

## Defined Contribution Risk Adjuster Board Minutes

State Office Building Room 3112

*Approved*

October 20, 2009

**Attendees:** Mark Brown, Select Health; Nancy Askerlund, UID; Tanji Northrup, UID; Perri Babalis, Utah Attorney General; Dennis Kunimura, PEHP; Stephanie Jensen, PEHP; Janice Houston, UHPP; Steve Neeleman, Health Equity; Chet Loftis, Regence; Norm Thurston, DOH; Dave Jackson, First West; John Sweeney, Health Equity; Earl Hurst, Humana; Cheryl Smith, Office of Consumer Health Services; Frank Kyle, Altius (via telephone); Jim Pinkerton, Regence (via telephone); Ray Seaver, bSwift (via telephone); Mark Wernicke, Humana (via telephone)

- Mark Brown called the meeting to order at 1:04 PM and welcomed the group
- Mark Brown asked if there were any questions or need for discussion on the October 6, 2009 minutes
  - Tanji requested the sentence *Tanji does not disagree with limiting the plan options* on the bottom of the first page be reworded to read *Tanji stated that she has not yet received confirmation from CMS but believes the work around will be compliant with HIPAA*
  - There were no other questions or comments. Per Mark Brown, the October 6, 2009 minutes are accepted as presented with the amendment as noted by Tanji
- Mark Brown asked Norm for an update on the portal. Norm would rather the update be deferred to Cheryl, who was not yet present. According to Norm, his update reflects Friday (10/16/09) morning, whereas Cheryl should have an update up through this morning.
  - Norm stated one concern pertained to who should decide if an employer is too large to participate, should the portal or the underwriter make this decision?
    - Mark Brown feels if the computer identifies a group with more than 50 employees, or employees both in and out of Utah, then the computer can declare the employer as ineligible and the group would have the right to appeal. He feels the portal is beyond this point now but this issue should be reexamined in the plan going forward. Mark will hold further discussion until Cheryl arrives
- Ray provided an update from bSwift. 93 groups were submitted for underwriting. Of these 93 groups, 47 did not complete or submit applications for the entire population they indicated on their census. 17 of the 47 groups are missing 1-2 applications. According to Ray, Jan is contacting the carriers to see if she can obtain the applications on these 17 groups to continue them through the process. 46 groups have either qualified or have not been determined to be ineligible due to underwriting at this point
  - Dave asked if there is a follow up to see if the census changed since it was submitted. He stressed the data is not static and could change during the process
    - Ray is uncertain what the carriers are doing to substantiate the information they receive
  - Ray affirmed bSwift is trying to reach out to these 17 employers, but as of now, they do not know the reasons for the inconsistency between the number of submitted applications and the number on the census
  - Ray suggested there be an appeals process for when there is a discrepancy between the number of applications and the number on the census

- Mark Brown does not think an appeal process is necessary. If a group is not eligible, there is nothing that can be done. If true numbers were submitted, this application will go to underwriting to verify eligibility
  - Ray asked if bSwift could uncover why the applications did not match the census and submit their findings within the next couple of days, if this would be enough time for the underwriters
    - Earl will pose this question to the underwriters in their subcommittee meeting this afternoon
  - Steve asked if there is feedback to see which employees have not completed an application. In other words, if the employer can see which of their employees did not complete the application
    - Ray stated bSwift has been providing feedback to the employers by form of phone calls, reports and working with the broker
    - Steve then asked what the feedback is when the employers are notified they do not have 100% signed up
      - Earl stated the primary underwriter reaches out to the broker and explains what is missing on the application. In turn, the broker needs to go to the employer to obtain this information and then share it with both the primary and secondary underwriters
  - Steve is concerned if the portal only consists of 46 employers, this number can be reduced even further when they see the rates. He assumes there will be additional fallout
  - Mark Brown asked if there are limitations on the website for what the broker can see
    - Ray stated there are limitations during the limited launch, but the broker's will soon have more access
  - Earl asked Ray for an email of the 17 employers and their status, allowing him to specifically address the groups to the underwriter's in their subcommittee meeting
  - Steve asked if the groups would be max rated or if they would be declined
    - Dave feels declining the group would give the employer more motivation
  - Ray reported Jan is putting together an email to send to Earl. In the meantime, Ray corrected his statement. There are actually 19 groups, not 17
- Mark Brown asked if there were any issues from Health Equity. Steve and John reported there are no major issues
- Mark Brown asked Ray about Pre Existing Conditions (PEC) and if bSwift would be able to add a field for PEC's as it was discussed in the Risk Adjuster and Premium Allocation (RA & PA) Subcommittee meeting
  - Ray stated this is possible
  - Mark Brown asked Earl to discuss PEC's with the underwriting subcommittee to determine the PEC period and whether they would prefer to enter a date or a number in the PEC field
    - Dave thinks the date should be used, it allows less room for error than counting wrong and entering the incorrect number
      - Earl will verify the preferred method by the underwriters
- Mark Brown provided a report from the RA & PA subcommittee meeting
  - Mark stated he provided an overview on prospective Risk Adjustment and the Premium Allocation Process
  - He is still pursuing getting data from an all payer database. However, the contingency plan is to submit the data to PEHP to act as an intermediary to perform the calculations,

after 18 months of runout. Mark has also talked with Health Equity to help facilitate the transfer of funds so the funds do not have to be run through the state (a reallocation of the premium allocation)

- Tanji is still waiting to hear from Doyle regarding the transfer of funds
- Mark asked Dennis to put together some templates or a general overview for Jim to add to his business plan
- The RA & PA subcommittee discussed tolerance thresholds for the individual risk factor and recommends a 40% tolerance. Additionally, if the primary and secondary underwriters are within the group tolerance and a majority, say 3 out of 5, employees are in tolerance, then the mediator carrier will only have to deal with the elements out of tolerance, in this case 2 employees
  - Dave made the motion to accept an individual tolerance factor at 40% as recommended. Dennis seconded the motion. All were in favor
  - Mark Brown recapped the tolerance is set at 40% and the workflow should be modified to indicate the mediator carrier is only brought in on factors (group or individual) that are out of tolerance
    - Dennis made the motion that we modify the workflow to specify the mediator carrier will only intervene on factors, group or individual, that are out of tolerance. Earl seconded the motion. All were in favor
- Mark discussed the questions Dan Schuyler emailed and the answers agreed upon by the subcommittee
  - Out of state employees will not be included to determine the overall group risk adjustment
  - All paychecks (in and out of state) will be used to determine group size
  - New hires and life events will fall back to the initially assigned primary, secondary and mediator carriers. The initial assignment will be carried through the year. At renewal, these carriers will be automatically reassigned
  - If participation drops below 75%, notification will be provided by the primary carrier. If a broker disagrees, the appeal can be handled by the Risk Adjuster Board
  - 75% participation is based on State payroll
- Contractual issues are arising when dealing with the portal. The RA & PA subcommittee recommends a legal subcommittee be created to ensure appropriate contracts are in place. Mark Brown proposed either Tanji or Bob Wilcox head this subcommittee
  - Norm made the motion to create a legal subcommittee. Dave seconded the motion. All were in favor
- There is also a need for a process to handle fraud investigation and directions as to how the participating carriers can appropriately work with each other when they suspect fraud
  - Tanji asked Mark Brown to email this question to Perri. The individual researching anti-trust could also research this topic
- The RA & PA subcommittee discussed imposing a fee for future contracting for outside consulting. Mark Brown stated there are provisions in the law that allows the Board to impose fees. He would like this to be accounted for in the business plan
  - Dave suggested there needs to be an evaluation regarding how plans are submitted. Of the three participating carriers, two carriers submitted data/rates that were consistent with each other. The other carrier leaned more heavily on case characteristics. Dave will address this issue in more detail at the next

- subcommittee meeting, as it is not necessary to address during the limited launch. Dave would like to make sure this issue is not overlooked in the future
- Mark Brown mentioned the RA & PA subcommittee was not able to discuss age at renewal or age as of the bill. However, Health Equity needs an answer. Since Health Equity is performing the billing, this does not affect what each participating carrier does with their billing system. The exchange operates differently. The premium allocation is received as a lump sum and will not show up in the carrier's system so they will not be consolidating with their books of business. Mark recapped that Jim mentioned the premium could be set at the beginning of the year and remain consistent. Mark stated a flipside is a potentially larger increase at renewal if the rate changes. The counterpart is midyear if someone moves from one bucket to another. At the last committee meeting, a motion had been made, but Mark Wernicke brought up a question and the motion was tabled
    - Mark Brown asked Jim about his thoughts or concerns
      - Jim stated, as before, they would rather use age at renewal. However, there has been discussion on the underwriting side, so Jim will agree to whatever Earl recommends
      - Dave stated since Health Equity is doing the billing, it shouldn't matter how this matter is handled
      - Jim asked if one way is better than the other for consumer understanding
        - Dave answered simple and easy is best, but both methods are being used in the market place. As a board member, he feels they should do whatever makes most sense financially
        - Norm stated from a consumer perspective, if the consumer knows the rate will be the same all year, it will be easier for them to plan accordingly. At renewal, if the rate is expected to increase, the consumer has the option to pick another plan. However, if the rate changes at birthday, the consumer is stuck with this rate and might not be able to afford the increase
    - Earl made the motion to make adjustments at renewal, rather than on birthdays. Dave seconded the motion. Mark Brown addressed his concern that Tanji and bSwift will have to accept different rates. One or more carriers will have to resubmit rates because they could have initially based the rates on birthday, rather than on renewal. Mark Brown was opposed with the motion, all other members were in favor
  - Earl did not have any specifics he wanted to bring to the board for approval. He gave a recap that the underwriting subcommittee meets weekly and all three carriers agreed to extend the application deadline
  - Cheryl joined the meeting, but stated if an update has already been provided on the portal, that is all she has
    - Mark Brown asked if the limited launch needs to be retained longer and open the portal up slowly
      - Cheryl stated OCHS has a good comfort level and do not need to expand the limited launch
      - John would like to see more people participating
      - Mark Brown asked Earl to discuss this with the underwriters to see if they can handle the workflow

- Earl stated by mid November to early December, the underwriters will know if they are comfortable opening the portal in April
- Jim asked the board to read through the business plan. He would like to spend an entire subcommittee meeting going through the business plan. Jim asked that all sections be read, not just the highlighted areas. These areas are Jim's reminders to remove items or there is a need for further input
  - Dave asked who reviews the business plan. His fear is someone stating the plan does not meet requirements, on a technical perspective, not content.
    - Mark Brown stated the plan should be fine if Chet, Norm and Tanji are comfortable that nothing is missing. The plan needs to be submitted to the insurance commissioner by the end of the year
    - Tanji stated the department of insurance will go through the code and make sure the plan addresses everything. She is trying to address all technicalities now as she read through it
- Mark Brown had an issue with the next two committee meetings; he preferred to move the Tuesday meetings to Thursdays
  - November 3<sup>rd</sup> worked best for a majority of the members. If Mark Brown is unable to attend, he will ask Dave to head the meeting. This meeting will remain scheduled for November 3, 2009 at 1:00 PM
  - The November 17<sup>th</sup> meeting was moved to November 19, 2009 from 9-11:00 AM
  - Tanji will try to schedule the same room, State Office Building Room #3112
  - Mark will obtain and distribute the access code
- Norm stated the oversight committee would like for the plan choices to be more consumer friendly
  - Jim asked why they don't look at the rates. This will give the consumer a measure of the cost throughout the year, depending on the plan they pick
  - Tanji stated this would be a lot of work for those few plans
  - Ray stated there will be an optimizer, an embedded tool, to calculate the out of pocket costs and the contributions for the full launch
- Jim made the motion to adjourn the meeting. Earl seconded the motion. All were in favor
- Meeting adjourned at 2:57 PM