



HEALTH BENEFITS EXCHANGE AND INSURANCE OVERSIGHT

Tuesday February 28, 2012

North Carolina Institute of Medicine, Morrisville

9:00 am – 12:30 pm

Meeting Summary

Attendees

Members: Louis Belo (co-chair), Allen Feezor (co-chair), Tracy Baker, Mary Bethel, Steve Cline, Deby Dihoff, Teri Gutierrez, Mark Hall, Rep. Verla Insko, Linwood Jones, Fred Joyner, Michael Keough, Adam Linker, Mike Matznick, Sen. Floyd McKissick, Barbara Morales-Burke, Aaron Nelson, George Reed, Rebecca Whitaker

Steering Committee and NCIOM Staff: Krutika Amin, Thalia Fuller, Jean Holliday, Julia Lerche, Ben Popkin, Lauren Short, Pam Silberman, Anne Williams, Rose Williams,

Other Interested people: Leslie Boyd, Connor Brockett, John Dervin, Doug Dickerson, Andy Landes, Carolyn McClanahan, Mike Paredes, Melissa Reed, Robert Seehausen, Ashlee Smart, Jim Waldinger, Allison Waller, Christine Weason, Walker Wilson

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*

HBE EVALUATION STRATEGIES: FEEDBACK ON PROGRESS

*Jim Waldinger
Associate Manager
Public Consulting Group*

Mr. Waldinger reviewed the broad operational goals that Public Consulting Group (PCG) developed after previous workgroup discussion:

- (1) To increase health insurance enrollment for target populations
- (2) To provide effective “person-centered” approach for individuals/families
- (3) To maximize automation and use of online system
- (4) To provide consumers/businesses choice of high value plan options
- (5) To provide “business-centered” approach for SHOP
- (6) To maintain the public’s trust

For each goal, Mr. Waldinger identified the objectives that each of these broader goals captured. The next steps are to identify a number of specific measures for each objective, identify what data needs to be collected for each measure, and assess whether North Carolina currently collects or can collect this data or whether new types of data collection are needed. These steps will take place by the end of June and will be included in the Level II grant application. Mr. Waldinger invited the workgroup to review and comment on the operational goals.

Mr. Waldinger's presentation is available here: [Developing Operational Goals](#).

Selected Questions and Comments:

- C: Shareholder involvement and buy in is not mentioned anywhere and it is important to reflect shareholder interests.
- Q: The HBE should be promoting competition on the right basis—plan/product value, not market segmentation—where can good competition be included?

FINANCIAL SUSTAINABILITY

Update on HBE Costs

Jim Waldinger

The Milliman report, *North Carolina Health Benefit Exchange Study*, gave an early estimate the North Carolina Health Benefit Exchange (NCHBE) enrollment and 2014 administration costs. PCG is comparing the NC enrollment and administrative cost estimates with estimates from other states. Mr. Waldinger outlined the comparisons that were made to estimates from Illinois, Massachusetts, Delaware, Wyoming, Maryland, and Alabama. Every state analysis is slightly different and includes different assumptions, which makes the comparison challenging. PCG concluded that the population estimates are reasonable, but the administrative costs estimate appears low. PCG will be working with the North Carolina Department of Insurance (NCDOI) to create a detailed, multi-year budget to estimate administrative costs.

Mr. Waldinger's presentation is available here: [HBE Enrollment and Administrative Cost Estimates](#).

Selected Questions and Comments:

- Q: How does the estimated HBE enrollment compare to the uninsured population instead of the total population? A: NC is about right in the middle. HBE enrollment is about 50% of the uninsured rate.
- C: It would be helpful to see start up costs included in the future.
- C: The call center estimates seem to be a point of difference in estimates. Call center estimates are driven by volume and call length estimates. The Milliman report estimated 1 in 4 enrollees would call the call center, but it seems that in the first 2 years you would have a higher rate of call ins. Massachusetts receives over 2 calls per enrollee per year. This rate may be higher than North Carolina will experience because NC residents who purchase insurance through an agent will call the agent for assistance. A range of values should be presented for the call center.
- C: Massachusetts has consistently underestimated customer service costs year to year.
- Q: Do we have a sense of what type of exchange the federal government is planning for states that do not manage their own HBE? A: The federal government has not said what it will cost states to participate in the federal exchange, nor have they said when this information will be available.
- C: As the workgroup further considers the call center, we should consider whether providing a regional call center for other states in the Southeast would drive down costs for North Carolina.

Review of Potential New Premium Tax Revenues

Julia Lerche, FSA, MAAA, MSPH

Health Actuary

North Carolina Department of Insurance

Ms. Lerche briefly reviewed estimates for premium tax revenue and its sensitivity to the number of new covered lives and average premium levels.

Ms. Lerche's presentation is available here: [Health Benefit Exchange Financial Sustainability](#).

Discussion of Financing Options

Pam Silberman, JD, DrPH

President & CEO

North Carolina Institute of Medicine

The workgroup has recommended that all new premium tax revenue resulting from implementing PPACA should be set aside and used to support the HBE. Dr. Silberman gave the workgroup an overview of the additional financing options aside from capturing new premium taxes. After a brief overview, Dr. Silberman facilitated group discussion of the financing options including exchange fees charged to issuers, service fees to consumers, other revenue generating fees, advertising, and state funding through appropriation.

Dr. Silberman's presentation is available here: [Financing Options](#).

Selected Group Discussion:

- Premium tax revenues
 - The General Assembly should create a trust fund and fund it with any new premium tax generated as a result of the implementation of the ACA. This would include premium taxes collected on newly insured, plus any additional premium costs attributable to implementation of the ACA (eg, not regular trend factors that would have occurred absent the ACA).
 - NCDOI will need to refine its estimates of the amount of premium tax revenue that might be generated if we want to back out the regular insurance trend factors from what would be contributed to support the HBE.
- Inclusive Health
 - Any funds remaining in Inclusive Health, after paying outstanding health bills, should be transferred into the HBE trust fund
- Exchange Fees Charged to Issuers
 - Easy way to collect money—through additional premium tax
 - No collection costs, easy way to collect money if the HBE knows how much is needed to operate
 - Appears to be how the federal government will operate HBE
- Service Fee to Consumers
 - Would be built into premiums charged to consumers
 - Difficult to collect if have to go after consumer
 - Are user fees included in what is subsidized?
- Advertising

- Must build in “guidelines” for what can be advertised. Insurers are the most likely to want to advertise on the exchange website, but allowing insurers to advertise undermines the independence and transparency.
- May make it difficult to enroll if clutters up the website
- Not predictable source of revenue
- Additional administrative costs to solicit advertising
- Appropriations
 - HB 115 stated that HBE would not be financed through appropriations from the General Fund

Selected Questions and Comments:

- C: The federal government will pay for 2013 -2014 operational costs. The financing discussion is for 2015 and beyond.
- C: All revenues the state receives as a result of the ACA ought to go towards the costs of administration of the ACA.
- C: There is opportunity for regionalization of the exchange. Set the vision now that the exchange could be expanded to multiple states as part of an earned income strategy in the future.
- C: Having everyone insured is a benefit for the whole community, not just the newly insured. Favor spreading the costs as broadly as possible.

REVIEW OF HBE DRAFT CHAPTER

Pam Silberman, JD, DrPH

The workgroup reviewed and made comments on the report chapter draft. The draft was emailed to all workgroup members. All workgroup members were invited to send additional comments to Dr. Silberman.

UPDATES

TAG Meetings

Lauren Short, MSPH

Exchange Coordinator

North Carolina Department of Insurance

Ms. Short updated the workgroup on the work of NCDOI’s Technical Advisory Group (TAG). The TAG met February 16th to discuss risk management provisions of the ACA and the state’s options. Those interested in following the TAG work, can contact Ms. Short to be on the email list.

Ms. Short also reported that NCDOI had held two of ten planned SHOP focus groups. The focus groups will be completed in March.

Navigator Subcommittee

Pam Silberman, JD, DrPH

Dr. Silberman presented an update on the work of the Navigator Subcommittee to the workgroup. After a brief overview of navigators, outreach, and enrollment provision in the ACA, she reviewed the tentative recommendations for the role of the navigator in the nongroup market.



Dr. Silberman's presentation is available here: [Navigator Subcommittee Update](#).

PUBLIC COMMENT PERIOD

- C: Recommend that the workgroup establish criteria for an additional category and distinguish between consultants and agents.

The next meeting is scheduled from 9:00am – 12:30pm, Wednesday, March 21st.