Health Reform: Health Insurance Exchange and Insurance Oversight Workgroup
Monday, August 22, 2011
North Carolina Institute of Medicine, Morrisville
10:00am-3:00pm
Meeting Summary

Attendees:
Workgroup Members: Louis Belo (co-chair), Allen Feezor (co-chair), David Atkinson, Tracy Baker, Vickie Bradley, Steve Cline, Deby Dihoff, Mark Hall, Mark Holmes, Verla Insko, Linwood Jones, Fred Joyner, Michael Keough, Cole Locklear, Floyd McKissick, Barbara Morales-Burke, Tom Murray, Aaron Nelson, Kelly Nicholson, Carla Obiol, Elizabeth Phillips, Shelia Platts, George Reed, Gregg Thompson, Anthony Vellucci, Rebecca Whitaker, Bill Wilson

Steering Committee Members: Jean Holliday, Julia Lerche, Ben Popkin, Lauren Short, Rose Williams

NCIOM Staff: Kimberly Alexander-Bratcher, Thalia Fuller, Sharon Schiro, Pam Silberman, Rachel Williams

Other Interested Persons: Ryan Blackledge, Leslie Boyd, Conor Brockett, Deborah Brown, Sonya Brown, Abby Carter Emanuelson, Sue Cowell, John Dervin, Lee Dixon, Chris Evans, Chris Girod, Leslie Harris, David Holoman, Suzanne Hyman, Bob Jackson, Monica Jones, Markita Keaton, Linda Kinney, Andy Landes, Ann Lore, Kathryn Millican, John Minnich, Stacey Muller, Shelli Neal, Susan Nestor, Vince Newton, Lendy Pridgen, Melissa Reed, Kevin Rogers, Adam Searing, Robert Seehausen, Ashlee Smart, Chuck Stone, Dennis Travis, Amy Whitted

Welcome and Introductions
Louis Belo
Chief Deputy Commissioner
North Carolina Department of Insurance
Co-chair

Allen Feezor
Senior Policy Advisor
North Carolina Department of Health and Human Services
Co-chair

Mr. Belo and Mr. Feezor welcomed everyone to the meeting.

Update on HB 22/HB 115
Ben Popkin, JD, MPH
Healthcare Attorney
General Counsel's Office
North Carolina Department of Insurance

Mr. Popkin reviewed House Bill 22, Section 49, and the House Bill 115 which develops North Carolina's Health Benefit Exchange (HBE). HB 115 is in its fourth edition. The bill has gone through the House and is awaiting debate in the Senate when the legislature convenes next year. The General Assembly is also awaiting federal guidance to determine what the state can and cannot do to create a HBE for its citizens.

HB 22, enacted as Session Law 2011-391, establishes the General Assembly's intent to develop a HBE. Section 49 gives the NC Department of Insurance (DOI) and the NC Department of Health and Human Services (DHHS) the authority to contract with experts to develop the necessary information technology (IT) needed to fulfill the requirements of the ACA.

A copy of HB 22, Section 49, and the most recent version of HB 115 can be found here: HB 22 and HB 115.

Selected questions and comments:

- Q: Can North Carolina still enact HBE legislation and meet the federal time requirements to establish a state exchange? A: June 29th is the deadline for the Level II implementation grant. With that in mind, work would have to be done by mid-May to pass the legislation in time.
    - Senate members have concerns that need to be addressed. In terms of time frame of the bill getting passed, it is a wide open book. But, there is optimism there will be progress made.
- Q: It would be best if we were ready for the Level II grant, but if not, can the state apply for another Level I grant? A: The last deadline for Level I grants is December 31, 2011.

Update on Level I Implementation Grant
Lauren Short, MSPH
Exchange Coordinator
North Carolina Department of Insurance

Ms. Short reviewed the $12.4 million Level I grant DOI received in August 2011. The grant will be used to engage stakeholders, perform policy analysis, expand health information technology (HIT), prepare a consumer assistance program, move towards the requirements for Level II funding, and support the NC HBE. The NCIOM HBE workgroup will assist the DOI by

developing sustainability options, helping plan for evaluation, participating in benefit mandate discussions, and developing recommendations for the roles of patient navigators.

Ms. Short's presentation can be found here: Level I Implementation Grant Update.
The abstract for the grant can be found here: Level I Implementation Grant Abstract.

Selected questions and comments:

- Focus groups with small businesses will be held across the state to determine if they view exchanges favorably and what value added services the HBE could offer that would be beneficial to them.
- Any mandated benefits over and above the federally required mandated benefits will be at the expense of the state. We will evaluate the costs of maintaining the mandated benefits, as well as the costs and health consequences of not offering these mandates.
    - It is anticipated that the bulk of the mandated benefits in North Carolina will fall into the federal essential benefit plan. We expect that the federally mandated essential benefits plan will be released later in the fall (2011).

HBE Eligibility Engine: Curam/NC FAST
Allen Feezor

Mr. Feezor shared the basic functions of NC FAST. NC FAST will link eligible people to NC DHHS programs such as Medicaid and Food and Nutrition Services (i.e., food stamps). The program is trying to simplify eligibility across all NC DHHS services.

Mr. Feezor explained the implications of the system for the HBE. The eligibility enrollment process for the HBE can be built out from NC FAST by integrating the two systems. This will make it easier for consumers who continuously go in and out of Medicaid and the HBE. Federal funding through the Level I Grant will be used to build the exchange eligibility system on top of the current NC FAST system.

Mr. Feezor's presentation can be found here: NC FAST.

Selected questions and comments:

- Q: Who will be able to access NC FAST? A: Those working at the Department of Social Services (DSS), the HBE, insurance companies, providers who participate in on-site eligibility, etc. Providers within the safety net should be able to access NC FAST, too.
    - The federal government requires that anyone can access eligibility programs such as NC FAST online. Some providers will be able to make Medicaid presumptive eligibility (i.e., hospitals). Safety net providers can start the eligibility process but won't be making the eligibility determination.

- Q: What happens when a consumer is not eligible for a public program or is not eligible for a subsidy in the exchange? A: If someone is ineligible for subsidies, he/she can still go online and enroll in the HBE. If his/her income is above 400% federal poverty level (FPL), he/she can still enroll in any of the HBE health plans.
    - In addition, if the individual is ineligible for premium tax credits or cost sharing subsidies, they can also purchase coverage outside the HBE. There should be a referral system for plans and carriers operating in the state outside of the HBE.
- It is important to recognize that federally recognized tribal groups have some concerns. Certain considerations should be made in policies since the tribal health system is different. Tribes should be eligible to get premiums for all members, hospitals and clinics should be considered in-network providers, tribes should have the authority to enroll and disenroll monthly, and tribal members should have protection from individual insurance coverage mandates.

Final Milliman Report
Julia Lerche, FSA, MAAA, MSPH
Health Actuary
North Carolina Department of Insurance

Chris Girod, FSA, MAAA
Principal and Consulting Actuary
Milliman, Inc.

Ms. Lerche and Mr. Girod summarized the final Milliman report on the analysis of HBE designs in North Carolina. The report analyzes the health insurance market after ACA implementation, merging small group and individual markets, allowing groups of 51-100 to participate in the exchange, mitigating adverse selection, cost of continuing current mandated benefits, potential budget plans, standardized benefit plans, providing a state Basic Health Plan, and other HBE design issues.

The presentation can be found here: Milliman Report Summary.
A copy of the final report can be found here: Final Milliman Report.

Selected questions and comments:

- The low number of small group enrollees is highly dependent on the design of the exchange and how the exchange is viewed by agents and brokers. So far other states, such as Massachusetts and Utah, have not seen large numbers of small employers enroll.
    - Q: Is the main advantage of merging the small group and individual markets that it would benefit the individual? A: Yes. A merger would also create a larger risk pool which could be more stable and give more equity between the two markets.

However, any benefit from merging the two markets needs to be weighed against a probable rise in small group costs.

- Q: If a small business owner drops out of the group market, then could he/she still offer premium assistance for individual employees to buy their own? A: Yes. Some small business owners may decide to do that due to tax considerations.

New HBE Federal Regulations
Pam Silberman, JD, DrPH
President and CEO
North Carolina Institute of Medicine

Dr. Silberman gave an overview of some of the new federal regulations for state exchanges. New regulations address the establishment and operation of exchanges, consumer assistance and enrollment, requirements for SHOP Exchange, certification requirements for HBE and Qualified Health Plans (QHPs), and standards for reinsurance, risk corridors and risk adjustment.

Dr. Silberman's presentation can be found here: HBE Proposed Federal Regulations.

Selected questions and comments:

- The exchanges must be operational by January 1, 2014; however, in reality, exchanges have to be working well by October 1, 2013.
- Q: Will a small business that is eligible for a tax credits for providing employees with coverage in the HBE lose that tax credit if the number of employees goes above 25? A: Yes, there is no provision for keeping the tax credit if a business grows to above 25 employees.
    - Q: Will there be any change in coverage for those employees if a business no longer receives the tax credit? A: No, the business will still be eligible to stay in the HBE.
- Q: Is there a requirement that insurance agents be licensed with DOI to be navigators? A: It is up to individual states. The exchanges will have separate rules on navigators.
    - Q: If a state decides to contract with agents and brokers to be navigators, then can the agents and brokers be compensated for selling a plan both inside and outside the exchange? A: Yes. The agent or broker can receive compensation from the insurer to sell both inside and outside the HBE, but then the agent/broker cannot be compensated as a patient navigator. Alternatively, the agent/broker can receive an insurance commission for selling insurance coverage outside the HBE, and receive compensation as a navigator for selling insurance inside the HBE (at state option). In no event, however, may an agent/broker both be paid by the insurers to sell insurance inside the HBE *and* receive compensation as a navigator.

- Q: How do the carriers feel about the new regulations on reinsurance, risk corridors, and risk adjustment? Will they be accepted? A: Risk adjustment already occurs in many companies and other payers such as Medicaid. The risk corridor is new to many payers and more unknown. Reinsurance is not something payers are too concerned about.
    - Generally, the regulations provide important protections for carriers in reducing adverse selection. It keeps the competition more level. Carriers generally like the new regulations, but it will also depend on how the risk adjustment, reinsurance, and risk corridors are implemented.

Next Steps
Louis Belo
Pam Silberman

- Next meetings are September 28, October 26, and November 30. All are at the NCIOM offices beginning at 10:00 am.
- We will break up into subgroups to report to the main NCIOM workgroup. The work of this group and the subgroups will assist DOI in receiving Level II Implementation Grant funding. We may create subgroups to examine:
  -The role of agents, brokers, navigators, counselors, community based organizations
  -Mandated benefits. What will state do with benefits not deemed essential by the federal government?
  -Financial sustainability of the HBE
  -Evaluation plan to identify measures of success for exchange

We will start by creating a workgroup on navigators.

Public Comment Period

- Dependents of state employees will be excluded from being able to receive premium tax credits or cost sharing subsidies in the HBE, based on current information on the proposed federal regulations. If this is true, there will be negative impacts. Most state employees cannot currently afford family coverage and 75% of all state employees will be excluded from subsidies. The state will be at a competitive disadvantage in recruiting employees, especially teachers. The state could also fail to draw down additional federal dollars. We need to recommend executive and legislative branches seek amendments or exceptions to these regulations.