

Defined Contribution Risk Adjuster Board Minutes

State Office Building Room 3112

Approved

October 6, 2009

Attendees: John Sweeney, Health Equity; Dan Schuyler, OCHS; Norm Thurston, DOH; Mark Brown, Select Health; Perri Babalis, Utah Attorney General; Tanji Northrup, UID; Earl Hurst, Humana; Stephanie Jensen, PEHP; Dave Jackson, First West; Jim Pinkerton, Regence; Hasan Imam, PEHP; Jessica Kendrick, UHPP; Chet Loftis, Regence; Bob Wilcox, UID (via telephone); Mark Wernicke, Humana (via telephone); Dennis Kunimura, PEHP (via telephone); Ann Ibrahim, Regence (via telephone)

- Mark Brown called the meeting to order at 1:09 PM and welcomed the group
- Mark Brown asked if there were any questions or concerns for the 9/8/09 and 9/22/09 minutes. There was no need for discussion. Per Mark Brown, the minutes are approved as written
- Dan provided an update on the portal. Only 70 of the 99 groups have started their applications, which is only 471 of 1,764 employees. Dan is uncertain as to why so few applications are complete
 - Dave stated First West only completed 15-20% of their applications the first week due to some problems with the application. They are waiting for bSwift to make the application process run more smoothly before they continue filling out the applications, but plan to complete the applications in the next few days
 - Earl asked what stress this causes for the carriers
 - Dan replied the groups have until October 11th to complete their applications. He is not as concerned with the 70 groups who have started the application process as the 30 groups who have not yet started
 - Mark Brown anticipated they would not see all the applications until after the 9th of October. However, if the groups do not complete their applications on time, will they still be eligible? Should the deadline be extended? He is okay with letting enrollment slide a few days
 - Jim does not mind letting enrollment slide a few days, he would rather have more groups than fewer groups
 - Mark Wernicke is okay with pushing back the deadline, but the underwriting subcommittee will not be happy with this decision
 - Mark Brown suggested they keep the deadline, but know it could be pushed back a few days if needed
 - Dan will forward the daily update counts to Mark Brown so he knows where they stand on enrollment
- bSwift was not in attendance, they could not comment on enrollment, billing, or the premium timelines and issues, so Mark Brown brought up the issue discussed in the RA & PA subcommittee meeting. Mental health and maternity is group size specific, which could be an issue if the employee selects their plan based on the employer size. bSwift was going to limit the selection that was available for the employee to choose from
 - Dan asked if bSwift should have maternity plans for groups that consist of 15 or more employees. He feels groups of 15 or fewer should be able to see all the plan options
 - Mark Brown stated Ray Seaver wanted the employees to see only the plans available to them

- Tanji stated that she has not yet received confirmation from CMS but believes the work around will be compliant with HIPAA
- Dave stated the employer has to comply with maternity benefits as required by federal law
 - Tanji stated the employers have to comply with EEOC. Mark Brown confirmed this statement
- Dan explained there is no count of paychecks now, he needs to follow up with employers to obtain the number of employees on the payroll
 - Dave suggested we obtain this data up front when the portal goes into full launch
- Mark Brown reiterated the preference is for employees to only see the option they are eligible for. If there are 15 or more employees on payroll, then they will only see plans that include maternity
- Norm stated we need to define how employees will be counted
 - Dave suggested W-2's
 - Tanji is not sure this method will work but will verify
- Mark Brown next asked Health Equity for an update on enrollment, billing, or the premium timelines and issues. Specifically, who sends out the final termination notice?
 - According to John, if no payment is received through the grace period, the termination notices will be sent by the carrier. It is possible for a letter to be sent by each carrier, but it will not be the responsibility of Health Equity to term the policy
 - Mark Brown asked why this process should be any different than the legal standard for terminating a policy for non-payment of premium
 - John answered the individual has the policy through the carriers, not through Health Equity
 - Mark Brown confirmed that comment, but added that Health Equity is performing the billing function for each of the carriers
 - Chet pointed out the employee's policy will be termed if an employer receives a letter stating they are no longer eligible to participate in the portal. The consequence is all employees will lose their coverage
 - Norm asked when Health Equity sends a letter warning of termination, does this satisfy Regence's qualifications under the law that they will be termed?
 - Tanji does not think this will be sufficient enough to cover the company's standards
 - Norm stated the notice will need enough language from all the participating carriers
 - John stated they can include a disclaimer with the letter stating their company will no longer be qualified by terming this employee
 - Tanji would rather the participating carriers sign off on the disclaimer, if they can all agree on the language. There is no need to have the approval of the insurance department
 - John reminded the carriers in the case of a second non-payment, if money is received in the final 10 day grace period, the money then goes to Health Equity. John can notify the employers earlier if there are legal requirements. The first notification of failure of premium payment will be made by phone between the 13th and 15th of the month
 - Mark Brown asked Ann if the premium is due the first of the month and an employer fails to pay, if notifying them by the 15th is enough notice
 - Ann answered it was enough time. Jim concurred

- Mark Brown suggested moving this date to the 10th, in case the 13th - 15th falls on a weekend
 - Mark Brown asked if brokers could also receive a copy of the termination letters sent to employers
 - John will send copies to the brokers
 - John mentioned bSwift does not have a way to verify numbers entered for individual and/or group risk factors. He asked if there would be an opportunity to review a report from bSwift and be told of any potential errors in that file
 - Mark Brown confirmed bSwift does not have an automated process yet. He asked Earl to discuss a quick validation process with the Underwriting subcommittee
 - Jim asked what the procedure will be if a question is missed on the health questionnaire
 - Mark Brown asked Earl to discuss this with the Underwriting subcommittee
 - Mark Brown also asked Earl to discuss fraud with the Underwriting subcommittee – how fraud will be handled and how the premium will be recalculated
 - Mark Brown gave an update on the RA & PA subcommittee
 - The subcommittee's recommendation is a requirement to meet 75% participation with at least 2 employees in a group; they do not want a lot of one-life groups
 - Tanji is not sure if HIPAA will allow this requirement and she does not want the carriers participating in the exchange to be at a disadvantage to those outside the exchange; she will research this topic
 - In regards to retrospective risk adjustment, the subcommittee proposes a corridor from \$75,000 to \$250,000 of paid claims, of which 75% of that amount will be pooled and shared among carriers. This will be a back-end settlement using 6 months of runout
 - Jim stated it could be difficult to figure out the accrual
 - Tanji stated finance needs to be involved because the State will be involved in the funding
 - Mark Brown is not sure the funds can go through the carriers without going through the insurance department. An issue will be figuring out which carrier receives which portion of the money
 - Tanji explained if the board or department of insurance collects the money, an enterprise fund will need to be set up
 - Mark Brown asked if a fee is collected from each carrier if there is a need for an enterprise fund
 - Norm stated an enterprise fund would need to be set up. Carriers will pay each other and if they fail to do so, a penalty will be imposed
 - Earl asked how interest would be collected
 - Mark Brown replied there will be no interest given they are waiting for 6 months of runout
 - The subcommittee is also suggesting the group tolerance be set at 20%. The initial agreement was to take the mean risk score of the primary and secondary underwriter if they were within the 20% tolerance. The underwriting committee suggested using the primary underwriter's risk score
 - Earl summarized the underwriting committee's recommendation:
 - Employer groups with the 20% tolerance will have assigned the risk score from the primary carrier

- Employer groups outside the 20% tolerance take consultation between the primary and secondary carrier with the goal to reach consensus on the final score within the 20% variance range
 - Employer groups outside the 20% tolerance that cannot reach agreement between the primary and secondary underwriter will require underwriting by the tertiary carrier. The tertiary carrier's decision will be final
- Dave is not sure the underwriting committee sees what the risk will be if they do not use the mean of the risk scores
- Mark Brown is concerned with the amount of time it will take the primary and secondary underwriter to reach a consensus. By taking the average, both underwriter's get an input
- Mark Brown asked if there were 5-8 participating carriers, if this would make a difference in determining the risk score
 - Earl agreed the process would be more complicated with additional carriers
- Mark Brown suggested taking the average of the primary and secondary carriers and if this does not fall within the 20% tolerance then the tertiary carrier will have the final say – which was not initially agreed upon
- Dave stated the rates could be higher if the average is used. The primary carrier could be forced to take a higher premium if the secondary carrier quotes a higher rate
 - Mark Wernicke disagrees with Dave, stating the average method is more of a fair approach
- The subcommittee recommends adds or changes during the year be handled by the primary underwriting carrier
- The subcommittee recommends the premium rate of the bill be determined by birthday, rather than by renewal
 - Jim stated Regence prefers age at renewal because the birthday method is viewed as multiple rate increases a year
 - Mark Brown replied reconciliation from Health Equity will be necessary regardless of the method used. He hopes this will not cause too many problems for Jim since the majority decided on date of the bill
- Mark Brown asked for discussion regarding any of the RA & PA Subcommittee's recommendations
 - Dave made the motion to set the group tolerance level at 20%. Jim seconded the motion. All were in favor
 - Dave made the motion that additions or new hires, in regards to underwriting purposes, will be assigned to the initial primary, secondary and mediating underwriters. Norm seconded the motion. All were in favor
 - Dave made the motion to determine rates based on the age of the individual during the month of the billing. Dennis seconded the motion. Mark Wernicke wanted a discussion. Humana is no longer certain they can administer rates based on birthdays. There is a difference in their actuarial rate table and how they bill
 - Mark Brown stated Humana's method for administering their rates is not a concern since premiums will be allocated in a lump sum

- Mark Wernicke came to agreement with Mark Brown since Health Equity does the billing
 - Jim agrees this method is most accurate actuarially, but he is not sure this is the best method for the customer
 - Dave asked which method makes most sense operationally
 - Norm answered it makes more sense to follow the birthday method
 - Chet asked if there is anything in the books stating premiums cannot change more than once a year
 - Tanji answered there is nothing written in regards to the group market. There is, however, on the individual basis
 - Norm stated he understands the birthday and the renewal point of view. He will defer his vote to the carriers
 - More discussion is required so Norm made a substitute motion to table this issue until the next meeting. Dave seconded this motion
- Meeting adjourned at 3:06 PM