

# Maryland Health Benefit Exchange Board Special Meeting Minutes

June 21, 2011

9:30 a.m. - 10:30 a.m.

Maryland Department of Health and Mental Hygiene  
201 West Preston St.  
Baltimore, MD 21201

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

## Members Present

Joshua M. Sharfstein, M.D.

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

Georges Benjamin, M.D.\*

Jennifer Goldberg, J.D., LL.M

Darrell Gaskin, Ph.D\*

Ben Steffen, M.A.

Enrique Martinez-Vidal, M.P.P\*

Thomas Saquella, M.A.

## Members Absent

Lisa Dubay, Ph.D. (Formal appointment to the Exchange Board occurs June 24, 2011.)

## Welcome and Introductions

Secretary Sharfstein welcomed everyone and said the focus of the special meeting was the approval of the Exchange Establishment Level I grant application.

Secretary Sharfstein recommended that the Establishment Grant application include more attention to risk adjustment to prevent health care plans with a higher proportion of sick patients from being overly penalized.

## Discussion of Establishment Grant Application

Chuck Milligan, Deputy Secretary of Health Care Financing at the Department of Health and Mental Hygiene (DHMH), and Alice Burton, consultant to DHMH, presented an overview of the three main elements in the Establishment Grant application.

The first element discussed was funding for the Exchange's administration and operation. This funding will pay for the initial positions of the Exchange, office space, and administrative activities, including consumer assistance. Mr. Milligan explained the Attorney General's Office received a grant last year to support the consumer assistance functions of helping individuals navigate their health care coverage and offering health care options for the uninsured. This one-year grant will end soon; the federal government has notified states that this grant will not be renewed and that ongoing support should be folded into the Establishment Grant proposal.

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\* Participated via teleconference

The second element discussed was the analyses and the analytic work. The Establishment Grant will fund the legislative studies required under Maryland's law and the stakeholder work. Mr. Milligan said that cost estimates were made for the legislative studies, which may be data-intensive. Other analytic work incorporated in the second element is anticipated analyses the State will need to do that is not a part of the legislative studies. Examples of these analyses include the following: an inventory of the different call centers in the State that consumers are directed to; a detailed analysis of Maryland's population that can be used to model how many people will take-up coverage through the Exchange; whether and to what extent the Exchange should offer optional riders beyond the essential health benefits and how that might drive selection; and studies and analysis to determine the implications of federal guidance. In addition, there will be two Maryland legislative sessions during the course of the grant that may require fiscal impact reports and other work. Therefore, funding for activities and analyses that go beyond the required legislative studies were built into the Establishment Grant application.

The third major element discussed was the information technology (IT) portion. Funding from the Establishment Grant will help build a system that can perform the enrollment process, the selection process, web design, and help determine if individuals qualify for tax credits or Medicaid and other determinations. The total budget for the year is estimated to be \$40 to \$44 million, and about 40 percent of that amount will be cost-allocated to Medicaid due to the amount of people who will end up qualifying for it. The part that is Medicaid-related is matched at a 90 percent federal matching rate. The State share is only 10 percent. The Establishment Grant will fund \$23 to \$25 million for the Exchange. Overall, about 4 percent of the total IT budget in the first year requires state funds, and the remaining 96 percent will be funded from the Exchange, the Establishment Grant, or from the enhanced Medicaid match.

Mr. Milligan distinguished between the IT request in the Establishment Grant proposal and the \$6.2 million Early Innovator Grant Maryland received. Initially, the Innovator Grant was proposed to help build the front-end module for the eligibility features of the Exchange, but as the analysis proceeded, it was recognized that the work for the Exchange can assist with a full replacement of the eligibility systems in Medicaid and other social service programs. Other states received very large Innovator Grants because they were pursuing a comprehensive approach, unlike Maryland, which is moving in stages. Currently, Maryland's plan is to fully replace the eligibility systems for all social service programs by January 1, 2016, when the federal government's 90 percent match rate ends. This is a distinct set of IT functions from the Innovator Grant.

Secretary Sharfstein explained that the Establishment Grant would fund only the health care reform eligibility system, and that Maryland could not successfully execute reform functions without replacing its decades-old eligibility system. Secretary Sharfstein asked how the grant approaches the potential small business exchange, and Mr. Milligan responded that until there is more analysis of the business requirements and other options, there is not yet a best path determined for the small business exchange. Mr. Saquella said that some wordsmith issues came up in the proposal. Ms. Goldberg suggested that stakeholder involvement should be built into the federal milestones. Vice Chair Gaskin asked about the flexibility of the study budgets, and Mr. Milligan replied that the budgets should have ample funds, but funds can be moved from one study to another. Vice Chair Gaskin and Secretary Sharfstein requested clarification on the role

of vendors in supporting the Exchange Board. Mr. Milligan responded that there is sufficient funding to give the Exchange Board all the information and support it needs to make recommendations by the December 23<sup>rd</sup> deadline. Mr. Martinez-Vidal said the grant application was well-written, but it would be helpful to include an appendix of the legislative studies. Ms. Burton said an appendix that lists the federal milestones and legislative studies, and how Maryland has met those goals or is planning to meet them will be included. Mr. Steffen suggested that a compliance matrix would be useful for a reviewer, the evaluation measures should have clarity, and that a reference to a software development life cycle other than the federal government's can be included. Ms. Burton replied that due to page limits, a compliance matrix will be placed in the appendix, but it will be mentioned in the cover letter. Secretary Sharfstein said the State's IT teams work closely with the federal government's teams, so Maryland is in sync with their IT expectations.

#### **Resolution to Submit Establishment Grant**

Secretary Sharfstein stated the three changes to the Establishment Grant: emphasizing risk adjustment as an area of analysis and making sure it is budgeted for, having a clear appendix that summarizes the legislative studies, and building in public engagement for the non-required legislative studies when appropriate.

The Exchange Board voted and approved the resolution for the Establishment Grant proposal.

#### **Next Steps**

Secretary Sharfstein announced the Exchange Board will have its next meeting on Monday, June 27, 2011, and requested that the final version of the Establishment Grant application be given to the board members.