Operating Model and Insurance Rules Advisory Committee Minutes

November 7, 2011
9:00 a.m. – 12:30 p.m.
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

The materials presented in the meeting are listed on the Maryland Health Benefit Exchange webpage: http://dhmh.maryland.gov/healthreform/exchange/AdvComm/mtg-model-ins.html

Members Present

Jonathan Anders (Co-Chair)	Uma Ahluwalia (Co-Chair)
Salliann Alborn	Paul Berman
Vincent DeMarco	Kendall Hunter
Aaron Kaufman*	Cristinia Meneses
Mark Sucoloski	Tequila Terry
Sally Tyler*	Susan Wood
Kevin Yang	Charles Yarborough*

Others Present
Therese Goldsmith (Board Liaison)
Becca Pearce (Executive Director of the Maryland Health Benefit Exchange)

Members Absent
Virginia (Penny) Anderson
John Miller
Paul Nicholson

Welcome and Introductions

The Co-Chairs welcomed everyone and began the meeting by approving the minutes from the last meeting. It was noted that the Exchange Board hoped each advisory committee would remain active in case further input is necessary through June 2012. However, regular meetings will not be scheduled.

Presentation on Rate Changes and Potential Strategies Resulting in Attractive Premiums

Mercer reminded the Committee that ~~the same~~ four themes, affordability, sustainability, access, and supplementation rather than replacement, ~~that guided last meeting's options~~ would ~~continue to~~ guide the discussion of the options presented. ~~at this meeting. Those themes were~~are ~~affordability, sustainability, access, and supplementation rather than replacement. This section of~~

T~~t~~he presentation highlighted potentially significant changes in the premiums ~~in~~ for the individual market due to the essential health benefit package and guaranteed issue but a relatively smaller impact to Maryland's small group market due to currently strong community rating laws. A main issue for consideration and discussions centered on the maintenance of the Maryland Health Insurance Plan (MHIP) assessment to assist in mitigating the high increase in individual market premiums due to EHBs. Other considerations include evaluating carrier practices with respect to age rating and age compression to make sure that no age cohort is ~~being~~ unfairly targeted. The committee recommended further analyses to explore what would happen to premiums when the full complement of individuals enter the Exchange given the possibility of adverse selection if individuals opt for minimal essential coverage outside of the Exchange.

Presentation on Requirements for Carriers Offering Plans Outside of the Exchange

Based on the ACA and Maryland Health Benefit Exchange Act requirements, ~~it is expected that~~ carriers operating in the Exchange will offer bronze, silver, and gold plans both inside and outside the Exchange. Options posed for consideration included allowing companies to operate completely outside the Exchange, allowing companies to sell only some products outside the Exchange, or requiring companies to sell all products both inside and outside the Exchange. The main opinion expressed by the committee was that carriers, with the possible exception of Medicaid MCOs, ought to be required to participate in the Exchange. The remaining question would be whether platinum plans and catastrophic coverage plans would be offered only outside the Exchange or inside as well. ~~Concerns do exist on the part of carriers, though~~Carriers expressed concerns that compelling participation in ~~, on the what requirements must be met to sell inside~~ the Exchange may be a burden and drive some carriers out of the Maryland insurance marketplace.

Presentation on Adverse Selection and Options for Mitigation

Mercer presented mitigation options ~~were presented by Mercer~~ that included standardizing benefit design outside the Exchange or minimizing benefit differences among all plans in all markets, imposing standards on network and benefit pairing, requiring carriers to participate in the Exchange if they wish to participate outside the Exchange, establishing rules about entry after the first year, implementing similar fees for carriers in both marketplaces, and prohibiting affiliates and subsidiaries from selling only outside the Exchange. Options that the committee suggested for consideration included requiring a carrier to remain out of the Exchange for a defined duration if they choose to exit and imposing an additional penalty on the "young invincible" for not purchasing a plan. However, committee members also wanted to see education provided for the insured so that people would not just have a policy but know how to use their coverage.

Presentation on Risk Adjustment and Coordination between the Exchange and the Maryland Insurance Administration (MIA)

Mercer presented an overview on risk management and the three Rs (reinsurance, risk corridors, and risk adjustment). ~~It was~~They stated that the objective~~s~~ of the three Rs is to level the playing flied both inside and outside of the exchange and to be able to reliably predict health care costs in the population.~~ A draft plan for Maryland was presented containing the decisions that will need to be made regarding risk adjustment and reinsurance.~~

~~This led to~~ Finally, Mercer ~~a presentation~~ reported on the potential areas for coordination and overlap between duties of MIA and the Exchange. The key task was to identify efficiencies that can be leveraged on the parts of both agencies, while reducing duplicative work. Committee members expressed the need to minimize the carrier's administrative burden associated with reporting requirements to both MIA and the Exchange.

Public Comments

Two members of the public ~~presented comments~~commented at the conclusion of the meeting. The first was a representative of Amerigroup, a Medicaid MCO in Maryland, who wanted to encourage the committee and the Exchange Board to consider allowing Medicaid MCOs to remain as such and not requiring certification~~y~~ as QHPs. ~~It was mentioned that five~~Five of the seven Medicaid MCOs only operate in Medicaid and not in the commercial market. Requiring the MCOs to become QHPs would be overly burdensome and force them to enter a market that their business model does not support~~y do not wish to enter~~. The other ~~final~~ public comment~~er~~ came from ~~represented~~ a representative of The League of Life and Health Insurers. This representative ~~and~~ ~~wanted to~~ stressed the importance of limiting additional Maryland requirements on carriers and brokers above what is included in the ACA.