

Defined Contribution Risk Adjuster Board Minutes

Rampton Board Room

Approved

September 8, 2009

Attendees: Mark Brown, Select Health; Tanji Northrup, UID; Nancy Askerlund, UID; Perri Babalis, Utah Attorney General; Norm Thurston, DOH; Nathan Romero, Health Equity; John Sweeney, Health Equity; Hasan Imam, PEHP; Stephanie Jensen, PEHP; Dennis Kunimura, PEHP; Bob Wilcox, UID; Dave Jackson, First West; Sally Hansen, Regence; Jim Pinkerton, Regence (via telephone); Barb Grishaber, Humana (via telephone); Frank Kyle, Altius (via telephone); Ray Seaver, bSwift (via telephone); Jodi Schultz, Humana (via telephone)

- Mark Brown called the meeting to order at 1: 04 PM and welcomed the group
- Mark asked for any discussion regarding the minutes from the August 25, 2009 meeting. Jim did not receive this attachment. According to Perri, the minutes can be approved as written as long as there are no objections. Per Mark, the minutes from August 25, 2009 stand approved as written as long as there are no objections. Seeing there was no objection, the minutes were approved
- Mark provided a recap of 136 groups and 2,333 employees registered in the portal. Mark asked Norm for any additional updates. Norm had no updates, but suggested Ray might. According to Ray, the carriers have been trained on how to access the group level underwriting data. There are meetings scheduled with Health Equity and with Dan Schuyler; there is a lot of activity and they are moving forward. Ray believes the non-disclosure agreements need to be taken care of before underwriting can be shared between carriers
- Mark asked Jim what Regence's status is on the non-disclosure agreements (NDA). Jim stated since they provided the sample NDA, he assumes Regence is okay with this agreement
 - Mark and Select Health are waiting for legal to respond, hopefully by the end of today
 - Dennis has submitted the NDA to legal at PEHP. He is also awaiting a response
 - Mark asked Barb what Humana's status is regarding the NDA. Jodi responded that Humana signed an agreement with bSwift and Health Equity
 - Dave recommended to the Underwriting Subcommittee that groups get a NDA among themselves
 - Jim asked if all the carriers need to contact each other. He feels this will be chaotic
 - Mark clarified they want NDA's for the Risk Adjuster Portal
 - Dave believes underwriting is waiting for the NDA before going any further in their underwriting, meaning there is great need for this agreement to be expedited
 - Mark asked Jim to send him an email stating a timeline for when they can get the NDA
 - Mark asked Jodi to get Humana to also send an email with a timeline
 - Mark also asked Dennis to email PEHP's timeline and Mark will do the same for Select Health
 - Mark asked Jodi to email him Humana's contact. He will be using Jim as Regence's contact, Dennis as PEHP's contact and Mark will be the contact for Select Health, all until further notice regarding a contact is submitted

- Mark summarized the key points from the Risk Adjuster and Premium Allocation Subcommittee meeting. Mark and Dan Schuyler are trying to meet to discuss questions regarding specific problems they are seeing with the website
 - Mark stated Tanji's concern for consistent age slopes was discussed. The Subcommittee would like to recommend that the Risk Adjuster Board not impose a standard across the standard age and tier slope. Mark stated the board can vote and put this item in the business plan, or leave this topic out of the business plan
 - Dave mentioned this topic has been brought up a couple of times so they may as well include it in the business plan
 - Perri read the code stating there are age bands. Mark informed the group of the difference between bands (<20, 20-24, 25-29, etc) and slopes (relationship in rates in each of those age buckets and tiers)
 - Norm made the motion to include in the business plan that insurers are free to calculate their age and tier slopes independently. Dave seconded the motion. Jim wanted to discuss the motion. Jim questioned if the board plans to vote on all items they plan on not doing
 - Norm responded that age slopes and tiers is a part of the policy, in the manner that they will be excluded from the policy
 - Mark stated since the board has addressed how they are going to handle this in the business plan and this topic has been brought up a number of times, it is best to take a vote
 - Jim does not object to the vote. Rather, he is curious if the board plans to vote on everything they are not going to do
 - Mark reiterated they do not need to vote on everything, but feels a vote is needed for this topic
 - Mark recalled the motion consists of not imposing a consistent standard for age and tier slopes for all participating carriers. There was no need for further discussion. All were in favor of the motion, none opposed
 - Mark discussed Retrospective Risk Adjustment and stated there was a lot of good input, but the modeling is involved so the subcommittee would like more time to create the model. The subcommittee plans to meet again on September 21st, at which time he hopes they will agree on a definitive model to present to the board on the September 22nd meeting
 - Mark also recalled the Subcommittee's discussion regarding the renewal process and stated they want to make the renewal process as efficient as possible. He wants to allow carriers to use their normal workflows and processes, without initiating additional changes or workflows
 - Mark next discussed the non-payment of premiums. He stated that the primary employer will deduct the balance of the full premium over what they are willing to contribute. The secondary employer would come on as an after tax basis, which will be facilitated by Health Equity. Initially, the secondary employers/sources were based on pre-taxes, but this basis was more complicated
 - Norm gave the scenario of a married couple filing separately. He stated the contribution will be loaded all on one person, not both. He is waiting to receive feedback from the policy makers on how to explain this process. He continued by explaining if the secondary employer is willing to contribute, they must send their money directly to Health Equity, not the employee. Premium payment

comes into the system on the first paycheck, and goes back out into the system on the second paycheck.

- Mark addressed the scenario of having 10 employees, one of which has a secondary contribution with insufficient funds. Technically, this is a nonpayment of premiums for the entire group. Thus, if the employee loses coverage, what would happen to the whole group? Mark stated this situation could be avoided if only the primary employer is billed for premiums. It will be the employees responsibility to collect if they have a secondary contributing source
- Nor m went back to his scenario of husband and wife and explained this scenario is an accounting equivalence. If the premium is taken out of the husband's paycheck but then added back into the wife's paycheck, the tax benefit comes from increasing what is taken out of the primary paycheck.
- Mark stated the secondary employer does not get as many tax benefits, only the primary employer
- Bob questioned if this process is more expensive for the secondary employer
 - Mark answered most likely what the second employer is paying in taxes is less than they would be paying in premiums
 - Bob stressed this needs to be described in simple enough terms for the secondary employer to participate and see this as an incentive, not a disincentive
- Dave suggested this topic be discussed in more detail at the next Risk Adjuster and Premium Allocation Subcommittee meeting on September 21st, allowing for the members to bring a recommendation to the board on the September 22nd meeting
- Earl was not in attendance so the Underwriting Subcommittee topic was skipped over on the agenda
- Mark asked John to discuss the Billing and Premium Timelines. John provided a recap that Health Equity will receive the files on the 1st, invoice on the 8th, the EFT failure notification will occur on the 13th and payment to the carrier/vendor will be on the 20th
 - Mark asked if there is still an issue with who will follow up on non-payments
 - John stated this is still an issue
 - Mark suggested carriers continue to notify individuals, but Health Equity should take care of notifying the employer
 - John and Nathan will draft a business process recommendation and present this to the subcommittee on the September 21st meeting. They will provide their recommendation as to when a group falls into terminations, when the carrier will take over to notify the employer
 - Mark asked Tanji how much has to be done by the administrator of the portal versus the carrier
 - Tanji stated the insurer can have an agreement with Health Equity but if there is a delay or failure for the notice to be sent, it will be the insurer that is responsible
 - John asked if it is possible that each carrier send a notification to the group
 - Mark stated this is not possible unless Health Equity is the agent for the carrier. He then asked if there is a statute stating Health Equity was hired for this purpose
 - Tanji answered Health Equity can be hired for this purpose, but there needs to be a contract in place

- Norm stated he did not think this was the initial scope of the contract, but the contract can be amended
 - Mark stated this would be nice to write into the contract. If Health Equity fails to notify the insurer, then penalties can be put into place
 - Dave feels this should be written/amended in the contract. This would provide incentive for Health Equity to keep the groups
- Mark asked who would be responsible for terminating the group
 - Dave thinks Health Equity, as the agent, should send the notice of termination
 - Bob commented that only the primary employer would receive notice of termination
 - Mark reiterated all payment of premiums comes solely from the primary employer and employee, not the secondary employer/source
- John asked what the requirements are for the Department of Insurance; he will include these guidelines into Health Equity's process
 - Tanji will email these guidelines to John
- Mark asked for Health Equity's draft by September 15th, providing enough time to review their process by the September 21st meeting
- Dave stated the carrier should be notified at some point of non-payment
 - John stated this will be built into the process. They will examine which groups failed to pay their premiums and will update the carrier by a given date on whether or not the employer has paid
 - Norm would also like for the policy to include what the process is for paying the premium, but doing so late
 - Mark suggested the discussion of reapplying for non-payment of premium needs to be discussed
 - Tanji suggested they be allowed back, but with the ability to re-rate
 - Tanji will do research to see what the requirements are for allowing groups back and with how severe of a penalty
- Mark went back to the Underwriting Subcommittee topic and asked if anyone who attended this meeting had any pressing issues that need to be addressed
 - Dave addressed the topic of seasonal workers; stated 2 of the 3 carriers classify seasonal employees as those who work less than 30 hours per week. There was a uniform decision among all participating carriers that seasonal employees will not be covered. If an employee works 30 or more hours, they are not considered seasonal, this is a regular employee
 - Mark asked Dave to speak with Earl prior to the subcommittee meeting on September 21st so these issues can be discussed prior to the next committee meeting
- Mark asked Jim for an update on the business plan. Jim has not had time to work on the business plan
 - Tanji worked on the business plan last week but lost the file. She will work on the plan and send information to Jim by September 10th
 - Jim will have an update on the business plan by the subcommittee meeting on September 21st

- The next committee meeting will be on September 22, 2009 in the Capital Board Room at 1:00PM
 - Tanji is working on scheduling a room for all scheduled meetings past this date
- Dennis made the motion to adjourn. Dave seconded the motion. All were in favor. Meeting adjourned at 2:07PM