Health Benefit Exchange Authority Executive Board Meeting

FINAL MINUTES

Date: Wednesday, February 10, 2016
Time: 5:30 PM
Location: 1225 Eye Street NW, 4th Floor, Board Conference Room
Call- in Number: 1-877-668-4493; access code 736 535 581

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

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 present confirmed that there was a quorum with five voting members present (Dr. Aaron, Ms. Sullivan Hare, Dr. Ku, Ms. Lewis and Mr. Lucia).

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, Dr. Ku, Ms. Lewis and Mr. Lucia voting yes.

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

It was moved and seconded to approve the January 13, 2016 minutes. The motion passed unanimously, with Dr. Aaron, Ms. Sullivan Hare, Dr. Ku, Ms. Lewis and Mr. Lucia voting yes.

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

Ms. Hicks joined the meeting.

FOLLOWUPS FROM LAST BOARD MEETING

Ms. Kofman started with follow-ups from the last Board meeting.

1. **Other States' Actions On Customers Who Fail To Reconcile And Lose APTC**

HBX staff reached out to California, Rhode Island and Minnesota What HBX did for outreach is more than the states with whom we spoke; there is nothing another state has done that HBX has not done.

2. **Carrier Outreach To Customers Who Lost APTC**

As requested by the Board, HBX staff inquired and the IRS has not provided any information to them about customers who lost APTC. Therefore the carriers cannot do any outreach. Of course, HBX cannot disclose protected tax information to the carriers as that is an act that could result in both criminal and civil penalties.

3. **HBX Telephone Script on APTC**

The HBX telephone script did not specifically tell consumers they can obtain free tax assistance. However, the training received by customer service representatives at the Contact Center specifically advises them of this assistance that is available to consumers upon request.

4. **1095-A Cover Letter**

The 1095-A cover letter does provide clear direction to consumers that they will lose APTC if they do not file taxes.

5. **Under 18 Age Group Distribution in Child-Only or Family Policies**

Five percent of the under 18 age category are on policies by themselves (child-only policies). Five percent in this case equates to 105 people. Board members noted that due to good coverage through Medicaid and CHIP, it is reasonable that the numbers are small. Dr. Aaron wondered why families were not on the policies. A staff member noted that the family might not be able to afford coverage for all, but could afford coverage for a child. The question of how many of these children were APTC was raised. Ms. Kofman promised to report back on that question.

6. **18 – 25 Age Group Distribution in Own or Family Policies**

Sixty-eight percent of this age group are the primary policyholder versus being on their parent's policy (814 people versus 387 people).

PERFORMANCE OVERSIGHT HEARING

Ms. Kofman reminded the Board that the performance Oversight Hearing before the DC Council Committee on Health and Human Services will be February 17, 2016. She will send the testimony to the Board when it is ready. She uses a powerpoint, and submits written testimony for the record.

Dr. Ku asked if Ms. Kofman anticipated any issues. Ms. Kofman said that last year, the hearing was very positive. Many of our partners testified about HBX positively. She noted that the purpose of the Oversight Hearing is to allow members of the public to voice concerns, or share their perspectives with the legislative body and we can never predict what to expect.

ADDITIONAL ITEMS

1. **Federal Grants**

Ms. Kofman reminded the Board that CMS had provided no-cost extensions into 2016 for several of HBX's federal grants. HBX intends to continue the IT upgrades using the federal grants. The broad solicitation was issued on January 27, 2016 it was distributed in a variety of ways, including the District's e-sourcing site and the HBX website. The deadline for submission is February 18 at 2 pm. After internal review, staff will bring the proposals to the Finance Committee and ultimately to the Board for approval. Some of the proposed contracts may need to go to Council for approval as well.

2. **Customer Survey**

The survey is a joint effort with and is funded by the Department of Insurance, Securities and Banking (DISB). An initial meeting with the survey firm occurred recently. Ms. Kofman asked Dr. Ku, Chair of the Research and Data Analysis Working Committee, to comment.

Dr. Ku stated that he and others had met with the Center for the Study of Services, also known as CONSUMERS' CHECKBOOK, with whom HBX has worked before (e.g., Doctor Directory, Plan Match Tool). The group discussed the project, which will be surveys of individual QHP members, people who applied but did not complete the application, SHOP employers (not including Congress), and people determined eligible for Medicaid. The last portion of the project needs to be coordinated with DHCF. The schedule is aggressive: the survey will go into the field in about a month, with the hope that final results will be available at the end of May.

Ms. Hicks asked if marketing-related questions could be injected into the survey. Since the timeline is so tight, Dr. Ku suggested sending some questions in as soon as possible so they could be forwarded to the survey development people. Board members discussed a variety of issues relevant to the survey. Ms. Kofman stated that the survey draft will be shared with everyone when it comes to us on the 19th. The survey team will need final edits one week later to comport with the aggressive overall timeline. Also, all prior surveys had been shared with the vender, which included marketing type questions. Ms. Kofman clarified that the survey is online and by telephone, and designed to be less than eight (8) minutes. Ms. Hick agreed the survey needed to be that short to enable maximum participation.

3. Annual Data Report

Ms. Kofman reported that the team is developing an Annual Data Report that will delve into the data we have. She said the draft would be shared with the Research and Data Analysis Working Committee when it is ready.

4. SEP

Ms. Kofman reported that the federal government had released a new SEP that will be used in the FFMs. The SEP relates to APTC and the failure to file taxes. Ms. Kofman asked Purvee Kempf, General Counsel and Chief Policy Advisor, to explain the new SEP.

Ms. Kempf said if people are not covered in 2016, open enrollment has closed, and they do file their taxes, the failure to reconcile has been resolved, and a SEP is available from February 1 – March 31 in the FFM. The idea is, the person has reconciled and can regain APTC.

Dr. Aaron asked if filing with a request to extend the deadline count? Ms. Kempf replied this SEP is for people who failed to file last year. When they file 2014 taxes late, reconciliation has occurred, so they can come back in for coverage and get APTC.

Ms. Hicks asked if new SEPs would be narrow exceptions and few and far between, since the carriers have expressed great dissatisfaction with SEPS and believe that SEP enrollees adversely affect the risk pool. Ms. Kofman said the DC market is quite different from other states. HBX staff works very closely with the carriers and looks for any patterns of potential abuse. For example, we have people moving into and out of DC all the time; sometimes we get as many as 500 SEPs a month. HBX staff keeps a close eye on SEPs and our internal process is very extensive. If an SEP is recommended to be denied, there are several levels of internal review, with the final level of internal review being done by the General Counsel and herself. Ms. Kofman was unaware of any other state with such an extensive review process.

Ms. Hicks said she was thinking not so much of our jurisdiction, but of the outcry nationally by some carriers over SEPs. Ms. Kempf stated that healthcare.gov had recently released some narrowing of SEPs relating to the FFMs, particularly those that were issued because of technical problems which had since been corrected.

Mr. Lucia understood that nationwide, there are about 1 million people eligible for this new SEP. He wondered if we knew how many people would be eligible in the District, and we would we extend a similar SEP here.

Ms. Kofman said if we shared the number, we would be violating privacy provisions of the tax code, we have been told. However, it is permissible to share a general bucket, which is under 100 people. This number includes people who failed to give us permission to ping the IRS as well as people who failed to file their taxes.

Ms. Kofman also stated that with certain SEPs, we do not allow attestation, which means the individual must provide some documentation to support the SEP. With other SEPs, we allow attestation. Ms. Kofman believed it was a balanced approach. Previously, we required documentation for everything, which created a large resource issue. Plus, we never found any problems, so now in some cases allow attestation.

Ms. Sullivan Hare stated that failure to reconcile is a big issue nationally and is gaining the attention of Congress. Those persons in the tax preparation industry are concerned about people building up substantial liabilities which might need to be paid back to the IRS. She remembered that HBX had not been tracking SEP reasons in any meaningful way due to software issues, and she wondered if that had been corrected. Ms. Kofman said there were two pieces to that issue. One, we will be able to run reports that show us how many SEPs were due to marriage, moving into the District, etc. The second piece is related to the 834s, what shows up on that and how carriers recognize the codes and what codes they want us to use. The project is on track, and once we can run reports by SEP category, we will do so and share it with the Board.

Ms. Sullivan Hare said that if an SEP is being claimed due to loss of prior coverage, documentation is fairly easy and the carriers have been concerned about quality control in this regard. Have we been requiring documentation in this regard?

Staff stated HBX accepts attestation for marriage, moving into the District, and loss of minimum essential coverage. Ms. Kofman noted that was similar to what the FFM does. She said we require verification for some categories for which the FFM accepst attestation. She stated she would follow up with more detail. Once we can run reports by SEP category, we can look for suspicious patterns. Even now, if something does not look right, such as inconsistent results from a federal hub ping, staff follows up. Also, if the carrier brings something to our attention, we look into it.

Mr. Lucia stated that if the FFM is allowing another SEP, HBX should do it as well, even if it only helps a few people. Ms. Sullivan Hare concurred.

Ms. Kofman noted that normally we send potential new SEPs to the Standing Advisory Board (SAB) for public input and recommendation to the Board. Her recommendation is that the question be sent to the SAB for a quick turnaround. She thought we would need a call of the Board before the next regularly scheduled meeting for procurement approvals, so the SEP could be voted on at the same time. The Board directed Ms. Kofman to use the SAB process for the SEP.

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

Dr. Aaron reported that the Committee met on January 4th for its regular monthly meeting. He and Ms. Lewis participated.

AUDIT UPDATES: Staff updated the Committee that HBX has undergone the City's Comprehensive Annual Financial Report (CAFR AUDIT) as required each year. The Committee will receive a briefing from the auditors when the audit is final and Dr. Aaron will provide a more detailed report to the Executive Board at that time.

In addition, Ms. Kofman updated the Committee that an audit has been initiated by the District's Insurance Regulatory Trust Fund Bureau (IRTFB) and the entrance meeting took place January 25, 2016. As a reminder,

the IRTFB is a board of insurance companies doing business the District. Language was added to the Budget Support Act by the Council in 2014 that allows for audits by the IRTFB.

FUTURE PROCUREMENTS: Ms. Kofman reminded the Committee that several procurements will be coming to the Committee in advance of its March board meeting. Most of these procurements will be regarding ongoing IT development needs.

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

VI. **Discussion Item,** *Plan Year 2016 Open Enrollment Report, HBX staff*

Linda Wharton-Boyd, HBX Communications and Civic Engagement Manager, presented a video showing highlights of the third open enrollment period.

Ms. Kofman offered some data to the Board:

Plan Year 2016 Covered Lives through 2/2/2016

2016 QHP	TOTAL
Active Renewal	3,085
Auto Renewals	13,815
New Customers	6,012
TOTAL	22,912

Cumulative Data – Historical for 10/1/2013-3/1/2016 start date

PROGRAM	LIVES
Individual Market	33,379
SHOP	26,249
Medicaid	147,567
TOTAL	207,195

Ms. Kofman noted that our age mix has gotten even younger. Sixty-one percent (61%) of our new customers are age 34 and younger. Forty-nine percent (49%) of renewing customers are 34 and younger.

Dr. Aaron asked if we knew whether the age of our customers correlated with the rate filings by the carriers. Ms. Kofman said we will need to check when the rate filings come in, that they correlate with the new age demographic. She stated that the way carriers set their rates, they use existing data and project out to the coming year. Also, our contract actuaries checked the last rate filing and there was consistency to the age demographic data; the assumptions by the carriers were not unreasonable.

Ms. Hicks said the District carriers should be better off than other carriers across the nation, which have complained about the age spreads in their risk pools. Ms. Kofman thought the District had the healthiest and youngest age carrier mix risk pool in the nation on the individual side. She said that starting out, we knew 40% of the population in the District was 40 and under, and we made a concerted effort to go after this age group.

Dr. Ku, as an aside, asked if we knew how are carriers are with regard to access to high cost specialty drugs. Ms. Kofman said that very expensive drugs have to be highlighted in the rate filings. She noted that in partnership with DISB, HBX had looked at carriers' formularies on HIV drugs, because it had been brought to both agencies' attention that one carrier was an outlier with respect to HIV drugs. That anomaly was corrected by the carrier.

Ms. Kofman said staff had recently reviewed the HIV drug coverage again, and standard plans seem to have the best coverage, with copays instead of coinsurance.

Dr. Ku asked that the staff look at the expensive Hepatitis C drugs in a similar fashion.

Ms. Kofman next reported on standard plan take-up:

STANDARD PLANS	YES	NO
Active Renewals	42%	58%
New Customers	35%	65%
TOTAL	37%	63%

Ms. Sullivan Hare thanked Dr. Ku and the Standard Plans Working Group, and whoever else worked on standard plans, for their hard work. She said it is a great benefit to offer our customers.

Mr. Lucia echoed Ms. Sullivan Hares' comments. He asked how standard plans show up in DC Health Link. Ms. Kofman responded that they are labeled in the name of the plan. One thing Ms. Kofman wants to do is figure out the best way to display them, and how it is built into the search mechanism. She also wanted to find out why consumers chose them, or why they did not.

On APTC, Ms. Kofman reported that 7% of the individual market enrollees qualified for APTC. Because of the expansiveness of Medicaid coverage in the District, it has always been a low percentage. Dr. Aaron noted that nationally, the percentage was about two-thirds. Staff had looked into it further, and sometimes people who qualify for APTC do not buy coverage due to affordability issues. Ms. Kofman believed that in urban areas, she could make an evidence-based case that the amount of APTS is insufficient to make it affordable.

Dr. Ku recalled that previously our APTC population had been around 12%. Do we know why it dropped? He said it could be increases in costs, and incomes not keeping up. Ms. Kofman said some drops occur throughout the year as people report income changes. Also, people leave the District. She hopes to find out more information on this topic through surveys. Board members exchanged further comments on how to find out information on what the proper percentage of our customers should be APTC.

Ms. Kofman next reported on cost-sharing reductions (CSR). Silver plans are the best plans for CSR-eligible individuals. Our system now displays silver plans first for CSR-eligibles, and 328 out of 350 people chose silver plans this year.

Ms. Kofman next reported on the APTC default amount of 85% versus full credit. For new customers, 38% take the default, 4% take less than the default and 31% are taking more than the default. HBX staff is still looking into the remaining 26 %.

Ms. Kofman noted specific progress with regard to the Call Center:

OE CALL CENTER STATS	**OE1**	**OE2**	**OE3**
Calls Received	**86,632** (6 month OE)	**56,415**	**52,886**
Wait Time Average (Minutes)	**10.7**	**8.7**	**1.5**
Abandonment Rate	**31%**	**23%**	**6%**

OE LAST DAY STATS	**OE1**	**OE2**	**OE3**
Wait Time Average (Minutes)	**24.4**	**10.3**	**2.9**

The Board applauded the staff for the excellent progress.

Mr. Lucia said he had read a report on Covered California and how long it took for people to make it from beginning to end enrolling online. He asked if we tracked that experience. Ms. Kofman said she had not seen the report. Right now our page load time exceeds commercial standards, taking from one to three seconds (commercial standard five seconds). Also, the number of screens customers have to go through has been dramatically decreased from prior open enrollment periods. Ms. Kofman said it was hard to know how long it takes to apply exactly from start to finish; some people spend a lot of time researching the plan options, while others know exactly what they want to buy. What she can say is the new system is super-quick, the page load is super-quick with no performance issues, and fewer screens. Mr. Lucia was pleased to hear it. Ms. Sullivan Hare said you do need to segregate the two groups (active shoppers versus I know exactly what I want). Ms. Kofman has anecdotal evidence from brokers and assisters that the process takes about five minutes; the longest time is in explaining the options. She noted that full pay is very quick and easy. There are still performance issues with regard to APTC that makes it a process that is not quick. In these cases we advise the customer that eligibility is being run and to check back in 24 hours. That seems to have worked.

Debbie Curtis, Senior Deputy Director for Policy & Programs, noted that HBX IT had added a "ticker" bar, showing how far in the application the consumer had gone, and how much was left. She said it was a terrific addition that she had not seen on other websites. Ms. Kofman noted that while the previous discussion on how long it took to enroll was about the individual market, similar improvements had been made to SHOP.

Ms. Hicks noted that HHS had reported that people who actively shopped saved 5% on premium. Dr. Aaron again stated premium price is not a reliable factor with regard to suitability of purchase. Ms. Kofman did say that active shoppers at renewal here saved 5% as well. She noted, however, that does not tell us if they got a better deal by shopping. Dr. Aaron thought that was a ripe target for the Research Committee. If we could find some money, and if we could get cooperation from carriers, and the consent of insureds, we could look at their actual billing and see if they got the best deal or not. Research has consistently shown the people do not make

the right choice and actually wind up paying more out-of-pocket than if they had chosen correctly. Ms. Kofman stated that she has an active "wish list" for the Research Committee, including the topic put forth by Dr. Aaron.

VII. **Public Comment**

No public comment was proffered.

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

Pursuant to DC Codes Sections 3171.11 and 2-575(b)(10), it was moved and seconded for the Board to move to a closed session to discuss litigation. The motion passed unanimously, with Dr. Aaron, Ms. Sullivan Hare, Ms. Hicks, Dr. Ku, Ms. Lewis and Mr. Lucia voting yes.

The meeting was adjourned at 6:53 pm.