

# Maryland Health Benefit Exchange Board Meeting Minutes

May 8, 2012  
1:00 p.m. - 4:00 p.m.  
Maryland Department of Budget & Management  
45 Calvert Street  
Annapolis, MD 21401

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.	Kenneth Apfel, M.P.A
Georges Benjamin, M.D. (by phone)	Thomas Saquella, M.A.
Jennifer Goldberg, J.D., LL.M.	Darrell Gaskin, Ph.D. (by phone)
Enrique Martinez-Vidal, M.P.P.	Rebecca Pearce, M.B.A
Ben Steffen, M.A.	Therese Goldsmith, J.D., M.S.

## **Opening Comments and General Updates**

Secretary Sharfstein welcomed the Exchange Board members and participants. He noted the success of the Health Care Reform Coordinating Council meeting earlier in the day.

Rebecca Pearce, Executive Director of the Exchange, announced that the Board will meet twice in both May and June, 2012. She described the current meeting as the regular Board meeting, while the one scheduled for May 18, 2012 will be focused on the Level II grant submission.

Therese Goldsmith, Commissioner of the Maryland Insurance Administration, proposed two changes to the minutes of the April 10, 2012 meeting:

- She took issue with language describing the Risk Adjustment, Reinsurance, and Risk Corridors Steering Committee as having “subdivided” into three workstreams. She offered to propose more correct language at another time.
- In the section covering the discussion of the Individual Exchange Billing & Payment Strategy, she felt that the bullet reading “With billing and payment functionality inside the Exchange, consumers are much more likely to be able to complete the enrollment process in one step” did not accurately reflect what was discussed. Secretary Sharfstein proposed that the bullet be changed to read, “Enrollment would be in one system, all the way through the first payment.”

The Board approved the April 10<sup>th</sup> meeting minutes with the above revisions.

## **Information Technology (IT) Update**

Sunny Raheja, Project Manager of the Exchange Project Management Office presented to the Board an update on the Exchange’s IT systems. He began by orienting the Board to the governance structure of the IT systems, from the secretary-level leadership of the state agencies involved, down through the IT vendors. When discussing the roles of the various agencies, he identified some as being the Core Team and others as being the Supporting Team, as follows:

<b>Core Team</b>	<b>Supporting Team</b>
Maryland Health Benefit Exchange <ul style="list-style-type: none"> <li>• Rebecca Pearce, Executive Director</li> <li>• Kevin Yang, Chief Information Officer</li> <li>• Program Directors</li> </ul>	Maryland Department of Information Technology <ul style="list-style-type: none"> <li>• Elliott Schlanger, Secretary</li> </ul>
Maryland Department of Health and Mental Hygiene <ul style="list-style-type: none"> <li>• Joshua Sharfstein, MD, Secretary</li> <li>• Saleem Sayani, CIO</li> <li>• Program Directors</li> </ul>	Maryland Insurance Administration <ul style="list-style-type: none"> <li>• Therese Goldsmith, Commissioner</li> </ul>
Maryland Department of Human Resources <ul style="list-style-type: none"> <li>• Ted Dallas, Secretary</li> <li>• Kenyatta Powers, A-CIO</li> <li>• Program Directors</li> </ul>	

He then discussed the project schedule and revealed the order in which the sprints will be developed. He identified four types of requirements in descending order of priority; Core Requirements, Federal Requirements, State Requirements, and Other Requirements. The Exchange and the Centers for Medicare and Medicaid Services (CMS) will work together to set dates for the IT Gate Reviews, including Detail Design Review, Final Detail Design Review, Preliminary Operational Readiness Review, and Operation Readiness Review. The dates for these Gate Reviews are tentative. The Board will be able to view a demonstration of the core requirements in the middle or in the end of the third quarter of 2012. Mr. Raheja clarified for the Board that the testing period that appears on the schedule in the third quarter of 2013 is the full end-to-end testing of the entire system, and that the sprint development process includes User Acceptance Testing by various stakeholders as an integral part of each sprint. He expressed confidence in the timeline due to the strength of the team assembled to complete the project.

Mr. Raheja then revealed the four major functional area categories defined by CMS as part of the upcoming certification: eligibility and enrollment; plan presentation; billing and payment; and consumer and stakeholder engagement. Each of the major categories contains one or more of the 15 functional areas, and each functional area in turn contains three of the four types of requirements (core, federal, state).

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In response to questions from the Board, Mr. Raheja provided the following additional information:

- CMS will certify the system only on federal requirements
- Maryland has no certification plan for the state requirements
- CMS is aware of the Maryland Exchange's development timeline

### **3Rs Update**

Ms. Goldsmith reminded the Board that it had previously approved the formation of a 3Rs Steering Committee and announced that the members of that committee include:

- Ben Steffen of the Maryland Health Care Commission
- Duane Glossner of The Hilltop Institute representing the Maryland Department of Health and Mental Hygiene (DHMH)

- Jonathan Kromm of the Governor's Office of Health Care Reform
- Kent McKinney of the Maryland Health Insurance Plan
- Mary Beth Pohl of the Health Services Cost Review Commission
- Rebecca Pearce of the Maryland Health Benefit Exchange
- Tequila Terry of the Maryland Health Benefit Exchange
- Therese Goldsmith of the Maryland Insurance Administration
- Megan Mason of the Maryland Insurance Administration

The U.S. Department of Health and Human Services (HHS) released a final rule regarding 3Rs that was quite different than the proposed rule, inasmuch as the final rule provided states the option to have the federal government operate the reinsurance program or to perform that task at the state level. When the Steering Committee convened for the first time on March 30, 2012, it considered whether to perform the risk adjustment and reinsurance functions at the state level or to cede that to HHS. The three workstreams (Data and Audit, Administration and Finance, Policy and Parameters) are made up of representatives from the following:

- Kaiser
- CareFirst
- Aetna
- Coventry
- United
- MHHC
- MHIP
- MIA
- MHBE

On April 6, April 9, and April 10, 2012, the three workstreams met to give their perspectives on the pros and cons of the state operating the risk adjustment and/or reinsurance programs as opposed to HHS, and reported their findings to the Steering Committee. The Steering Committee met again on April 27 and May 2, 2012 to develop recommendations for the Board's consideration.

Ms. Goldsmith then introduced James Woolman of Wakely Consulting Group, who presented to the Board the parameters of both the risk adjustment and reinsurance programs, as well as the recommendations for operation of each program.

Mr. Woolman stated that the workstreams recommend the federal government administer the risk adjustment program, at least until the study mandated to assess the risk adjustment program is delivered to the state legislature on December 1, 2015. He pointed out that nothing in the law precludes the state from taking over the risk adjustment program down the road, should it prove advantageous. He said that taking over the program later would likely prove an easier task due to many of the kinks having been worked out over the intervening years, as well as having actual experience on which to rely in crafting a state-operated program.

Mr. Woolman stated that the workstreams also recommend that the state implement its own program for reinsurance. He provided further details on the options available, including:

- Option 1 – Administering the Federal Program with no enhancements

- Option 2 – Administering the State Program under existing law
- Option 2A – Administering the State Program with additional funding, which would require legislation
- Option 3 – Administering the Federal Program with state “wrap-around” coverage, which would require legislation

Mr. Woolman pointed out to the Board that the Steering Committee favors option 2, since it would allow the state to provide richer benefits than the federal program without needing additional legislation. Due to the time constraints in implementing the program, any option that involves additional legislation is disfavored since the time required for the legislative process would delay implementation of the program, which is not feasible.

Secretary Sharfstein pointed out that the Exchange would likely prepare for two reinsurance scenarios – one with new legislation, and one without. Carriers would be asked to prepare two rate submissions, one with each possibility in mind. During the legislative session, if the option with additional legislation passes in the General Assembly and is signed into law (option 2A), carriers would provide the rate submission based on option 2A. If the additional legislation fails, carriers would use the submission based on option 2. Megan Mason of the Maryland Insurance Administration agreed, and further pointed out that option 2 allows the most flexibility, and also that the state would have no opportunity to take over the reinsurance program down the road should they opt for the federal program in the beginning.

In response to a question by the Secretary, Ms. Mason explained that December 1, 2012 is the “point of no return.” On that date, the state must inform HHS if it plans to collect reinsurance contributions. That is the date by which the choice between a federal and a state administered reinsurance program must be made.

The Board passed a motion to use the federal risk adjustment program, and to develop a state approach to reinsurance.

#### **Advisory Committees**

Thomas Saquella gave an update on the progress in establishing and filling the seats on the three new advisory committees to the Exchange Board. He will provide to the Board recommendations of individuals who should serve on each committee during the May 18<sup>th</sup> meeting. He noted that there were 120 applicants for the three committees, and discussed some of the goals around placing individuals on them:

- No person should serve on more than one committee.
- Racial and geographic makeup of the committees will receive additional attention.
- Committees should include people who are new to the process; who weren’t involved in the 2011 committees.

Mr. Saquella noted that mandates for each committee must be developed. He asked that the Exchange staff forward the names of all the people who applied for a committee appointment, along with committee member and co-chair recommendations for each committee, to the Board by May 14<sup>th</sup>, 2012.

Kenneth Apfel will act as Board liaison to the Plan Management Advisory Committee. Jennifer Goldberg will act as Board liaison to the Navigator Advisory Committee. Enrique Martinez-Vidal and Georges Benjamin, MD will act as Board liaisons to the Continuity of Care Advisory Committee.

Secretary Sharfstein pointed out that the work required of these new committees will take a fundamentally different shape from that of the 2011 committees. In 2011, each committee had a single overarching task at hand culminating in a report to the legislature. The new committees will be asked to provide input on critical issues at specific times on specific topics.

### **Other Committee Participation – Joint Financing Committee and Essential Health Benefits Committee**

Carolyn Quattrocki, Executive Director of the Governor's Office of Health Reform, gave the Board an overview of a plan for two additional committees arranged through the Health Care Reform Coordinating Council (HCRCC).

The Joint Legislative Executive Committee on Health Benefit Exchange Financing (Joint Financing Committee), required under the Maryland Exchange law, must be composed of the following:

- The Chair of the Exchange Board
- Two additional members of the Exchange Board
- Two members of the Maryland House of Delegates
- Two members of the Maryland Senate
- The Commissioner of the Maryland Insurance Administration
- The Chair of the Maryland Health Care Commission
- The Chair of the Maryland Health Services Cost Review Commission
- The Attorney General of Maryland

Ms. Quattrocki laid out an initial work plan for the committee. The Exchange's Finance and Sustainability Advisory Committee will meet in late June, 2012, with a consultant to be hired by the Exchange who will go over all the options and other considerations. Recommendations and options arising out of that meeting will be presented to the Joint Financing Committee for modification and approval. Following that, the consultant will conduct analysis of the financing options, after which a 30-day comment period will begin. The Joint Financing Committee will review, comment, and finalize recommendations, and submit a final report to the Maryland General Assembly and the Governor on December 1, 2012.

Thomas Saquella and Darrell Gaskin have agreed to serve on the Joint Financing Committee.

Rebecca Pearce pointed out that the Exchange Finance and Sustainability Advisory Committee will continue to operate as well.

Ms. Quattrocki then presented a work plan for the HCRCC's mandated task of selecting Maryland's Essential Health Benefit (EHB) Plan. A workgroup of the HCRCC will select 20 to 25 people out of 60 nominations to the EHB Advisory Committee. HCRCC intends that there be

maximum public input into the selection of the EHB Plan. To that end, members of the public will be encouraged to provide their points of view throughout the process.

Secretary Sharfstein clarified that if an individual serves on an advisory committee that reports to the Exchange Board, that person should not be precluded from also serving on an advisory committee that reports to the HCRCC.

### **Project Plan Update**

Ms. Pearce and Yohance Green, Exchange Project Manager, presented the Master Project Plan to the Board. Mr. Green explained that he based the Master Project Plan structure on various sources, including input from various consultants, the Center for Consumer Information and Insurance Oversight (CCIIO) blueprint plan, the Level I grant application, and the Level II grant application. He described the planning document and how it is structured, and gave insights into the various dates and milestones contained therein.

Mr. Green then introduced the High Level Work Plan, and gave an overview of its structure.

Ms. Pearce then asked the Board how they want to be updated on the progress of the project, and the level of detail they wish to see within the Project Plan. Secretary Sharfstein requested a very high level document that uses green, yellow, and red colors to indicate which areas are proceeding as planned, which are experiencing some challenges, and which are in danger.

### **Regulations Update**

Ms. Pearce, Maansi Raswant of The Hilltop Institute, and Tequila Terry, Director of Plan Management at the Exchange, presented the Regulations and Qualified Plan Certification development timelines. Ms. Goldsmith stated that any regulations being promulgated by the Maryland Insurance Administration should be removed from the regulations development timeline, as the promulgation process for those regulations will not follow the promulgation process described in the timeline. The Secretary stated that, in some instances, the initial public comment period may be collapsed into the “Advisory Committee Input” period. Ms. Goldberg concurred, stating that there will be time for public comment at each advisory committee meeting. The Secretary stated that the next version of the timeline should state which advisory committee has responsibility for reviewing the various draft regulations, and should also state which draft regulations may not need advisory committee input.

### **Next Steps**

The next Exchange Board meeting will be held on May 18, 2012, at the Maryland Health Care Commission at 4160 Patterson Avenue, Baltimore, MD 21215. This meeting will be focused on the Level II grant submission, particularly developing plans to address each of the 11 core areas.