

Utah Defined Contribution Risk Adjuster Board

Capital Board Room

June 3, 2009

Attendees: Tanji Northrup, Utah Insurance Department; Nancy Askerlund, Utah Insurance Department; Mark Brown, Select Health; Dennis Kunimura, PEHP; Stephanie Jensen, PEHP; Dave Jackson, First West; Hasan Imam, PEHP; Jason Chatelein, Altius; Frank Kyle, Altius; Jim Pinkerton, Regence Blue Cross Blue Shield; Elizabeth Garbe, Utah Health Policy Project; Korey Capozza, Voices for Utah Children; Perri Babalis, Utah Attorney General; Norman Thurston, Utah Department of Health; Doyle Christensen, Utah Insurance Department

- Tanji called the meeting to order at 1:07 pm.
- The board members were introduced and two new members were welcomed: Earl Hurst, CEO, Humana of Utah (who joined the meeting via telephone) and Stephanie Jensen, Actuarial Analyst, PEHP.
- There are two vacant seats in need of being filled.
- Tanji distributed Articles of Organization and Bylaws. She asked that the members read these over and address any questions or concerns at the next meeting, which is scheduled for June 22, 2009. Voting for the chair and vice chair will also take place at the next meeting.
- The meeting in August is tentatively scheduled for August 10, 2009.
- Neal Gooch is looking at budgeting of the board. According to Doyle Christensen, there is a meeting on Monday, June 8, 2009 with the department of finance to discuss the requirements of the department board in order to keep in line with the Legislature's expectations. The bill states the money goes to the Portal and the Portal distributes the money, but it is believed that the department is in charge of distributing the money. This will be clarified in the meeting and relayed to the Risk Adjustor Board on June 22nd.
 - There was a request for Cathy Dupont to be invited to the June 8th meeting
- Mark Brown gave a recap of the subcommittee meeting that took place on June 2, 2009
 - Rate regulations $\pm 30\%$
 - The differential between classes could potentially be eroded
 - The concern among Risk Adjuster's is not to match balance sheets, but to normalize the risk.
 - Consensus among board members is to use a five-year age band
 - <20
 - 20-24
 - 25-29
 - Up through 65+
 - No blended rates
 - Age slope was not discussed, but will be at the next subcommittee meeting
 - Tiers were proposed
 - Employee
 - Employee plus spouse
 - Employee plus child (children)
 - Employee plus family
 - The tiers are designed to accommodate single mothers so they do not have to buy a two-party rate that is intended for two adults. Employee plus child gives more of a break to the single parent than Employee plus children. No conclusion on how many children would be covered.
 - Commission Levels:
 - PEPM amount with the same rate
 - The employer will decide if they want to use a broker
 - It has yet to be determined if there will be one flat rate or if it would be stratified by tiers

- Tanji Northrup reported Rule R590-207 has inconsistencies: the examples given do not show what the rule states so changes will be made. When assigning a risk load and calculating the premium, an unhealthy group can have a lower commission rate as long as a commission to a health group with a higher percentage is not greater than the unhealthy group. Trying to avoid having a higher commission to push the sick group(s) to a certain carrier.
- The carrier provides a fixed rate. As the premium comes in, the portal will pay the commission.
- Ensure broker engagement is encouraged.
- Portal will be beneficial for small employers, but there is a need for balancing this policy goal, along with aiding the broker's in the sales field.
- Need to reduce costs.
- Prospective & Retrospective Rating:
 - Prospective Rating – Underwriting options for groups and individuals in a group
 - Retrospective Rating – Reinsurance pooling to provide protection from excess risk, rather than contracting for reinsurance with an outlandish rate.
- Conclusion of Subcommittee meeting: A lot of progress was made but more research is needed before any further decision can be made.
- Korey Capozza recommended that the board reference work done by Brent Fulton, an economist at UC Berkeley.
- It is recommended that additional subcommittees be convened:
 - Marketing: how to get in the market, training of the product itself, branding, and marketing of the product
 - Finance: handle all the funding
 - IT: handle billing
 - Advisory: this would need to be written into the Bylaws. This subcommittee may or may not include board members
- Norman Thurston provided an update on the portal.
 - There will be two parts on health exchange: a white paper side (enrollment) and a green paper side (financial). bSwift will handle the financial side.
 - As of now, the bulk of financing is State funding for development with PPEPM (Per Participating Employee Per Month)
 - PPEPM distinguishes between participating and non-participating employees.
 - The decision for the banking vendor will be made in about a week
 - Money will go from the contributors (employers) to the banking vendor. The board will pay commissions, fees to the technology vendor, and premiums. The technology vendor will retain some money to pay for their own costs.
- The next subcommittee meeting will be through email. The members are unable to meet in person prior to the next committee meeting. No desire to push back the next committee meeting.
- The next committee meeting should have all members assembled and approved by the Senate. The agenda must be submitted by close of business on Wednesday, June 17, 2009.
- Meeting adjourned at 2:00 PM