

OREGON HEALTH FUND BOARD (OHFB) – FINANCE COMMITTEE

November 19, 2007
1:00 PM (Digitally recorded)

CCC-Wilsonville Training Center, Room 112
Wilsonville, OR

MEMBERS PRESENT: Kerry Barnett, Chair
Andy Anderson
Peter Bernardo, MD
Aelea Christofferson
Terry Coplin
Lynn-Marie Crider
Jim Diegel (by phone)
Steve Doty
Laura Etherton
Cherry Harris
Denise Honzel
David Hooff
John Lee
Scott Sadler
Steve Sharp

MEMBERS EXCUSED: Peter Bernardo, MD
John Worcester

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

ISSUES HEARD:

- Approval of Agenda and October 18 Minutes
- Introduction of New Committee Members
- Update on Other Committee Meetings and Board Retreat
- Presentation of By-laws Approved by Board and Revised Draft Charter
- Summary of Open Meetings Laws
- Introduction to Health Insurance Exchange
- Update on Consultants for Economic Modeling
- Cost of Covering Uninsured in Oregon by John McConnell
- Introduction to Jonathan Gruber's Microsimulation Model
- Future Meetings
- Public Testimony

Kerry Barnett I. Call to order - There is quorum.

Kerry Barnett II. Approval of Agenda and October 18 Minutes

The Committee unanimously approved the October 18 minutes.

Kerry Barnett

III. Introduction of New Committee Members

Kerry Barnett welcomed Aelea Christofferson, Laura Etherton, Scott Sadler, and Steve Sharp to the Finance Committee.

Nora Leibowitz

IV. Update on Other Committee Meetings and Board Retreat

Nora gave an update and a supporting summary document was distributed.

Nora Leibowitz

V. Presentation of By-laws Approved by Board and Revised Draft Charter

Final By-laws were distributed. The revised Draft Charter was amended to consider other financing options and to reflect four new committee members.

Nora Leibowitz

VI. Summary of Open Meetings Laws

Information about the Oregon Public Meeting law was distributed. Clarified that committee retreats where process issues versus committee work issues are discussed are not subject to public meeting laws. Email cannot be used by Committee members to carry out decision-making business, but can be used to arrange meetings and distribute documents. Public meeting laws also apply to any Workgroups of the Committees.

Nora Leibowitz and
Bill Kramer

VII. Introduction to Health Insurance Exchange

Discussed exchange, a market mechanism that brings together consumers and facilitates the purchase of health insurance from a choice of health plans and products. Discussed how exchanges have been used, how they can provide added value to individuals, businesses, insurers and brokers, as well as market reforms that would be needed to support a successful exchange. These factors include: a requirement that individuals gain coverage; subsidies for low-income individuals; guaranteed issue and renewability inside and outside of the exchange; and rules that are the same inside and outside the exchange to ensure affordability and minimize risk skimming.

Massachusetts Health Insurance Exchange (the *Commonwealth Connector*) an independent public entity that runs a subsidized and unsubsidized program. Massachusetts residents must purchase insurance that meets baseline coverage requirements, but may purchase their coverage either inside or outside the exchange. Three plan levels within plans offered to enrollees. Initial enrollment was higher than projected. Staff will check on whether Massachusetts uses an open enrollment period (as Medicare Advantage plans do).

Massachusetts started with \$25 million with the expectation that within three years the program will be self-sustaining (using insurer fees). The program is losing money on subsidized enrollees. The Connector utilizes a web-based tool that allows potential enrollees to

determine what various plan types cover, including information on premiums, co-pays, and other plan details. If the employer offers employer sponsored coverage, the employee is not eligible for subsidized coverage through the Connector. Consumers have responded positively to meaningful choice and information about plans. Now Massachusetts is looking at cost control, which was not included in the initial reform development.

Critical success factors for an exchange include: meaningful choice of health plans and products; reasonable standardization of benefit offerings; transparent information and decision support tools for consumers; and mechanisms to protect insurers that enroll high-risk members.

Barney Speight stated the Board, via the Finance Committee's Exchange Workgroup will deliver a basic report to the Legislature in February, but it is unrealistic to have a comprehensive plan for an Exchange by then. Bill Kramer indicated that work will initially focus on reforms to the individual market, with later work on the group market.

DISCUSSION

- Need to recognize the Massachusetts population and economy are different from Oregon's.
- 15 to 20 states are discussing Exchanges, with options ranging from individual companies working exchange to government regulating exchanges.
- Need to decide whether Oregon would allow people to purchase outside the exchange.
- Rocky King provided information on how Oregon Medical Insurance Pool and Family Health Insurance Assistance Programs work. If FHIAP was not capped, an additional 185,000-200,000 people would be enrolled.
- Massachusetts is successful because of subsidy. Need adequate subsidy like FHIAP.
- Committee needs to decide whether Oregon wants an exchange or not. Pros for an exchange would be a tool for consumers to have for transparency and make informed decisions around health care.
- Look at tax advantages.
- Define objective, i.e., goal to get more in coverage or assistance to people to get coverage.
- Insurance agents have been able to use Exchange to assist clients.
- How to build in transparency, cost and quality control.
- Committee needs to look at relationship to/impact on employer sponsored insurance (ESI).
- Need information on how Minnesota covers dependents. Oregon has a larger market, so may have greater impact.
- Look at cost shift from hospitals and insurance to employers.

Jeanene Smith, MD VIII. Update on Consultants for Economic Modeling

Dr. Smith stated that OHPR has applied for an \$187,000 grant to fund economic modeling. The State plans to secure Rick Curtis and

Jonathan Gruber as consultants. Should have work plan for consultants more finalized next week.

John McConnell, PhD IX. Cost of Covering Uninsured in Oregon

John McConnell gave a presentation regarding the cost of covering the uninsured in Oregon, based on the work he conducted for the Oregon Health Policy Commission. Materials from his presentation were distributed.

Alyssa Holmgren X. Introduction to Jonathan Gruber's Microsimulation Model

Alyssa Holmgren presented an overview of Jonathan Gruber's work on the California microsimulation model. Presentation information was distributed. It is too early to tell results of model. Question whether individuals needing to purchase insurance would consider program unaffordable. Finance Committee needs to think about what is affordable for Oregon, and develop process for assumptions to provide Dr. Gruber to build Oregon's model.

XI. Future Meetings

Discussion

- Next meeting: Discuss model and what it should look like. Focus on funding sources, revenue options, capturing cost savings.
- Staff to provide Board assumptions document.
- Some work dependent on other Committees. Need update on key variables and other baseline information (i.e., current state of Medicaid, SCHIP).
- Exchange Workgroup will convene, report provided on their work.
- Invite Cory Streisinger to future meeting and/or provide Streisinger's report to OHFB) on insurance market.
- Discuss provider tax or payroll tax option and effect on large and small business.
- Discuss key elements of potential financing package options .
- Information on percentage of employers who pay premiums (Mercer Report).
- Underwriting requirements.
- DCBS Study to Committee.
- Other states and what they're doing.

XII. Public Testimony

No audience members present wished to provide testimony.

XIII. Adjourn

Meeting adjourned at approximately 5:00 p.m.

Submitted by:
Zarie Haverkate
Communications Coordinator

Reviewed by:
Nora Leibowitz
Acting Director, OHPC

EXHIBIT SUMMARY

- 1 – Draft Agenda
- 2 – Oct 18 Draft Minutes
- 3 – OHFB Newsletter and Board & Committee Update
- 4 – Final Finance Committee By-laws
- 5 – Revised Draft Finance Committee Charter

- 6 – Draft Charters for Other OHFB Committees
- 7 – Summary of Public Meeting Laws
- 8 – Jonathan Gruber’s Report, “Modeling Health Care Reform in California”
- 9 – John McConnell’s Presentation Handout
- 10– Microsimulation Modeling Presentation Handout

DRAFT