

Utah Defined Contribution Risk Adjuster Board Minutes

Capital Board Room

Approved

July 14, 2009

Attendees: Mark Brown, Select Health; Tanji Northrup, UID; Bob Wilcox, UID; Pam Gold, United HealthCare; Dave Jackson, First West; Ray Seaver, (bSwift); Earl Hurst, Humana; Dan Schuyler, OCHS; Steve Neeleman, Health Equity; John Sweeney, Health Equity; Hasan Imam, PEHP; Stephanie Jensen, PEHP; Dennis Kunimura, PEHP; Jim Pinkerton, Regence; Perri Babalis, Utah Attorney General; Norm Thurston, DOH; Frank Kyle, Altius; Tomasz Serbinowski, UID; Nancy Askerlund, UID; Elizabeth Garbe, Utah Health Policy Project; Cheryl Smith, OCHS; Chet Loftis, Regence; Sally Hansen, Regence; Mark Wernicke, Humana (via telephone); Jan O'Brien, bSwift (via telephone)

- Mark Brown called the meeting to order at 1:08 PM
- Mark B welcomed the group. All attendees introduced themselves
- Dave motioned to approve the minutes from June 22, 2009 and June 23, 2009. Dennis seconded the motion. All were in favor.
- Norm introduced bSwift and Health Equity
 - Mark B asked Dan to send an email with the timeline
 - Bob asked about testing the portal prior to going live. Dan explained there will be a limited launch. The exchange will not be open to everyone on the first day. It will be available to limited employer groups in order to work out any problems prior to open enrollment.
 - Mark B suggested each participating carrier come up with a single contact to reach Dan
- Mark B asked Perri to address the Bylaws and Articles of Organization
 - Perri provided the comments that were suggested by members
 - There was a suggestion in the Bylaws (Article 1, Section 2e) regarding a definition of actuarial experience. According to Perri, the Governor appoints a member and the Senate accepts this appointment. Norm suggested it is not necessary to define actuarial experience, given that the member would be appointed.
 - Article 1, Section 5 was also discussed. According to Norm, there is no need to include board member's vote since the removal of a Director is mandated by the Governor and Board of Directors
 - Perri and Tanji believe in Article II, Section 4, the Chair should be able to set the agenda
 - Perri explained a lot was removed from Article 3, Section 1A regarding Committees. Rather than the committee voting for the board, the committee will come up with recommendations and the board will vote.
 - Dave does not believe that standing committees are necessary, Bob agreed
 - There was a request to have Article V (Open Meetings) adopt a resolution to hold the meetings electronically. Perri can draft the resolution. Dave would like this done at the next meeting
 - Article IV (Purpose) in the Articles of Organization will be changed away from "state-sponsored" health portal to "state-facilitated"
 - Perri will provide updated versions prior to the next meeting

- Mark B addressed anti-trust
 - Perri did research on the State's anti-trust act. According to the act, the legislature encourages free and general competition, but it is unlawful for persons to engage in monopolies or attempt to monopolize
 - Bob believes as long as we have the Defined Contribution plan in writing, then we have references to show our intent
 - Bob also stated that all activities are subject to regulation by the commissioner of insurance
 - Perri agreed with Bob. If the Board was conceived to be monopolistic, they would be fine as long as the commissioner agreed to all their actions
 - Bob would like line 204 to state that competition is encouraged
- Mark B informed the group there were 2 subcommittee/working group meetings since the last board meeting
 - Bob presented the Goals & Guidelines and stressed that these are not in order of importance. He asked for suggestions
 - Earl would like to see the Goals & Guidelines electronically. Mark B will send the electronic version to all members
 - Norm made the motion to adopt the Goals & Guidelines. Tanji seconded the motion. All were in favor
 - Mark B distributed the Rating Structures and Submission Discussion Items & Recommendations. Mark stressed the reason behind the rating structures – to avoid adverse selection
 - Tanji informed the group that Rate Tier a (separate rates for Employee, Spouse, and Child) has been tried by another carrier and there was a lot of resistance from the market. She wanted to make the group aware this could be a potential issue
 - Jim asked Ray if bSwift would be able to handle these tiers. Ray said bSwift would not be able to handle tier a, but tiers b-e are manageable
 - Mark asked for preference between all rating tiers. The majority vote was for tier d: EE, EE+Sp, EE+Ch(n), EE+Fam
 - bSwift confirmed this option would be possible
 - Dave motioned to standardize the rating tier to use option d. Norm seconded the motion. All were in favor
 - Mark B asked if there were any questions, concerns or need for discussion on the age bucket. Norm motioned to keep the age buckets. Tanji seconded the motion. All were in favor
 - There was a lot of discussion regarding the rating structure and its complexity.
 - Ray made an assumption of a small dimensional matrix
 - Jim proposed upon getting enrollment information, age rates should then be provided for each set of benefits, specific to each group This is in contrast to a matrix of items bSwift would need to calculate
 - Ray stated this option is possible, but there would be a rate table for each set of rates custom to the group for each plan, which is more complex than was built into their system. bSwift's assumption was that industry would be collected from the employer and this would be used to set the risk factor
 - It was agreed to discuss and simplify the rating structure at the next subcommittee meeting

- Mark B addressed the rate submission – net of commissions and portal administration fees
 - Norm stated the base rate and the amount paid for commissions and administration fees should be displayed because of the transparency
 - Bob mentioned that the carrier’s administration fees would not appear, which is not required at this time
 - Mark B reminded the group the commission amount is applicable whether or not broker’s are used
 - Tanji suggested requiring the use of a broker
- Ray addressed broker compensation and whether all carriers accepted all brokers
 - Chet questioned if there is an open policy
 - Mark B stated that carriers cannot participate within the portal if they do not want to do business with the broker
- Dave presented a comparison of commissions for group sizes of 26-50 and groups of 2-25. This analysis compared base commissions
- Mark B distributed 5 workflow options
 - Employer Underwriting Workflow
 - Risk Rating (Initial) Workflow
 - Premium Allocation (Monthly Update) Workflow
 - Premium Allocation (Initial) Workflow
 - Risk Rating (Monthly Update) Workflow
- The next subcommittee/working group meeting will be July 23, 2009 at 9:00am at Select Health
- The next board meeting will be July 29, 2009 at 1:00pm in the Capital Board Room
- Tanji asked that handouts that are ready 2 days prior to the meeting be sent to Nancy
- Tanji motioned to adjourn the meeting. Dennis seconded the motion. All were in favor
- Meeting adjourned at 3:22pm