

Health Insurance Exchange Task Force Meeting
August 16, 2011
12:00 to 5:00 p.m.

Present:

- Lt. Governor Matt Michels
- Kea Warne
- Eric Matt
- Pam Roberts
- Dom Bianco
- Glenda Bruch
- Denise Luckhurst
- Geraldine Ray
- Jim Edman
- Jill Kruger
- Beverly Wilson
- Melissa Klemann
- Emily Currey
- Larry Kucker
- Dave Hewitt
- Barb Smith
- Deb Fischer-Clemens
- Kate Parker
- Lisa Carlson
- Sarah Perry
- Kim Perry
- Frank Stork
- Kevin Van Dyke
- Senator James Hundstad
- Lisa Sanderson
- Shawn Lyons
- Sam Wilson
- Sue Schaefer
- Scott Jones
- Bob Clark
- Senator Phyllis Heineman
- Carrie Johnson
- Kim Malsam-Rysdon
- Teresa Bray
- Lynne Valenti
- Merle Scheiber
- Randy Moses
- Randy Johnson
- Kim Olson
- Darla Pollman Rogers
- Kirk Zimmer
- Chuck Sherman
- Jennifer Stalley
- Mark Thompson
- Bob O'Connell
- Rita Wishard
- Terry Dosch
- Joe Sluka
- Amy-Olson Miller
- Jim Reynolds
- Joan Adam
- Sandy Zinter
- Rachel Byrum
- Ken Barrette
- Chong Kim
- Melissa Lupella
- Cristine Vogel (VIA Conference Call)

The meeting was called to order by committee Chairman, Lt. Governor Matt Michels.

Lt. Governor Michels opened the meeting by thanking the Task Force subcommittee members for their time and work.

Lt. Governor Michels gave a Task Force overview:

- Committed to the parameters set forth by the Governor
- Continue to advocate for the Exchange
- Review and consolidate recommendations as if the Exchange is built, whether we implement or not
- Task Force meeting minutes have been posted
- Market Decisions individual and family survey is still in draft form and will not be posted until the final version
- Litigation
 - Recent federal court of appeals decision that the individual mandate is unconstitutional

- Without the mandate states won't have the necessary participation numbers to run an effective Exchange
- Report on subcommittee recommendations

Randy Moses, Co-Chair, Insurance Plan and Market Organization Subcommittee, presented the subcommittee's discussion:

- Provide Choices for Employers
 - Defined contribution – employer contributes defined contribution amount per employee
 - Defined benefit – employer chooses the benefit structure for the employee with the employer contribution set as a percentage of premium
- Employer option to offer part time employees health insurance
- Exchange should rely on existing state filing processes for certification of health plans and deem plans and rates, which are approved by the Division of Insurance for use in the exchange, as certified
- Adverse selection
 - No specific recommendation – will not know until final product
 - Determine areas to review – then design the process
- Exchange should not merge the individual and small group markets
 - Markets must remain distinct
 - Recommends single exchange to facilitate enrollment for both the individual and small group market
- Network adequacy rules
 - Recommends following adequacy rules currently in place
- Marketing standards
 - Recommends following the same regulatory framework that currently applies to the marketing of health insurance and apply to the Exchange
- The Exchange should require insurance agents' training as a condition of selling health insurance through the Exchange
 - One hour of continuing education dedicated to the Exchange
 - The one hour should be part of, as opposed to being in addition to, the current continuing education hours required for licensing in the state

Kim Malsam-Rysdon, Co-Chair, Outreach and Communication Subcommittee, presented the subcommittee's discussion:

Kim Malsam-Rysdon stated the objectives of the Outreach and Communication Subcommittee. Discussion included:

- Raising general awareness of future health care reform should start now using the state's existing health reform website. This website should be marketed as South Dakota's source for unbiased information about the federal health care law and how South Dakota intends to comply with the law

- Once specifics about SD's Health Care Exchange are available, specific outreach should be targeted to certain groups
- Navigators will need to meet certain federal requirements
- SD should select Navigator Programs through a Request for Proposals (RFP) process
- The existing state health reform website should transform from providing general awareness to serving as the site of the exchange website so that consumers have one place to go to access information about health care reform and the exchange

Ken Barrette of Navigant presented the preliminary cost estimates for a South Dakota Health Insurance Exchange:

Cost model factors

- Based on facilitator model
- Third party hosted portal – vendor verses build from scratch
- Mirror call center after existing Department of Labor call center in Aberdeen
- Billing and payment operations will follow a facilitator model – QHP will handle billing and payment
- State may consider joining multi-state exchange option in future, if feasible
- Medicaid is part of the Exchange
- Income criteria
- Application for Exchange would pass through to the Medicaid system

Factors not included in the cost model

- Billing and payment for individual market
- Broker tracking and commissioning
- Full replacement of Medicaid eligibility and enrollment system
- Additional meeting is planned to determine Medicaid population and cost allocation relative to the Exchange
 - Meeting scheduled with DSS on August 17, 2011

Additional implementation considerations

- Secondary language capabilities
- Project management
- Broker agent referral look up – determined that cost component will be included
- Possible upgrade to the Person Master Index (PMI) database
 - What is the PMI database – index of personal data, recognized as participants, also known as entities; Recognition value to consumer
 - PMI is currently embedded in Medicaid ACCESS legacy system with 2,500 interfaces
 - System could be leveraged
 - Strategically it would work better as a unique service for the Exchange, as well as for future development outside the Exchange
 - Must be real-time
 - Very expensive but important function

- May need to be part of the investment under the Establishment Grant application

Overview of Exchange Population

- Demographic studies conducted by Department of Labor and Regulations, Market Decisions, and other research sources
- Examined South Dakota's income distribution and Federal Poverty Level (FPL) guidelines
- Population data is subject to change – additional work will be conducted
- Reasonable projections

Overview of Exchange Operating Costs

- Portal cost is based on a per member per month fee, usually includes tech support
- Call center estimates are low – based on a 24/7 requirement

Medicaid Costs in Exchange

- Estimates still in development
- Funding source considerations

Exchange Staff Model

- Example of what staffing would be needed to operate an Exchange
- There would be additional State resource staff utilized

Review of Appendix Description and Assumptions

- Requested task force to review and submit comments to Kea Warne, Project Manager

Lt. Gov. Matt Michels presented the Operations and Finance Subcommittee's discussion:

- Recommends Navigant's detailed preliminary cost model
- Will plan and cost for a state Exchange, looking at multi-state exchange as options evolve
- Combination of existing state staff and new staff
- Outsourcing functions of the Exchange, such as web portal and in sourcing functions as the call center
- Exchange demand should be based on high and low volume
- Reporting analytics – cost model
- Integrate Outreach and Communication recommendations
- RFP for third party web Portal
- Navigant and BIT will control the evaluation of whether existing systems could be used to implement the model
- System evaluations will be accepted as set forth
- Exchange will handle all security HIPAA and individual privacy laws
- Centralized Call Center
- Exchange will be primary eligibility and enrollment data interchange
- Not recommending legislation this year
 - Kea Warne indicated that HHS has not been clear on legal authority requirement for Establishment Grant Application purposes
 - Need final regulations from Federal Government to determine legislation
- Use of one standard application

- Follow general accounting and auditing standards to comply with PPACA and governance structure
- If Exchange is part of state government, it should utilize the existing accounting system or software should be purchased
- Finance method based on \$2-\$3 per member per month
- Exchange will be front end portal for Medicaid/CHIP eligibility, data sources
- Exchange transparency will be maintained through employee reporting specialists, generate necessary reports
- Compare multiple qualified health plans, view customized plan information
- Enrollment transactions should be submitted to the QHP for billing and payment
- Exchange determination of eligibility in Medicaid/CHIP should be directed to Medicaid/CHIP enrollment system
- All plans that meet qualifying standards should be part of Exchange
- Exchange will handle premium credit calculation
- Exchange will handle consumer-led plan rating based on HHS regulations
- Recommends Exchange board of appeals
- Exchange will calculate premium tax credits and adjustments based on HHS regulations
- Exchange IT infrastructure should interface with the necessary databases to verify information, including connection to Federal Data Services Hub, other state agencies, and nationally recognized data sources
- Exchange should not be involved with broker commissioning
- Exchange will handle decision support for consumers, with decision support being developed upon finalization of the Navigator role
- Exchange should allow employer registration and or product selection, contributions, and employee enrollment

Discussion on Grant Funding

- Establishment Grant Level One funding
 - Lt. Gov. Michels stated a decision has not been made whether an application will be submitted. If grant application is made it will be in December. He stated the application process is complex.
 - Discussion on whether a state has to commit to doing the Exchange? It is strongly encouraged before taking the funding to say that you are committed to developing an Exchange. Will explore this question with the Center for Consumer Information and Insurance Oversight (CCIIO) at an upcoming conference.
 - Could you enter into it and back out – no other state has done that yet. 13 states receiving funding are all go-forward states.
 - Two states who received early innovator grants have returned the funds to the federal government
 - Funding could be considered as a bridge
 - Reviewing the IT piece to get started
 - Level One grant is for a one year time period

- Level One grant would only takes us through spring 2013
- Not certain, at this point, what we would even ask for in the Level One Implementation Stage, possibly could be \$10 million
- We need to think about whether we want the Federal Government establishing the Exchange in the State of South Dakota
- If the Federal Government establishes the Exchange, the State will foot the bill as the implementation grants will not be available
- Shouldn't the state control its own destiny?
- Will probably want to get additional funding to evaluate the market
- Should we add sunset provision to any legislation to allow the State to back out if so decided?
- What questions still need to be answered?
- We need to evaluate if we will make it easier for individual to have access to health insurance, health care and the same for small businesses
- Establishment Grant Level Two funding
 - Will the Governor need to commit to the State establishing an Exchange?

Lt. Gov. Michels concluded the meeting by stating that a draft document of the recommendations would be forwarded to the Task Force members. He requested that feedback be sent to Kea. He also stated that the Task Force and Subcommittees may have future conference calls. He extended a thank you to the Task Force members and to Kea for her extensive work.

Lt. Gov. Michaels adjourned meeting at 3:00 p.m.