

# Health Insurance Exchange Task Force Meeting

June 22, 2011

Kings Inn, Pierre, SD

## Subcommittee Members Present:

- Lt. Governor Matt Michels
- Kea Warne
- Eric Matt
- Kim Olson
- Pam Roberts
- Randy Moses
- Jim Edman
- Kim Malsam-Rysdon
- Lynne Valenti
- Carrie Johnson
- Teresa Bray
- Sandy Zinter
- Joan Adam
- Rachel Byrum
- Merle Scheiber
- Larry Kucker
- Cristine Vogel
- Catherine Sreckovich
- Ken Barrette
- Glenda Bruch
- Emily Currey
- Melissa Klemann
- Denise Luckhurst
- Geraldine Ray
- Beverly Wilson
- Amanda Tenant
- Representative Spencer Hawley
- Representative Fred Romkema
- Senator Phyllis Heineman
- Kevin Van Dyke
- Chuck Sherman
- Deb Fischer-Clemens
- Mark Thompson
- Amy Olson-Miller
- Sarah Folsland
- Dave Hewett
- Rob Bates
- Elaine Roberts
- Jennifer Stalley
- Tom Bohnet
- Darla Pollman Rogers
- Bob O'Connell
- Lisa Carlson
- Kirk Zimmer
- Sam Wilson
- Cecilia Fire Thunder
- Joseph Sluka
- Rita Wishard
- Sue Schaefer
- Scott Graff
- Sarah Perry
- Kim Perry
- Lila Caspers
- Scott Jones

The meeting was called to order by Kea Warne, Health Insurance Exchange Project Manager.

Each member introduced themselves and stated what organization he/she was representing.

Kea Warne provided the task force members with the following updates:

- The change in the date for the release of regulations and guidelines from Health and Human Services. States were to be provided with these in spring 2011 and now have been told they will be released in summer 2011.
- The change in the meeting dates to combine both the task force meeting and the subcommittee meetings to one day instead of 1 ½ days. The task force and the subcommittees are now scheduled to meet on July 19<sup>th</sup> and August 16<sup>th</sup> from 10:00 – 5:00 Central Time.
- Provided the South Dakota's Exchange website address ([www.healthreform.sd.gov](http://www.healthreform.sd.gov)) and discussed the information provided on this website.
- The results from the small business survey and the individual and family survey will be presented at the July meeting.

The subcommittee co-chairs discussed the objectives of their committee and provided updates to the task force members.

- Rachel Byrum, Operations and Finance Subcommittee Vice Chair

- State comparison information from June 21<sup>st</sup> Operations and Finance subcommittee meeting
- Navigant presented their area of expertise and how they can assist us with the exchange planning process.
- Budget and Finance considerations
  - Start- up costs: ongoing grants
  - On-going costs: self-sustaining, surcharges and fees
- NAIC finance model
  - Offers revenue streams we can look at
  - More stable revenue to meet demands of the exchange
    - Concerns from committee members regarding fees
    - The data for demands will be based on survey results
- State risk pools go away if PPACA is upheld
  - Should we continue the risk pool rate inside and outside of the exchange?
- Secretary Kim Malsam-Rysdon, Outreach and Communication Subcommittee Co-chair
  - Objectives
    - Understand our target
      - Uninsured, small business owners, tribal government, agencies, insurance agents, etc.
    - Develop overall outreach plan
    - Navigator function of exchange
      - Law requires the navigator to have a relationship with the people the exchange is intended to serve
      - Define the role of the navigator – based on who the population is
        - Provide public information on the exchange
        - Provide assistance
      - Focus on what they know and don't know
      - Funding of the navigator function
      - Committee may have laundry list of recommendations but may not have the additional federal guidance from Health and Human Services (HHS) by that time
    - Committee Consensus on Navigators
      - Envision multiple navigators in the state
      - Procured through RFP process
      - Establish key performance measures
        - Quality assurance and reporting
        - Competent with using technology
        - Ability to communicate with individuals in the exchange
      - Good training on a regular basis
      - Navigators not be licensed
        - Maintain credibility and competency
        - Legitimate service provider in their role
      - Define the role in the private market

Lisa Carlson asked if the call center would be contracted out as a navigator function. Secretary Malsam-Rysdon stated we are still waiting to see what the guidelines are.

Secretary Pam Roberts asked if we know the number of navigators we will have. Secretary Malsam-Rysdon said they are waiting on the survey results to determine the number. Currently under the SHINE

program, there are 30 volunteers serving with a budget of \$300,000. SHINE volunteers assist applicants with Medicare Part D.

Senator Phyllis Heineman asked how the navigators will determine the quality of plans. Randy Moses said that will be a function performed by the exchange.

Lisa Carlson stated that we need to use the technology the best we can. Create a decision tree that walks the navigator through questions the navigators need to ask to narrow decisions down based on what the individual is eligible for. Have an account set up so the navigator can review the date the information was collected from the first and multiple contact dates.

Secretary Malsam-Rysdon said we will need a robust decision report functionality to get answers to what they need.

Kim Olson mentioned we will have newly insured individuals who will not know the basic health insurance information (copays, deductibles, etc.).

Secretary Malsam-Rysdon stated there will be a different capacity in 2014 than what we will need down the road.

- Randy Moses, Insurance Plan and Market Organization Subcommittee Co-chair
  - Subcommittee has had good discussions during their conference calls and in-person meetings.
  - Two recommendations
    - The exchange should provide to employers that choose to offer defined contribution plans to eligible employees the option of choosing either an employee choice or an employer choice method of enrollment into the exchange.
    - The exchange should offer employers the option to provide part-time employees, who are not eligible for coverage under the employer's health benefit plan, the option of enrollment in and contribution to coverage for those part-time employees in the American Health Benefit Exchange. (Not through SHOP but the individual side.)
  - Need specifications from HHS on adverse selection
  - Plan certification is currently being done in state agency, don't duplicate efforts.
  - How to deal with Health Savings Accounts (HSA's)
    - Should they have a function in the exchange?
  - Provider network adequacy
  - Individual shifting on and off of Medicaid (churning)

Senator Phyllis Heineman asked who develops the plans. Randy Moses stated the insurance companies will develop the plans based on regulations. The plans could possibly be filed and reviewed by the Division of Insurance.

Deb Fischer-Clemens asked if there will be different plans inside and outside of the exchange. There will be similar plans inside and outside the exchange.

Bob O'Connell mentioned the rate of quality and depending on the measures, the exchange will need to adopt rating methods and then assign the ratings.

The Lt. Governor noted that the subcommittee objectives are 85% dictated by the HHS regulations.

Randy Moses stated the Insurance Plan and Market Organization Subcommittee will be general in their recommendations.

Additional comments:

- Lisa Carlson
  - Provide flexibility to let insurers and individuals obtain the insurance they want
  - Allow non-defined contribution plans (this wasn't discussed in the June 21<sup>st</sup> subcommittee meeting)
- Tom Bohnet
  - Larger employers have Human Resource Departments
  - Allow flexibility for small employers with ten employees or less
- Senator Phyllis Heineman asked for the definition of a small employer. Randy Moses stated the definition is an employer with 2-50 employees
- Cecelia Fire Thunder asked for flexibility for differential plan within employer. Randy Moses said this might be prohibited under discrimination laws. Lisa Carlson
  - Challenge for tribal education employers with half of the employees serving in support staff positions and half in higher paid salary positions.
  - Randy Moses said this might be prohibited under discrimination laws.
  - Lisa Carlson said the employer could decide to offer plan choices
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- Randy Moses said we need to determine who qualifies and should we expand
  - We can go up to 100 employees but then self-funding comes into play
- Tom Dice mentioned employers using health plans to retain good employees. Some employees look at health plan as an entitlement. Small school boards will look at the exchange as a defined contribution plan may look good. Multiple choices offered in exchange will attract small businesses.
- Dave Hewett stated that small employers cannot afford to offer multiple plans on their own.

Navigant

- Jim Edman introduced the Navigant team which includes Ken Barrette, Cristine Vogel, and Catherine Sreckovich.
- A contract with Navigant will be signed this week.
- Jim Edman informed the task force members that Navigant's role in the exchange planning grant process will include the following:
  - Identify decision points in regards to building an exchange
  - Moving South Dakota to the next step
  - Provide information to assist in possible level I and level II establishment grant funding
- Cristine Vogel
  - Presented a list of questions to be consider
  - Provided a map which indicated the status of exchange legislation across the states
  - Discussed an overview of Navigant's project plan for us to use as a guide
  - The majority of Navigant's time will be spent on IT with conducting an IT gap analysis. The IT gap analysis is required for a state to apply for a level I establishment grant.
  - Navigant wants us to use them as a resource

- They can assist in background research
  - Assistance with facilitating meetings
  - Provided information from other states
- They want to ensure that nothing is left out and they will bring us to a final work project on time and prepare us for the next level of funding.
- Key policy / operation issues
  - Eligibility/enrollment piece
  - Multi-state – we need to know key policies for other states
  - Links connected to HHS, IRS, SSA (federal agency data hub) and other state agency programs
  - What will entice users to the exchange?
  - What impact will SHOP have on outside exchange market and insurance carriers inside and outside the exchange?
  - Functions the exchange must provide. Who will provide administrative functions? Cost impact?
- Legislation is not required for a level I funding grant. A level II funding grant does require legal authority to be established.

Lynne Valenti, Deputy Secretary, Department of Social Services provided a power point on the Utah Exchange conference her and Jill Kruger with the Division of Insurance attended.

Meeting was adjourned.