

Defined Contribution Risk Adjuster Board Minutes

State Office Building Room 3112

Approved

December 1, 2009

Attendees: Mark Brown, Select Health; Nancy Askerlund, UID; Perri Babalis, Utah Attorney General; Earl Hurst, Humana; Stephanie Jensen, PEHP; Norm Thurston, DOH; Jim Pinkerton, Regence; Bob Wilcox, UID; Dave Jackson, First West; Janice Houston, UHPP; John Sweeney, Health Equity; Barb Grishaber, Humana (via telephone); Jodi Schultz, Humana (via telephone); Jan O'Brien, bSwift (via telephone)

- Mark Brown called the meeting to order at 8:35 AM
- Mark asked if PEHP has assigned a replacement for Dennis Kunimura's position on the board. According to Stephanie, nobody has been assigned. She will talk to PEHP's director
- Mark asked if there was a need for discussion on the minutes from November 19, 2009. There was no need for discussion. The November 19, 2009 minutes are approved as presented
- Jan provided an enrollment update, current as of this morning
 - 13 groups have enrolled. 5 groups stated they will participate but none of their employees have enrolled
 - 107 employees have selected a health plan, 22 employees actively waived, 45 employees stated during the application process they were going to waive and 149 employees will be going to the default plan
 - Of these 18 groups and 256 employees, there are approximately 750-800 bodies who will be covered
- According to Norm, the average group size is 17.9
 - Earl is surprised there were so few groups with 2-9 employees who did not join
 - Bob would like to do further analysis on the groups who dropped out, see why the smaller groups decided not to join
 - Mark and Dave agreed there may not have been a balanced representation; there was more marketing to groups of 15-17
- Jan explained the transfer file timeline. The file will be ready shortly after noon, Mountain Time, today. The employees going to the default plan are being processed and the carrier file is being worked on as well
 - Mark asked whether any of the 18 groups will have a participation issue, given there have been so many waivers
 - Jan does not believe participation will be an issue for these groups
- Earl thought the groups had a competitive option, which does not explain why so many groups fell out of the market
 - Dave stated the exchange could be perceived as being too expensive if the broker was not doing enough for the groups and playing out different scenarios
 - Earl stressed the purpose of the exchange was to create consumerism for the consumer. He asked if they allowed for the defined contribution (DC) process to work and force the employees to make a selection based on the criteria that met their needs. He feels, in some cases, the consumer was not forced to be the consumer. If the broker said the exchange was too expensive, this dissuaded the employee from making their selection. The exchange was designed for consumer choice and he does not feel consumers had the choice during the limited launch
 - Mark asked what needs to be changed

- Earl stated there is a need for more education. The purpose of the exchange is for consumers to select a health plan based on their needs, not to have their employer select the plan for them. He asked if the DC market forced the employee to be a health care consumer. Earl stated there needs to be communication to set the right expectations to the employee. The DC should give the employer the flexibility of saying their budget is fixed and the employee needs to shop in the exchange to find a plan that best suits their family
 - Jim stated the employers need to be educated. They may see an increase this year, but the cost could be the same the following year, which allows them to control their budget
 - Dave stated employees are not given a choice if they go into the exchange and find a plan equivalent to what their employer already offers, but this plan costs 30% more. Dave stated he helped employers find what they are spending now and in the future and then communicate this to the employees. He watched some of the employees make selections by not doing enough research and by making assumptions about which plan is the default
 - Earl stated the broker world has been turned upside down. In the traditional market, there is a competitive bid, a consultation with the HR representative and then a decision was made. Now, there are 15 clients, rather than one. The brokers may not have the time for the additional clients. There needs to be more educational tools on the portal website, telling people they need to be the health care consumer. They need to be able to sort through 60 plans and make the best decision for their family
 - Norm stated Korey Capozza is looking for a way to sort or filter through the plans to narrow the search from 60 down to five, allowing the employee to sort through the plans based on price, deductible, in-network physicians, HDHP's etc
 - Earl suggested holding an exchange open enrollment meeting, where all participating carriers would be present and consultants could help the employees during this time
 - Norm agreed, stating the broker would no longer have to be the filter. Rather, the broker could show the employees how to use the filter
 - Dave stated this is an interesting concept, but feels it will be hard to encourage employees and employers to attend this meeting
- According to John, once Health Equity gets the feed from bSwift, they will reach out to the employers to verify information and to remind them invoices will be sent and funds pulled through EFT on the 8th. If there is an EFT failure, the employers will be notified within 3-5 business days. On the 20th, payments will be sent to the carriers
- Mark provided an update on the Risk Adjuster and Premium Allocation (RA&PA) Subcommittee meeting.
 - Mark stated the subcommittee was looking at ways to have competitive rates consistent with those outside the exchange. He stated there were a lot of questions raised, but no answers
 - There was also a discussion of whether there should be prospective or retrospective risk adjustment
 - Jim commented on there being no discussion on how retrospective risk adjustment will be paid
 - Mark stated there would be fees added to the premium if we have to license additional software

- Norm stated reimbursing carriers up front can provide low cost, but the underlying risk is still there. There is still a need for risk management to keep the risk incentive low
 - Dave stated even with retrospective risk adjustment, it is possible not enough money will be collected for catastrophic risk
- Mark asked Earl if he had anything to report from the Underwriting Subcommittee meeting
 - Jodi stated a question came up during the meeting regarding when it is necessary for a Health Questionnaire to be filled out. I.e. for a life event, such as adding dependent(s), is it necessary to obtain health information on the dependent and then do an evaluation for a new risk score on the whole family?
 - Mark stated this is necessary for a new premium allocation to be calculated
 - Norm stated updated risk scores should be obtained on a periodic basis, given that the health questionnaire could change over the years, causing a need for appropriate compensation. He asked if the updated scores would be based on claims
 - Mark answered, due to the initial discussion as a board; the employees should not have to fill out the applications again. Instead, the initial application should be evaluated, along with the claims to determine their new score
 - Norm stated there needs to be a way of updating employee risk based on life events, not just at time of renewal. He wants to make sure carriers get their compensation, which means tracking will have to be performed on a continual basis
- The Plan of Operation is still in draft form and is currently being reviewed by all members. Members were asked to submit any comments or questions to Jim by end of day tomorrow, December 2nd. Mark stated the Plan of Operation needs to be submitted to the insurance department by January 1st and be as complete as possible. Amendments will be allowed once the Plan is submitted
- Meeting adjourned at 10:42 AM