

Maryland Health Benefit Exchange Board Meeting Minutes

August 14, 2012

1:00 p.m. - 4:00 p.m.

Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

The materials presented in the meeting are listed on the Maryland Health Benefit Exchange webpage: <http://dhmh.maryland.gov/exchange/SitePages/meetings.aspx>

Members Present

Joshua M. Sharfstein, M.D.

Georges Benjamin, M.D.

Rebecca Pearce, M.B.A

Enrique Martinez-Vidal, M.P.P.

Kenneth Apfel, M.P.A

Thomas Saquella, M.A.

Ben Steffen, M.A.

Members Absent

Therese Goldsmith, J.D., M.S.

Jennifer Goldberg, J.D., LL.M.

Darrell Gaskin, Ph.D.

Opening Comments and General Updates

Secretary Sharfstein welcomed everyone and noted that, although three members were not present, the board had a quorum and would proceed.

Dr. Sharfstein then reported that information regarding the work of the Maryland Health Benefit Exchange (the Exchange) is becoming more widely known, and that inquiries are coming in from other states and from the press. He noted that many of these inquiries concerned how the Exchange has engaged the public and other stakeholders in the establishment process. He reflected that, without the input and enthusiastic participation that Marylanders have given, the Exchange would have no chance of success.

Dr. Sharfstein noted that although the board had no critical decisions to make at this meeting, there were a lot of updates to give regarding efforts that will soon come to critical decision points.

IT Project Update

Sunny Raheja, Project Manager with the Exchange, presented to the board an update on the development of the Exchange's information technology (IT) infrastructure. He began by reviewing the governance structure of the IT system, noting that the Coordinating Committee meets every other Friday.

Mr. Raheja then presented the project timeline and milestone update. He pointed out two sets of gate reviews required by the Centers for Medicare and Medicaid Services (CMS) that had been added to the project timeline since the last time it was presented to the board.

Mr. Raheja went on to describe the testing strategy and approach the Exchange is employing in its sprint development process. He also displayed a chart laying out the process for stakeholder involvement and feedback in the sprints. He said that the Exchange will publish a schedule of which stakeholders will be involved in each sprint.

Mr. Raheja then discussed the Exchange's plan to use the consumer-facing portal (HIX) as the single entry point for both case workers and citizens for MAGI, non-MAGI, and social services. He described three phases by which the HIX will absorb functions that currently exist in other systems:

- Phase 1 – The SAIL Citizen Web Service Interface will be disabled on January 1, 2014. Intake and pre-screening functions for MAGI, non-MAGI, and social services will exist in the HIX. Determination and verification, rules engine, and enrollment for non-MAGI and social services will stay in CARES. The case worker portal for non-MAGI and social services will stay in CARES also.
- Phase 2 – Non-MAGI determination and verification, enrollment, and rules engine functions will move into the HIX.
- Phase 3 – The decision whether to move social services functions into the HIX is still pending.

In response to a question from the board, Mr. Raheja clarified that the HIX will be the single entry point for Navigators as well as producers. Dr. Sharfstein pointed out that, while the HIX will be the single point of entry, it is not necessarily true that all the work will be conducted on the very same website.

Next, Mr. Raheja presented an overview of the IT solution, showing how the HIX will connect to other systems within the state and the federal data hub. The chart showed which components will be new to Maryland, which are existing in the state, and which are federal systems. In response to a question from the board, Mr. Raheja said that the web service link between the HIX and the federal data hub will be developed by CMS's Center for Consumer Information and Insurance Oversight (CCIIO). In response to another question from the board, Mr. Raheja said that the project to build the federal data hub is ambitious, but that the Exchange is assisting CCIIO in prioritizing the components under development.

Plan Management Updates

Ken Apfel gave the board an overview of the charter and scope of the Exchange Plan Management Advisory Committee. He noted that the committee has been very active, and that the board has had representation at each of the meetings. He thanked the committee co-chairs and the Exchange staff for their hard work on the committee, and noted the topics the committee will consider in upcoming meetings.

Mr. Apfel yielded the floor to the co-chairs of the committee, Mary Jo Braid-Forbes and Andrea Greene-Horace, who introduced themselves.

The co-chairs thanked the board and commended the Exchange on its handling of the stakeholder process. They presented to the board a breakdown of what types of stakeholders are represented on the committee, a list of the committee members, and a list of meetings the committee held in

June and July. The co-chairs described the discussion and the output of the committee as being in the form of pros and cons, and clarified that the board should not take the number of bullet points appearing in one column or the other to denote consensus. They said that members of the committee took to heart their task of creating these lists of pros and cons, and that any positions they wished to take were submitted through their various organizations as written public comments.

Tequila Terry, Director of Plan and Partner Management at the Exchange, described for the board the process by which public comments, both oral and written, were accepted by the committee. She then listed those people and organizations that provided written comments.

Next, Ms. Terry explained that, although plan management is a broad topic that encompasses many components, the Plan Management Advisory Committee was tasked with working on five components in particular: initial certification, recertification, rate increase justifications, decertification, and consumer plan presentment. She noted the guiding principles of plan management in the Exchange as being to promote affordability, ensure access to quality care, facilitate informed choice, and reduce health disparities.

Ms. Terry described for the board the time constraints on both the Exchange and insurance carriers, which led to the Maryland Health Benefit Exchange Act of 2012 empowering the Exchange to adopt interim policies. She went on to explain the general process, or pathway, by which policy recommendations around plan management got developed.

Ms. Terry then presented a timeline for policy development, broken into four stages: pre-work and public comments, committee comments, final recommendations and board approval, and implementation. She noted which activities in the timeline are completed, which are in progress, and which remain outstanding. In response to questions from the board on what appeared to be scheduling conflicts, Ms. Terry said that the Exchange may ask the board to convene an additional meeting to take place after the Joint Committee on Administrative, Executive, and Legislative Review (AELR), the Senate Finance Committee, and the House Health and Government Operations Committee have provided their input on the proposed policies.

Next, Ms. Terry showed a chart that demonstrates the proposed workflow for plan certification, wherein carriers and their plans undergo a four-step process for review and approval by the Exchange, the Maryland Insurance Administration (MIA), and the Maryland Health Care Commission (MHCC). She described, at a high level, the integration under development between the HIX and the System for Electronic Rate and Form Filing (SERFF) for plan and network data, and between the HIX and the MHCC annual custom file for quality data.

Ms. Terry then presented the actual draft policies that were under consideration by the committee. She noted that these were characterized to the committee as possible options rather than final recommendations, and summarized some of the committee feedback to the draft policies. Ms. Terry said that, wherever possible, the Exchange has tried to leverage existing policies and procedures so as not to duplicate effort, and specifically mentioned the MIA policies for carrier licensure and solvency processes as an example.

Ms. Terry pointed out that most of the draft policies respond to federal requirements, but that one draft policy in particular is purely a Maryland requirement: the Race, Ethnicity, Language, Interpreter use, and Cultural Competence (RELICC) Data policy. She noted that the RELICC Data policy is being developed in partnership with MHCC and complies with the 2012 Health Improvement and Disparities Reduction Act. While the RELICC data standards have been developed, the first year of Exchange operation will see carriers collecting the data rather than reporting on it. Dr. Sharfstein strongly urged the Exchange to maintain uniformity across the state in all such reporting, and to make the RELICC standards consistent with the disparities law.

A discussion began between the board and Ms. Terry about what, exactly, is being presented to the legislature for comment. Not only will they be given the public and committee comments, but they will also be presented with the original draft policies on which those comments were made.

Rebecca Pearce, Executive Director of the Exchange, took the floor for the discussion of dental and vision plans. She noted that the committee's feedback included the fact that the current market has a strong divide between pediatric and adult plans. Ms. Pearce noted a few unanswered questions the Exchange submitted to CCHIO in this area:

- What is the formal definition of "pediatric"?
- What are the consumer protections that will apply to dental and vision plans?
- What is the formal definition of "adequate coverage" for dental and vision plans?

Dr. Sharfstein encouraged the Exchange to include in its policy recommendations—particularly those recommendations that have strongly opposing viewpoints among stakeholders—a mechanism whereby it can collect data that shows whether or not the Exchange made the correct choice. He cautioned against automatically moving to a middle ground that may not serve any stakeholder well. The Exchange should be willing and able to change course should a choice prove to be the wrong one, which can only be known if the Exchange collects the data.

Ms. Terry then informed the board about two items raised by the committee that fell outside their remit but that bear consideration: 1) broker compensation should be the same inside and outside the Exchange and 2) the Exchange should specify how carriers will demonstrate compliance with the Mental Health Parity and Addiction Equity Act.

Ms. Terry closed by saying that the Exchange will review all the feedback received on the proposed policies, identify areas where the draft policies should be revised, and make final recommendations to the board at its September meeting.

Regulations Update

Maansi Raswant of The Hilltop Institute gave the board an update on the regulations under development by the Exchange. She began by listing the seven subject areas that require regulations, under the authority of both the Maryland Health Benefit Exchange Act 2012 and the Administrative Procedure Act.

When Dr. Sharfstein asked, on behalf of the MIA, that the regulations not be presented at this time, Ms. Raswant clarified that she would be discussing only the process by which the regulations are being developed, rather than the content of those regulations.

Ms. Raswant then described the intended effect, the development milestones achieved, and the next steps of regulations around:

- Individual Exchange Navigator Certification
- Insurance Producer Authorization
- Call Center Establishment
- Fraud, Waste, and Abuse Program Establishment
- Eligibility Verification
- Framework Regulations
- Appeals and Grievances

Dr. Sharfstein asked that the Exchange remove any draft regulations from the website and not publish any more until the MIA has given their support.

Mr. Steffen asked why the Exchange must promulgate regulations that seem not to expand on the Maryland Health Benefit Exchange Act of 2012 or the Affordable Care Act. He specifically pointed to the Call Center regulation, which simply states that the Exchange shall establish a Call Center. Ms. Raswant replied that the draft regulations do expand somewhat on the law, pointing in particular to language in the Call Center regulation that specifies required minimum operating hours and proper call triage procedures. She went on to say that the Exchange needs to balance the requirement for notice against the need to remain flexible.

Hilltop Health Reform Simulation Model

Hamid Fakhraei, Ph.D., Director of Economic Analysis at The Hilltop Institute, presented an overview of the Health Care Reform Simulation Model. He began by describing the overall structure of the simulation, which is made up of four component models: the Population Model, the Employment Model, the Expenditure and Financial Model, and the Economic Impact Model.

Dr. Fakhraei then went into detail on each of the component models, explaining the types of information they are designed to project, the sources and assumptions employed in their creation, and how they interact with the other component models in the simulation. Finally, he described the types of output the model generates, and showed some samples of model output.

In response to a question from the board, Dr. Fakhraei said that the new jobs projected by the Health Care Reform Simulation Model are predominantly in the private sector, but do include some jobs in the public sector.

In response to another question from the board, Dr. Fakhraei noted that the technical volume that supports the Health Care Reform Simulation Model is available on The Hilltop Institute's website (www.hilltopinstitute.org).

Reinsurance

Dr. Sharfstein addressed the board on the topic of a state reinsurance program for the Exchange. He reminded the board that, of the “3 R’s” (risk adjustment, risk corridors, and reinsurance), states may elect to develop their own programs for two.

- Risk corridors is an entirely federal program.
- States may choose to use a federal risk adjustment program or to develop one of their own. Maryland has elected to use the federal program for the first year of Exchange operations.
- States may choose to use the federal program for reinsurance or to develop one of their own. Maryland is strongly considering developing a reinsurance program.

Dr. Sharfstein described the overall purpose of reinsurance programs, explaining that they are designed to make individual policies less expensive by removing the risk of high-cost individuals from carriers. He pointed out that federal law permits the Exchange to charge certain fees to carriers for providing basic reinsurance, but that the state has the ability to wrap around that basic coverage and add to the reinsurance to lower the attachment point in order to make insurance even more affordable.

Dr. Sharfstein then explained that the state has not made a decision on whether to provide reinsurance, and that the Exchange will contract with modelers to determine what kind of rate reductions and rate shifts could be obtained with a state reinsurance program as envisioned in the Affordable Care Act, as well as to determine what benefit a state wrap-around program would provide.

Dr. Sharfstein then reported that he and the Maryland Insurance Commissioner do wish to establish a state reinsurance program but that they are not sure whether it will be a basic reinsurance or the wrap-around expanded program. He stated that the next item to be addressed is what would be the appropriate entity to administer the program. He said that, of all the different options, the Exchange is probably the best choice, for the following reasons:

- The governance structure of the Exchange includes leaders from the MIA, MHCC, and the Department of Health and Mental Hygiene (DHMH)
- The Exchange has a vested interest in ensuring that any reinsurance program is effective
- The Exchange has a great deal of insurance expertise among its staff

Megan Mason from the MIA explained that, by November 16, 2012, the Exchange must declare which organization is going to be the reinsurance entity. She clarified that the reinsurance entity will be the one that sets policy, not necessarily the one that performs the day-to-day operations of the reinsurance program, such as claims adjudication and payments; those operations can be performed by another existing entity. She raised one further federal requirement: that the policy-setting reinsurance entity must be a not-for-profit organization.

In response to a question from the board, Ms. Mason explained that the money to fund the reinsurance program will come from assessments on carriers both inside and outside the Exchange, as well as the self-insured market.

One board member asked whether the Exchange would have to hire additional staff to run the reinsurance program. Ms. Pearce replied that, given the Exchange’s intention to outsource the

day-to-day functions of the program, they expect to have to hire, at most, one additional staff. Mr. Steffen pointed out that Massachusetts' reinsurance program had two part-time staff.

Ms. Pearce reported that the Exchange has an open question out to CCIIO as to whether the Exchange is a qualifying nonprofit entity.

A motion to move forward with the Exchange being the reinsurance entity was approved with no opposition.

General Updates

Ms. Pearce announced that the Exchange expects to receive the Level 2 establishment grant in the next several weeks, likely by August 28, 2012.

Ms. Pearce reported that, in the last few weeks, the Exchange went through a two-day design review with CCIIO. In this meeting, CCIIO and the Exchange went over the design blueprint for the HIX in detail. Ms. Pearce expects that at least half of the components of the Exchange will be certified, thus reducing the number of items that must pass the November review, and that soon the Exchange will receive official notification of which components have passed the review.

Ms. Pearce said the Exchange has made two new job offers. A Fiscal Administrator will be coming on board September 4, 2012, and a Policy Director will be coming on board before Labor Day. She noted that the Exchange expects to have funding for all 70 positions requested in the Level 2 establishment grant, and that they will have to request 63 additional Position Identification Numbers (PINs) from the Board of Public Works. A motion to authorize Dr. Sharfstein to draft a letter—for the entire board's signature—supporting the Exchange's request for the 63 PINs passed with no objection.

Kevin Yang, Chief Information Officer of the Exchange, announced that the Exchange released a request for proposals (RFP) from Independent Verification & Validation (IV&V) vendors. Proposals are due August 23, 2012, and the Exchange hopes to have a vendor on board in mid-September. He explained that they have split the work into two phases: Phase One covers precertification for the federal requirements and Phase Two addresses operational readiness.

Mr. Yang then informed the board that the Exchange has developed a scope of work for the Small Business Health Options (SHOP) exchange, and that they are in the planning and requirements phase. As requirements are developed, they will be incorporated into the development sprints. He described some of the issues that are still being worked out by the Exchange Implementation Advisory Committee, and that those decisions, once made, will be incorporated into the HIX development process.

Danielle Davis, Director of Communications and Outreach for the Exchange, gave an update on the Exchange's communications and outreach efforts. She announced that they are working to produce content for the HIX, including ensuring that content is presented in plain language, identifying frequently asked questions, and developing requirements for enrollment, eligibility, and plan presentation.

Ms. Davis then discussed the ongoing effort to redesign the stakeholder website and noted that the relaunch will take place in the third week of September. She explained that the relaunched site will have additional content of interest to stakeholders.

Dr. Sharfstein noted that the HIX site is nearly ready for release to the public and said that the Exchange wants to have the ability to roll out the new site in a public and exciting way. A motion to delegate authority to make the final decisions around the HIX launch to Ms. Pearce passed with no opposition.

Ms. Raswant gave the board an update on the Navigator Program Advisory Committee. She reported that the first meeting of that committee took place on July 18, 2012, and that meetings are scheduled through October. The Exchange has engaged Manatt Health Solutions as a contractor to help develop the Navigator Program. She explained that Manatt released a request for information (RFI) intended to gain information on the structure and content of the Navigator Program, as well as training standards for Navigators. Responses to the RFI are due on August 17, 2012, and Manatt will disseminate responses in subsequent committee meetings.

Ms. Davis announced that the next meeting of the Navigator Program Advisory Committee will take place on August 28, 2012. She said that the co-chairs of the committee are Leigh Cobb of Advocates for Children and Youth and John Frank, and that the board liaison to the committee is Jennifer Goldberg.

Leslie Lyles-Smith, Director of Operations for the Exchange, announced that the Exchange has a draft of the fiscal year 2014 budget, and that the budget would be submitted later in September 2012.

Yohance Green, with the Exchange Project Management Office, reported that the overall Exchange project is on schedule. He pointed out that the IV&V area is the only one that's behind, but referred to Mr. Yang's comments earlier that the vendor will be in place by mid-September. He mentioned that one of the new personnel coming to the Exchange will be responsible for performance management, which will help the project greatly. He reported that the fiscal year 2012 budget was closed out successfully. He explained that most of the customer-facing programs of the Exchange are expected to be online in July or August of 2013, leaving ample time to test them before the Exchange must begin operations.

Closing Comments

Dr. Sharfstein expressed his opinion that the Exchange is facing a peak of work activity a bit earlier this year (September and October) than it did in 2011 (November and December). He asked that the board schedule an extra meeting at the end of September in case they need to respond to the workload.

Closed Session¹

The board approved a motion to go into closed session.

Adjournment

A motion to adjourn passed with no opposition.

¹ The meeting was closed pursuant to (1) State Government Article §10-508(a)(1), which provides that a session may be closed to discuss the appointment, employment, assignment, promotion, discipline, demotion, compensation, removal, resignation, or performance evaluation of appointees, employees, or officials over whom it has jurisdiction, and (2) State Government Article §10-508(a)(14), which provides a session may be closed before a contract is awarded or bids are opened, discuss a matter directly related to a negotiating strategy or the contents of a bid or proposal, if public discussion or disclosure would adversely impact the ability of the public body to participate in the competitive bidding or proposal process.