

Defined Contribution Risk Adjuster Board Minutes

State Office Building Room 3112

Approved

July 26, 2011

Attendees: Jim Pinkerton, *Regence*; Dave Jackson, *First West Benefit Solutions*; Sue Watson, *OCHS*; Patty Connor, *OCHS Director*; Lorraine Mayne, *Milliman*; Perri Babalis, *Utah Attorney General*; Jim Murray, *SelectHealth*; John Borer, *PEHP*; Nancy Askerlund, *UID*; Tanji Northrup, *UID*; Gabriella Benitez, *GBS Benefits*; Troy Pritchett, *Milliman*, Michelle White, *UID*

Kim Miller, *United Health Care* (via telephone); Laura Picciuca, *bSwift* (via telephone); Norman Thurston, *State* (via telephone); Lucy Feldkircher, *Health Equity* (via telephone); Scott Rose, *HealthEquity* (via telephone); Annie Huebner, *bSwift* (via telephone); Neil Luitjens, *Humana* (via telephone) Kelly (via telephone); Frank (via telephone); Barb (via telephone)

- I. Meeting called to order at 1:05 p.m.
- II. Change in meeting minutes from 6/28/2011.
 - a. The following change was made to number 5-iii, on the 4th page.
 - i. “If underwriting is not complete when this change is reported, employee would need to go back through underwriting individual and group risk factor may change. **Recommendation** that if employee or dependent, who have made application, have a change in medical status after rates are already offered, the applicant must notify the Exchange and the Individual Risk Factor will be determined.”
- III. Patty Conner from OCHS gave an update regarding the OCHS Exchange
 - a. Exchange Counts
 - i. 157 Employer groups on the Exchange, 1424 employees covered and 4059 covered lives
 - ii. 20 New Groups and average contribution amount was \$518.00 for the last month
 - iii. Numbers dropped from individuals that were previously covered from 24% to 16% - YTD with employer group (the application process identifies previous coverage and who they were with)
 - iv. 96% have come through with a broker
 - v. Largest groups are between 2-10 employees
 - vi. 18 groups are going through on the September 1st effective date
 - vii. Note, not a lot of groups have signed up for this month – Rates are an issue.
 - b. Health Equity took on a huge challenge with the exchange calls and did a great job!
 - c. Below are a few changes that were made to the Exchange following June’s meeting.
 1. Call Center Changed-HB 128 (Funding Structure)
 2. July 1, 2011, Exchange switched to a call tree
 - a. Same toll free number is being used

- b. The tree directs call to state and goes between all the technology partners (bSwift, E-Health App, Health Equity, and DOI).
 - i. DOI will answer most of the inquiry questions
3. Carriers have been linked into the tree as well.
4. Call tree was split into three groups (Employee, Employer, & Broker).
5. Calls are being directed, based on the response to the questions programmed in the tree.
 - a. A live person will answer the call after the first two steps of the tree
6. Hours of operation for the tree are Monday-Friday, 8:00 am to 5:00 pm. Call volume does not justify staffing 24-7 at this time. Adjustments will be made in the future to address increased call volume.
7. There have been a few challenges with the tree, routing people to the correct group.
 - a. The current system will be reevaluated at the beginning of 2012. Feedback is welcome from consumers or the board member to improve the current system.
- d. Changes have been made to the collection process and invoice dates have changed – Invoice will be sent out the 15-20th of the month.
- i. Payments are made to the carriers on the last day of the month.
- e. Employer groups can change their due date to be within the current month and not on a prepaid status (discussed in Broker training).
- i. Change can be made with Health Equity and needs to be made before the 8th and 15th of the month (tighten up 60-day window).
- f. Broker commission payouts have been changed to 45-day after the beginning of the month of coverage, effective July 15, 2011 – First payments on this new schedule will go out in August 2011 (15-days after the month closes).
- g. Broker sign up fee (\$3 or \$7) for customer service level was removed from Health Equity system as of July 2011.
- h. RFP
- i. Phases 1 - Planning
 - 1. 2-Consultants provided recommendations or findings on their assessment process on July 12 for Health Reform Task Committee.
 - 2. 16 respondents provided information.
 - 3. Additional information was added to the RFP and it should have gone out on Friday, July 29, 2011.
 - 4. Vendor needed to help build phase 2.0 – The Risk Adjuster Board and the Carriers will be involved with the feedback process. One hour will

be used to complete the feedback process at the RAB meeting in August.

5. CGI evaluations will be completed by the end of August.

IV. Jim Murray with SelectHealth

a. Risk Adjustment & Premium Allocation subcommittee report

i. Patty gave an update - Several meetings have taken place.

1. They are looking at how we use the data in the “All Payer Claim Data base” for the renewal process.
 - a. Meeting took place three weeks ago to take a look at what are the next steps - they looked at 3M and Milliman to see what they had to offer.
 - b. All Payer Database – Underwriters wanted to take a look at all enrolled employees & dependents with an active or Cobra status and have scores provided from the data base to match it up against what the carriers have. A review was scheduled last Thursday. Unfortunately, the meeting did not take place and the evaluation was not delivered.
 - c. FTP file was setup to securely provide information from bSwift and was ready to go out a few weeks ago – Laura never heard back and information was not sent out.
 - d. They would like to setup a webinar for the subcommittee to explain the data that has been collected and decide the best way to deliver the information in the future.
2. This process is becoming a great concern - Carriers need to have rates out within 60-days and information is needed by the end of September. In the meantime, the committee needs to look at scores and convert that to the required information.
 - a. File is ready to be sent, Laura is waiting for login and password information to complete the process.
 - b. Carriers need time to review the information.
 - c. bSwift want a process for renewal as soon as possible.
 - i. 42-January, 1106-members, @ 500-Employers.

V. Kim Miller with United Health Care

a. Underwriting Subcommittee Report

i. Life Events Grid

1. Grid reflected a comparison between old and new charts – continuation plan.
2. Grid was reviewed by all four carriers and they approved information.
3. Grid was submitted to the Board for acceptance and will replace existing grid in the Plan of Operations.

4. Motion to adopt Life Event Grid with the updated changes was placed and Kim seconded the motion. All in favor of motion, none opposed.

b. Out of State Limits

- i. It was proposed that the Out of State Limits be increase from 25% to 50% - Change employee content so that employees not living in the state of Utah may participate if no more than 50% enrolled employees live out of state.” All parties involved have approved the change. (Do not use rounding in the determination of the participation within the automated group setup perspective, this rule is no greater than 50%.)
- ii. How do the Actuaries fill on the underwriting? All 4-carriers support the change. Patti made the motion to change the Plan of Operations to state the following, “An employer with employees not living in the state of Utah may participate if no more than 50% of the enrolled employees live outside the state of Utah.” Motion was seconded, and all in favor of motion, none opposed – motion carries for adoption.

c. Owner Only Groups

- i. Small Employer Market today there is no aligned carrier practices for Owner Only Groups – comes down to interruption of Owner/Employee relationship existing within each group that applies for coverage and whether they meet that test is met or not met within the confines of the definition of an eligible employee: 3 out of 4 carries do allow Owner Only Groups to apply for coverage and have a variety of different information to verify eligibility, 1 carrier does not accept this information.
- ii. The committee cannot obtain a consensus in the Underwriting Subcommittee without understanding what the expectations of the regulations for the state of Utah specifically related to Owner Only Groups.
- iii. Kim is proposing that additional research be done by Tanji to confirm whether or not they do or don't agree with whether or not Owner Only Groups are really eligible for guaranteed issue in the state of Utah.
- iv. At the same time, the subcommittee will continue to discuss and develop a list of criteria of acceptable documentation for these Owner Only Groups, if these groups are deemed eligible after the Department of Insurance has given their opinion.
- v. The subcommittee is working on the Plan of Operation update changes – Reflecting all legislative changes, workflow changes and everything currently being worked on today. Changes will be forwarded on to all parties involved for review and feedback – An extensive amount of changes has been made and reflects everything that the committee is aware of for the last 7 months.
- vi. This information will be reviewed in the next two subcommittee meetings and should be able to review with the Board during the meeting in August.

d. Affiliates and Common Ownership Groups and whether or not they should be enrolled separately or together.

i. Will give an update and recommendation at the next Board meeting.

VI. Dave Jackson with FirstWest Benefits

a. Marketing Subcommittee Report

i. A meeting took place in July and there was good representation from all members.

ii. Transitional assignments were given when Kim was Chair.

1. 3 out of 4 insurers delivered their marketing piece to OCHS and they were happy with the quality of the pieces and appearance.

2. Discussions took place to identify what items are most important today and will have the most impact on the success of the Exchange. It was determined that outreach and education to the Small Employer community is the best way to go.

a. The group brainstormed how to do outreach and bring information to the two groups.

b. The group tapped in on after hour's group meetings to provide information to all parties involved – invite broker community to the event as well.

3. Patty is going to check with the Business Group to see if they are interested in collaborating with the Marketing Group on this project.

iii. This group holds their meetings monthly, the second Friday of every month, at 2:00 pm. Next meeting will focus on outreach and education.

VII. John Borer with PEHP

a. Legal Subcommittee

i. John requested some legal contact information from Kim and a contact from Humana.

ii. The committee meetings are coming along, but not where they would like to be.

iii. John will have more information to report at the meeting in August.

iv. Patty inquired about areas of focus for the committee. She has some projects that she would like this group to assist with – Legislation that was passed and incorporate into the Plan of Operations.

v. Tanji suggested this group take a look at Owner Only Groups.

vi. Jim suggested this group take a look at the coordination of responsibilities and the affect of the Exchange, the carriers, and the certificates that the carriers are issuing - Carrier contact point.

vii. What is the legal structure of the Exchange, how does it operate, and how do the carriers fit into that? Do certificates need to be modified and pull out what is defined as responsibilities of the Exchange when the employer signs up?

VIII. Tanji Northrup from Utah Insurance Department (UID)

a. No Updates

b. Special Session Information

- i. Currently, the Exchange has 4-tiers and the session discussed possibly adding two more rates for Medicare eligible persons – Two different rates that are not being offered at this time. This will affect small groups, 20 people and under.
 1. Department has received complaints on the Exchange rates.
 2. This is something that will have to be considered in the future.
 3. First Scenario: A person who is enrolled in Medicare (if the group is under 20 paychecks) then Medicare is primary. In the past insurers have lowered the rates for those size groups for Medicare eligible persons, because they pay secondary to Medicare.
 4. Tanji's recommendation is to have the Exchange function similar to the outside market, to the extent that the availability is an option, move forward and see if we can add that in.
 5. Notice on group risk factor will be sent out to the producer only.
 6. The Exchange needs to make a decision, system wise can this change take place and is it an appropriate programming function.
 7. More discussions need to take place before a decision can be made.
- ii. Common Ownership Other Employer Groups – Can the employer groups file consolidated tax returns and are they eligible to do so?
 1. Tanji researched the definition of Small Employer from 1994-2002 – Part of the definition included the following language, “That you would be treated as a single employer if you could file a consolidated tax return.” In 2002 that information was removed, because of HIPPA. HIPPA only refers to an employer group and does not talk about affiliated groups – Is there an employer and employee relationship also?
 2. Tanji encouraged companies to take a look at policies and make sure they are current with the state and federal law.
 - a. Are groups being looked at as one group, instead of two?
 - b. Employers with one entity need to have a relationship with both groups – Common owner does not satisfy this scenario by itself.

IX. Jim Pinkerton with Regence

a. The following changes were made to the “Decisions Adopted by Motion of the Risk Adjuster Board” document.

- i. 12/13/2010 – Agreed upon and not a motion (bSwift will provide a list to the insurers that includes the Employer name, renewal date, current final group risk factor and all groups who were provided final rates. The insurers will

review the incumbent groups and provide bSwift a new renewal risk factor if different from the factor provided. bSwift will load rates and notify brokers and employers of new rates by end of day Friday (December 17, 2010.)

- ii. 3/22/11 – Agreed upon and not a motion (Denial Forms-Subject to ability of private vendor bSwift add, delete, and modify plans one additional time effective sometime between July 1 and September 1 of this year.
 - iii. This document is a summary and basis for discussions. It should be viewed as a table of content and does not need to be adopted.
 - iv. Jim will ask Jill to update the motions that were discussed and Nancy can update the information on the website.
- b. The following title change was made to the document listed below.
- i. Previous Title: “Decisions Adopted by the Risk Adjuster Board”
 - ii. New Title: “Decisions Adopted by Motion of the Risk Adjuster Board”
- c. Retrospective Pooling True-Up
- i. This information is due next month.
 - ii. Information needed for the true up: Aggregate claims that occurred by a member during 2010, claims paid during 2010-June 2011 in the amount of \$75,000-\$250.000 per member, and the covered months.
 1. Is an independent body needed to take this and make the calculations for the board?
 2. Is the board comfortable with PEHP performing the calculations? The board is comfortable with PEHP performing this task.
 3. Should a consultant be hired and if so a bid process needs to be done and a budget has to be established.
 4. Are the calculations too complicated?
 - a. Will all four carriers come up with the same answers?
 5. Can an existing resource be used to perform this responsibility? Tanji will follow-up on this.
 6. Calculations will be shared with all carriers.
 7. Carriers should send information to John. He will compile, summarize, and send back.
 8. Carriers need to provide information within two weeks.
 9. Calculations will be accepted in August and payouts will be made in September.

X. Next Meeting will be August 30, 2011 at 1:00 pm

XI. Meeting adjourned at 2:49 p.m.