and collect an individual responsibility requirement penalty for taxpayers beginning for 2019 where the federal government fails to enforce the federal Affordable Care Act individual responsibility requirement and the taxpayer owes a federal penalty under the ACA. If the ACA penalty is paid at the federal level, no penalty is assessed on District taxes.

Any funds received through the local individual responsibility requirement will be placed in a new HBX managed fund to be used for the sole purpose of insurance market stabilization.

This is not implementing an individual mandate in the District, this is a fallback to the extent there is a federal individual responsibility requirement and it's not enforced.

Clarification is the last sentence we added after working group feedback. Not a DC mandate – where exists at the federal level but is not enforced.

Wrege: IRS now more loosely enforcing. Is that why we are addressing it?

Kempf: Yes. If you do not pay the penalty to the feds, you pay it to the District.

CSR recommendation:

DISTRICT FALLBACK POLICY TO PAY COST-SHARING REDUCTION PAYMENTS TO THE CARRIERS IF THE FEDERAL GOVERNMENT FAILS TO MAKE SUCH PAYMENTS

The District of Columbia will pay carriers the equivalent of the Cost Sharing Reduction (CSR) payments due to carriers by the Federal Government under the Affordable Care Act where the Federal Government fails to make such payments.

This policy should be implemented in a manner that minimizes the operational costs for carriers and the District government.

No questions or comments.

Local reinsurance:

LOCAL REINSURANCE PROGRAM

The District of Columbia will implement a local reinsurance program beginning in the 2019 plan year based on carriers' claim costs. The program will take into account the availability of federal reinsurance.

Estimated Funding Required to Reduce Claims Costs*

10% Claims Reduction \$7.4 million to \$8.8 million
20% Claims Reduction \$14.8 million to \$17.7 million

Historical Federal Reinsurance Payment to Individual Market Carriers

2016	\$4,238,057
2015	\$6,049,699
2014	\$4,288,060

*Projected on a 2018 plan year cost basis.

As a reminder, we also discussed the provision that the Board has already voted on – you have open enrollment rights even if you owe back premium. This piece will be in a legislative package, but since the Board already approved the working group does not need to vote on it. We will be adding the fourth item to the package that we discussed earlier on the local subsidy.

If you have issues with the package, please let us know.

Quinn: Individual responsibility piece of it, still working on it.

Kwarciany: Staff will disseminate wrap language. If we reconvene to do a vote the week of October 23?

Group decided October 27 at 3 pm.