

Vermont Exchange Advisory Group Meeting 8

December 16, 2011

MINUTES

Present: Peter Sterling (VT Campaign for Health Care Security), Trinka Kerr (VT Health Care Ombudsman's Office), Catherine Hamilton (Blue Cross and Blue Shield of Vermont), Senator Sally Fox, Representative Michael Fisher, Sonia Tagliento (MAXIMUS), Susan Gretkowski (McLean, Meehan and Rice for MAXIMUS and MVP), Theo Kennedy and Anthony Otis (Otis and Brooks), Dr. Tim McDaniel (Chiropractor), Cory Gustafson (Vermont Association of Hospitals and Health Systems), Betsy Bishop (Vermont Chamber of Commerce), Paul Harrington (Vermont Medical Society), George Richardson and Elizabeth Cote (Vermont Dental Society) Lucie Garand (Downs, Rachlin and Martin), Timothy Ford (VIAA and Hackett & Valine), , Nancy Metz (self), Dr. Tim Tanner, Jill Sudhoff-Gueria (KSE); Julie Tessler (Vermont Council for Developmental and Mental Health Services), Abe Berman (Vermont Managed Care), Andrea Cohen (Vermont Businesses for Social Responsibility), April Tuck (Copley Health Systems Inc.), Barbara Beaty (Hewlett Packard), Casandra Gekas (Vermont Public Interest Group)

Staff and consultants: Betsy Forrest, Lindsey Tucker & Mark Larson (Department of Vermont Health Access, DVHA) Robin Lunge and Ena Backus (Agency of Administration), Jennifer Carbee & Katie McLinn (Legislative Council), Nolan Langweil (Joint Fiscal Office), Brendan Hogan (Bailit Health Purchasing)

- I. Welcome and Introductions
 - a. Lindsey Tucker, DVHA Deputy Commissioner for the Exchange

Robin Lunge introduced Lindsey Tucker who is the new Deputy Commissioner for the Exchange working at the Department of Vermont Health Access. Lindsey previously worked in Massachusetts as a policy manager for the Blue Cross Blue Shield of Massachusetts Foundation and prior to that position was the Health Reform Policy Manager for Health Care for All, a Massachusetts consumer advocacy organization.

- II. Updates
 - a. Health Care Forums

Health Care forums have taken place or will occur at 4 different locations around Vermont

- November 29: Marlboro College Tech Center, 28 Vernon Street, Brattleboro, 7:00 p.m.-9:00p.m
- December 13: Fox Room at the Rutland Free Library, Rutland, 10 Court Street, 6:00 p.m.-8:00p.m
- December 14: Diamond Ballroom at the Sheraton Hotel and Conference Center, 870 Williston Road, Burlington, 6:00 p.m.-8:00p.m.
- January 12: Catamount Arts, 115 Eastern Ave, St. Johnsbury, 7:00 p.m. - 9:00 p.m.

The purpose of the sessions is to help inform the design of future health care reform financing plans. These sessions will include presentations on the challenges facing Vermont's health care system, how health care is financed currently in Vermont, and an overview of Vermont's revenue system. Participants will use these informational presentations and their own experiences to offer input on the potential impact of various financing sources on Vermont businesses and on the state's economy and economic climate. Materials from these meetings can be found at the following website:
<http://hcr.vermont.gov/Listening>

b. Establishment Grant

The Federal government recently approved the \$18 million health insurance exchange implementation grant. This grant has over \$10 million allocated for information technology changes and \$8 million for new state positions, as well as contracts with consultants to assist the state with implementing the health care exchange through the first stage of implementation, which is from November 29, 2011, through November 28, 2012.

The grant application can be found on the DVHA website at:
http://dvha.vermont.gov/administration/health-benefits-exchange#level_1_grant_app

The contracts won't begin with consultants until February or March of 2012 because the state needed to wait for the official award announcement from the federal government (which occurred in November 2011), and the grant needs to be accepted by the Joint Fiscal Committee of the legislature, before contracts can be executed

c. Basic Health Plan revision

The Basic Health plan report documents have been updated to reflect discussions that have occurred over the last few months. This report can be found on the DVHA website at
<http://dvha.vermont.gov/administration/health-benefits-exchange>
The revised document is dated 11/28/11. Different cost estimates have been added that reflect various provider payment rates and administrative costs.

III. Insurance Market Compliance with the Affordable Care Act

Robin Lunge walked the group through a PowerPoint presentation entitled "Insurance Market Planning." The presentation had an overview of the current Vermont law and insurance markets, a review of the ACA, Act 48 study parameters and methodology, and preliminary results of work that is still in progress.

Discussion followed about data regarding the current insurance markets in Vermont and covered lives in the individual market.

The discussion continued about the four Risk Pools in the Individual market and how they are rated by each company, with two being for Catamount by carrier and two being for straight individual

products by carrier. The current small group market has two risk pools that are each rated by insurance company.

There is a lot of market fragmentation in the current insurance market. Self-insured plans are regulated by ERISA (Employee Retirement Income Security Act) at the federal Department of Labor. More information about ERISA can be found at:

<http://www.dol.gov/dol/topic/health-plans/erisa.htm>

It was noted that any public sector employee plan (both state and municipal employees) could be regulated by the state.

Seven risk pools exist for the Association market in Vermont and the VEHI trust (Vermont Education Health Initiative trust)--for more information about VEHI please see:

http://vehi.org/contact_us.html

Slides 12-14 further explain and discuss risk and risk adjustment options. This topic will continue to be addressed in additional analyses. Risk pools are adjusted across plans as shown in slide 13, and the Federal government intends to develop rules around the 3 R's (risk adjustment, reinsurance and risk corridors).

The state will continue to do risk adjustment analyses in 2012.

Discussion continued about risk adjustment examples from other efforts, including Medicare Part D, where commercial insurance companies have a 10% risk adjustment, meaning they work with the federal government if expenses are over or under 10% of budget.

The risk adjustment amount for the health care exchange is estimated to be 3% at this point. Healthcare.gov has a fact sheet about risk adjustment at the following link:

<http://www.healthcare.gov/news/factsheets/2011/07/exchanges07112011e.html>

A question was raised about grandfathered plans operating outside of the exchange. Any grandfathered plans that operate outside of the exchange would not be eligible for subsidies.

The federal government is creating a floor for the exchange with the individual market and the small group market. The federal government is increasing the size of small group to be 100 or more starting in 2016.

An option under consideration is a possible merger of the small and individual markets into one market.

Where is the exchange?

The exchange is a method of purchasing insurance, not a separate pool; it is a distribution channel, and it is intended to be protective of both consumers and insurers while helping to stabilize the overall insurance marketplace.

Common features of plans in 2014

Essential Health Benefit Package:

There are 10 different benefit areas that the federal government is including in the essential benefit package. At the time of the meeting, federal guidance was expected soon, and was in fact issued later on the same day as the meeting. The guidance has been emailed to the advisory group members and posted on the DVHA website.

Metal levels of plans

The plans that are offered on the exchange will have different actuarial levels/metal levels assigned to them. The actuarial levels are 60% for Bronze plans, 70% for Silver plans, 80% for Gold plans, and 90% for platinum plans. Act 48 contemplates only the top three levels in the Exchange.

Community rating by insurer and guaranteed issue and renewal are requirements.

Two federal plan options are required on each state's exchange, but we do not know who will run them, who will regulate them (whether at the state level or federal level), and how they will fit in with other plans offered on Vermont's exchange.

Discussion followed about Act 48 and how Vermont's plan design will need to be approved by the Green Mountain Care Board. The Board needs to decide whether to allow supplemental plans so that people can "buy up," meaning they could buy additional coverage.

If someone purchases outside of the exchange, they are not eligible for federal tax credits or cost-sharing subsidies.

Vermont's current statutory requirement to have silver plans or better in the exchange needs to be reviewed against final federal requirements.

The tax credits are allowed for plans within the exchange; however, the covered services requirements (Essential Health Benefits) apply to plans both inside and outside of the exchange.

The Act 48 Integration report under development, but a draft will not be ready in time to solicit feedback from stakeholders before submittal to the legislature. Wakely Consulting, paid for by a Robert Wood Johnson Foundation grant, is reviewing the pros and cons of market changes, such as defining "small employer" as less than 100 employees before 2016, and options for the insurance market outside the exchange.

IV. Public Comment

No public comments were made

V. Next Steps

a. Implementation Plan

Lindsey Tucker will be in charge of the implementation plan for the exchange.

b. Joint Medicaid & Exchange Advisory Board

The Medicaid Advisory board and the Exchange Advisory Board will be merged by July 2012. How these two boards will be merged will be part of discussions at future Exchange Advisory board meetings.

c. Meeting schedule

A meeting schedule for six monthly meetings starting with January 2012 will be sent out to this group. The meetings will occur on Monday afternoons while the legislature is in session.