

OREGON HEALTH FUND BOARD – Finance Committee
Exchange Workgroup Meeting

February 13, 2008
9:00 am (Digitally Recorded)

CCC, Wilsonville Training Center, Room 111
Wilsonville, OR

MEMBERS PRESENT: Denise Honzel, Chair
Laura Etherton, Vice Chair
Damian Brayko
Aelea Christofferson
Chris Ellertson
Jack Friedman
Jon Jurevic (by phone)
Kelsey Wood
Kerry Barnett
Lynn-Marie Crider
Ken Provencher
Nina Stratton
Steve Doty
Scott Kipper

MEMBERS EXCUSED: Terry Coplin

OTHERS ATTENDING: Rocky King, FHIAP
Bill Kramer, Consultant
Rick Curtis, Institute for Health Policy Solutions (by phone)
Ed Neuschler, Institute for Health Policy Solutions (by phone)

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

ISSUES HEARD:

- Call to Order
- Review of Minutes
- Market Reform Discussion
- Report to Legislature: Health Insurance Exchanges and Market Reform
- Next Steps
- Public Testimony

(Digitally Recorded)

Chair **I.** **Call to Order**

There is a quorum.

Chair **II.** **Review of Minutes of 1/7/08 meeting**

- Minutes were reviewed; approval is not required for workgroups. No changes were suggested.

These minutes are in compliance with Legislative Rules. Only text enclosed in italicized quotation marks reports a speaker's exact words. For complete contents, please refer to the recordings.

III. Market Reform (See Exhibit Materials 3)

- **Report from Staff Review Panel:** A straw plan and issue development document was presented from the Staff Review Panel on Market Reform. Discussed each item in the document.
 1. **Risk Pool:** One individual market pool.
 2. **Risk Management Options:**
 - Can a risk adjustment approach be done with two markets (direct and exchange) and or is it only possible to have risk adjustment for a single market (as if all individual market purchasers are within the exchange?) Rick Curtis responded stating:
 - Spread risk as broadly as possible
 - Phase-in period for high risk
 - Compare to normative standard as agreed upon
 - If too expensive, then possibly include an external subsidy.
 - Discussion of individual mandates and being able to keep costs low enough during interim
 - Risk adjustment rather than reinsurance, direct vs. exchange are discussed.
 3. **Financing Mechanism for High Risk Enrollees:** Needs to be worked out; the following was discussed:
 - OMIP pool transitioned over time.
 - Need to provide additional financial assistance to people in OMIP pool during transition period, including OMIP assessment to make rates affordable and transitioning to protect infrastructure.
 - Based on the group market, if we go to new essential service benefit (ESB) would that potentially lower the overall cost of the high risk pool? In the current reasoning, it would not.
 - Of those currently in the individual market, what is the ratio of OMIP enrollment to the total individual market?
 - Rocky King, FHIAP, related that if a subsidy were currently available, approximately 8,000-10,000 would be added to the high risk pool.
 - Discussion on phasing out subsidies/OMIP population.
 - Flag portability market and talk to actuaries regarding this market. Funding and the need to model and provide transition financing through risk adjustment or pool itself (structure) were discussed.
 - The need for an effective enforcement mechanism on individual mandate for guarantee issue to be work. The experience of the Washington state market (no mandate) and resulting price increases is related.
 4. **Benefit Design:**
 - Lowest level plans enroll the healthy risks while higher risk individuals take plans with more generous benefits level. In guaranteed market, if risk adjustment works, that may mitigate the effect, but does cause concern.
 - Regarding d): Benefits committee to establish ESB and market will create other, higher level plans.
 - Rocky King, related that the basic plan has to be low enough in cost so that it is comparable to people pay today or it may disrupt current market.

- o Discussion regarding carriers offering only one type of plan and not offering higher risk options and if it needs to be a requirement that a carrier must offer all plan levels to participate in the exchange. Rick Curtis discussed the tiers in the California and Massachusetts plans and requirements that participating carriers participate in various plan levels, but cannot offer plan below EBL.
- o In discussion of plan design and cost – assume that the subsidized market has very low access for coverage, co-pay or no co-pay (full access) then move to the next level.

5. Plan Enrollment Period:

- o Delete 5. g.

6. Transition Period Efforts: No changes.

7. Group Market and Groups of One: No changes

8. Rating:

- a. Add “administrative costs” to medical component. Rocky: 1-19 matches with CHIP.
- f. Delete.
- g. make through 19 (not 18), matches CHIP.
- h. Keep or drop? Steve: need incentives to make affordable so people will be insurance. Jack said should “cautiously consider”
- h. Move under benefits design?
- i. Reevaluate depending on what happens on exchange.
- j. Rating adjustments based on behaviors not required but allowed.
 - “Allow the **market as a whole** [delete ‘exchange’] to work with carriers....
 - Leave 2nd sentence in.
- k. No changes.

9. Limiting Disruption for Current Individual Market Enrollees:

Add e. Determine whether currently enrolled will be eligible for subsidies.

10. Maintaining Carrier Participation: Ok.

11. Benefit Plan for Young Adults: Initially, no separate plan for young adults. Leave this option open for later if needed.

Motion to approve document as amended is **seconded**. **Motion passed unanimously.**

Contact Nora regarding any additional comments.

Nora Leibowitz / IV.
Bill Kramer

Report to Legislature: Health Insurance Exchanges and Market Reform

- **Report/presentation to the Legislature.** Jack Friedman complimented staff on a great report to the legislature.
- **Discussion of Exchange Options, populations laid out (See Exhibit Materials 5)**
 - o Page 2 (top of page), 2nd Bullet – Change “Provide” to “Assure.”
 - o Discussion of brokers, who they represent and the advantage of a broker represented exchange.

- Need to represent the full market choice not particular carrier.
- What are the activities the exchange will take on?
- Exchange could certify broker to sell and would have to be certified to sell FHIAP.
- Discussion on revising #2, page 9 if there is one market.
- Members were urged to contact Bill/Nora if any goals are missing.

Chair **V. Public Testimony**

- Jane-Ellen Weidanz, testifying as a citizen, stated that a critical component of the exchange should be to advocate for people, especially seniors and people with disabilities in helping with choice, fraud, appeals process, understand rights and processes.

Chair **IX. Adjournment**

Meeting adjourned by Chair Honzel at approximately 11:55 am.

Next meeting is February 25, 10 am – 1 pm at the Wilsonville Training Center, Rooms 111 & 112, 29353 Town Center Lop E, Wilsonville, OR

Submitted By:
Paula Hird, Office Specialist

Reviewed By:
Nora Leibowitz, Senior Policy Analyst

EXHIBIT SUMMARY

1. Draft Agenda
2. Draft Minutes
3. Report to the Legislature: "Health Insurance Exchanges and Market Reform"
4. Market Reform Straw Plan
5. Health Insurance Exchange Options: Discussion Document
6. Individual Mandate: Discussion Document