

OREGON HEALTH FUND BOARD (OHFB) – FINANCE COMMITTEE
EXCHANGE WORKGROUP

December 6, 2007
2:00pm

CC - Wilsonville Training Center, Room 111
Wilsonville, OR

MEMBERS PRESENT: **Denise Honzel, Chair**
 Laura Etherton, Vice-Chair (by phone)
 Kerry Barnett
 Damian Brayko (by phone)
 Aelea Christofferson
 Terry Coplin
 Lynn-Marie Crider
 Steve Doty
 Chris Ellertson (by phone)
 Jack Friedman
 Kelsey Wood (by phone)
 Nina Stratton

MEMBERS EXCUSED: **Jon Jurevic**
 Ken Provencher

STAFF PRESENT: **Nora Leibowitz, Policy Analyst**
 Alyssa Holmgren, Policy Analyst
 Zarie Haverkate, Communications Coordinator

ISSUES HEARD:

- Review November 29 minutes
- Overview of timeline
- Discussion: Market Reform
- Discussion: Health Insurance Exchange Goals
- Public Testimony

Chair **I. Call to order / Review November 29 minutes.**

There is quorum. November 29 minutes reviewed; approval of minutes not required for workgroups.

Nora Leibowitz **II. Overview of Timeline**

Staff will draft descriptive report of market reform changes on health insurance exchange for Workgroup's review in early January meeting in order to meet the February 1 report to the legislature.

III. Discussion: Market Reform

Discussed two proposed options: 1) Continue to allow medical screening and a high risk pool (uncapped, with a sustainable financing formula) and possible other reforms (in rating, benefits, etc.); or 2) Guaranteed issue with no separate high risk pool, with a risk adjustment or reinsurance mechanism to handle high cost members or cases and possible other market reforms (in rating, benefits, etc.).

- Workgroup decided to focus initially on individual market changes and how to ensure a market with rates that are affordable, stable and transparent. Can return to group market issues later.

- Rocky King stated individual market rejection rates now average 20-30% compared to 7-12% 4-5 years ago. Some rejected do not enter high risk pool. Noted cost to absorb all subsidized people (est. 200,000 people).
- Issues discussed include: need to not confuse allocation needs or spreading the costs vs. market reform; reinsurance and whether underwriting would be justified when exchange in place.
- Discussed need to investigate single risk pool for stability (such as Medicare) where each insurer would have one pool with a transition period to ensure fair and equitable transitioning of 18,000 high risk people. Need to absorb initial costs. Compliance with mandatory insurance will be tied to affordability, and subsequent enforcement issues.
- Questioned whether the individual market should include groups of one, how to share the risk more broadly than the individual pool. Kerry stated risk adjustment mechanism needed, other is cost allocation issue.
- Need to not drive insurance carriers out of the market as happened in Washington State.
- Discussed need to define rating criteria. Current high risk pool operates with 25% surcharge. Should there be a surcharge on certain individuals (e.g. based on age, illness, gender, location).
- Need to control the variations in risk selection if risk adjustment method is not robust.
- Discussion on whether it is a guaranteed issue for one plan or several plans and that there is a variety of different regulatory issues around carrier offerings. Pricing needs to be addressed.

Chair

IV. Discussion: Health Insurance Exchange Goals and Values

- Should aggregate as many people as possible in one pool or should have multiple pools for rating? A value would be that we want to aggregate many people as possible into one risk pool.
- One pool would include those already covered, new people who do not have coverage and high risk individuals as opposed to having a pool and different rate for each group.
- A single pool could be more stable, but cost could erode the value of the pool for some.
- A single Oregon pool would create greater stability but there would be different plan choices to allow for consumer choice.
- How the public perceives this leads to a criteria of making it that market responsive.
- Review process built into Exchange.

Summary of Values/Goals

- General agreement was reached to have one pool to spread the risk over a broader number of people.
- Look at how to minimize cost differential based on age, sex, health status, but recognize lifestyle, also taking geography into account.
- Mitigate unintended adverse risk events on insurers.
- Provide sustainable financing for high-risk segment.
- Minimize financial impact on those who already have coverage.
- Access to affordable coverage.
- Create a stable and sustainable market, stable rates, participation by numerous insurers.
- Minimize administrative costs.

Nominations for a sub-group to flesh out issues, such as transition period, design of risk adjustment, reinsurance, included Laura Etherton, Steve Doty, Rocky King, Jack Friedman, Bill Kramer with Nora Leibowitz.

Nora asked the committee to look over straw person document and send her comments.

V. Public Testimony

No one signed up for public testimony and none was given.

Next meeting: Wednesday, December 19, 9 - Noon. December 19 meeting will cover the functionality, role and duties of the Exchange.

The meeting adjourned at approximately 5 pm.

Submitted by:
Zarie Haverkate
Communications Coordinator

Reviewed by:
Nora Leibowitz
Acting Director, OHPC

EXHIBIT SUMMARY:

1. Draft Agenda
2. Timeline
3. Revised List of Issues for Workgroup Discussion
4. Discussion document: Market Reform
5. Discussion document: Market Design Problems, Goals and Options