

Health Reform: HBE and Insurance Oversight Workgroup
Tuesday, January 25, 2011
North Carolina Institute of Medicine, Morrisville
9:00am-2:00pm
Meeting Summary

Attendees:

Workgroup Members: Louis Belo (co-chair), Allen Feezor (co-chair), Tracy Baker, Teri Gutierrez, Mark Hall, Rep. Verla Insko, Bob Jackson, Linwood Jones, Michael Keough, Ken Lewis, Adam Linker, Sen. Floyd McKissick, Barbara Morales-Burke, Mike Matznick, Carla Obiol, Anthony Vellucci

Steering Committee Members: Julia Lerche, Jean Holliday, Rose Williams

NCIOM Staff: Thalia Fuller, Paul Mandsager, Pam Silberman, Rachel Williams

Other Interested Persons: Leslie Boyd, Conor Brockett, Cynthia Brunette, Abby Carter Emanuelson, John Costopolos, Annaliese Dolph, Chris Evans, John Friesen, Kevin Hutchinson, Amy Jo Johnson, Fred Joyner, Andy Landis, Anne Lore, Marybe McMillian, Kathryn Millican, Lou Myers, Alex O'Connor, Michael Pearlmuter, Sarah Pfau, Ben Popkin, Lendy Pridgen, Melissa Reed, Robert Seehausen, Ashlee Smart, Brian Spark, Chuck Stone, Tom Vitaglione, Mike Wells, Christine Weason, Rebecca Whitaker, Kay Zwan

Welcome and Introductions

Louis Belo

Chief Deputy Commissioner

North Carolina Department of Insurance

Co-chair

Allen Feezor, MA

Senior Policy Advisor

North Carolina Department of Health and Human Services

Co-chair

Mr. Feezor welcomed everyone to the meeting.

Review of Draft Legislation

The workgroup reviewed a draft of the North Carolina Health Benefit Exchange Act.

The workgroup discussed whether the Commissioner of Insurance should have the power to veto the exchange board's plan of operation. Allowing the Commissioner to veto the plan of operation could give him/her too much power. However, the veto can also act as a check to the board's power. The workgroup agreed the board needs to have some oversight by the Commissioner and that the plan of operation should only be vetoed if it

is in non-compliance with a state or federal statute. This option allows for the flexibility needed to oversee the board, but also does not allow the Commissioner to veto the plan of operation for other unrelated issues.

The workgroup debated whether the exchange should be allowed to collect and distribute premiums for small businesses. One benefit of allowing the exchange to collect and distribute premiums is that it will make it easier for small businesses that want to offer their employees a choice of qualified health plans. If the HBE collects and distributes the premiums, small employers would only have to write one check instead of multiple checks to multiple carriers. The workgroup agreed it would facilitate small business participation in the exchange. A consequence of allowing the exchange to collect premiums is it would put more barriers between carriers and billing, which could lead to increases in costs to the carriers. Another consequence is the addition of more administration that could interfere with outcome data as the exchange tries to evaluate quality and cost of care. The workgroup decided that the HBE Board should have the authority to collect and distribute premiums, if it decided—after consulting with small employers and studying the issue—that the benefits of facilitating employee choice and employer participation in the HBE outweighed the potential administrative costs.

The workgroup also discussed whether the Board should have the authority to establish any parameters for health plan participation in the HBE other than the federal requirements. One member expressed concern that the Board not establish criteria that could limit consumer choice. However, most of the other workgroup members expressed concern that providing unlimited variation in health plan design could lead to confusion, and actually decrease meaningful choice. Consumers may not be able to make a meaningful choice if there are too many plans that are not comparable. Fewer plans will make the choice of a plan easier for individuals and businesses in the exchange. The workgroup decided to give the HBE Board the authority to standardize benefit designs to promote competition, ensure meaningful choice for individuals and employers, encourage positive innovations, and prevent risk segmentation.

The workgroup discussed whether health plans should be prohibited from participating for a certain period of time if the health plan did not choose to participate when the HBE first became operational. The waiting period would be an incentive for small market plans to join the exchange right away. However, the workgroup decided there were too many potential downsides to the limitations. While the workgroup members wanted to encourage insurers to enter the HBE when it first becomes operational, they did not want to exclude insurers from entering after the HBE was operational. Further, they thought that there would be other incentives for health plans to join initially—including gaining market share. Thus, the workgroup decided not to impose a waiting period for health plans that did not immediately participate in the HBE.

The other major topic of debate was the composition of the board. Some in the workgroup thought that having the expertise of insurers and agents would be valuable to the board. However, others—as well as different consumer groups that gave public comments to the workgroup—were concerned that allowing insurers to participate on the board would be a real or perceived conflict of interest. The workgroup discussed

different options, including allowing insurers to serve on the board with voting rights, without voting rights, or establishing Advisory Committees with broad stakeholder participation. The workgroup also discussed the optimal size of the HBE board. A large board would allow for broad representation and would make it easier to have members available when needed. A smaller board could disseminate information and make decisions more quickly. The workgroup did not come to a consensus on either issue; however, options were narrowed to an 8- or 15-member board.

Public Comment Period

- I believe having insurers on the board is a conflict of interest. Even if it is not, it is important not to even run the appearance of a conflict.
- There is more of a desire to compromise in a smaller board with five to eight people. Larger boards have a lot of fragmentation and it can be more difficult to come to a consensus. Those with strong financial interests in the exchange should not have a vote but can have ex officio or an advisory role.
- I do not want insurers to have a vote because I want to believe this is a consumer-driven exchange. I do not want to feel like there is another large insurer getting all the say. I do not want anything where I can feel someone can pass money around and get something changed.
- We need a sense of hope. I feel like at least one entity with no influence from insurers can give that hope.
- Some insurers do have the consumer's best interest in mind. A majority of the board should be consumers, however.
- One risk of a small board is that discussions can be run by one or two personalities. Also, getting all those in the board together could be difficult. A larger board would be able to meet without every party present and therefore would be easier to schedule meetings.
- Perception is reality. Many consumers do not have a favorable perception of insurance companies; therefore, they should not have voting rights. Consumers should make the final decisions.