



Maryland Health Benefit Exchange Board of Trustees

July 16, 2018

2:00 p.m. – 4:00 p.m.

Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

Members Present

Robert R. Neall, Chair

S. Anthony (Tony) McCann, Vice Chair

Linda S. (Susie) Comer (by phone)

Rondall E. Allen

Ben Steffen, MA

Dana Weckesser

Alfred W. Redmer, Jr.

Members Absent

K. Singh Taneja

Sastry Dara

Also in Attendance

Lourdes Padilla, Secretary, Maryland Department of Human Services

Michele Eberle, Executive Director, Maryland Health Benefit Exchange (MHBE)

Andrew Ratner, Chief of Staff, MHBE

Venkat Koshanam, Chief Information Officer, MHBE

Tony Armiger, Chief Financial Officer and Acting Procurement Officer, MHBE

Caterina Pañgulinan, Chief Compliance Officer, MHBE

John-Pierre Cardenas, Director, Policy & Plan Management, MHBE

Betsy Plunkett, Director, Marketing & Web Strategies, MHBE

Aaron Jacobs, Director, Organizational Effectiveness and Human Resources, MHBE

Sharon Stanley Street, Principal Counsel, Office of the Attorney General

Juliana Bell, Assistant Attorney General, Office of the Attorney General

Raelene Glasgow, Procurement Manager, MHBE

Kris Vallecillo, Senior Health Policy Analyst, MHBE

Welcome & Introductions

Secretary Neall welcomed everyone to the Board meeting.

Approval of Meeting Minutes

The Board reviewed the minutes for the June 18, 2018 open meeting. Mr. McCann moved to approve the minutes. Ms. Weckesser seconded the motion. The Board voted unanimously to approve the minutes of the June 18, 2018 open meeting.

Executive Update

Michele Eberle, Executive Director, MHBE

Ms. Eberle began by welcoming new Board member Dr. Allen and offered a brief biographical summary of his career and accomplishments.

Next, Ms. Eberle announced that the MHBE has completed moving all staff from the former Linthicum office to the Pratt Street office. She noted that having all 180 personnel on one floor helps the agency fulfill its mission more effectively.

Ms. Eberle then gave an update on staffing. The MHBE has several new hires including a new Quality Assurance Specialist, Webmaster, Procurement Manager, and two summer interns.

Next, Ms. Eberle stated that the MHBE's 1332 State Innovation Waiver application was deemed complete by the Centers for Medicare & Medicaid Services (CMS), which triggered the beginning of a month-long federal public comment period ending August 4, 2018.

Ms. Eberle then described efforts to update and revise training materials for the more than 1,700 consumer assisters. She noted that all such materials must be made current and consistent well in advance of the next open enrollment period.

Next, Ms. Eberle announced that the MHBE has completed four regional forums wherein the agency gathered feedback from community stakeholders. She noted that comments received in both southern and far western Maryland underlined the importance of using local radio and newspapers as the foundation of any outreach strategy in those areas.

Ms. Eberle also described a recently completed strategy session with the MHBE's marketing vendor. The session focused on how to increase enrollment in the next open enrollment session, assuming the approval of the 1332 waiver.

Next, Ms. Eberle stated that the agency is nearing completion of its managing-for-results (MFR) effort along with its budget submission for fiscal year (FY) 2020. She added that they expect to complete that effort by the end of August. Secretary Neall asked whether the MHBE identified any changes through the MFR process, to which Ms. Eberle replied in the negative, noting that they had made changes last year.

Ms. Eberle finished her update by describing some of the components in the next major software release scheduled for July 27. The release will include "pay direct url" functionality that allows consumers to make a binder payment to their selected insurance carriers immediately after selecting their plan. Also included are updates to the producer "Tango" process, Medicaid managed care organization (MCO) auto-assignment, a new training compliance check for worker portal provisioning, a new marketing portal into the exchange systems that will allow workers to perform outreach to consumers that is customized to their progress through the application for coverage, and a range of improvements to data transmissions between the MHBE and carriers.

MITA 3.0 Presentation

Dennis R. Schrader, Chief Operating Officer & Medicaid Director, Maryland Department of Health
Craig Smalls, Assistant Chief Information Officer for Medicaid, Maryland Department of Health

Mr. Schrader presented the results of the Maryland Medicaid Information Technology Architecture (MITA) State Self-Assessment effort recently undertaken by his office. He described a recent summit wherein leaders at Medicaid began to roll out the future vision of Maryland's Medicaid information technology architecture, explaining that continued access to federal matching funds at the 90/10 rate is contingent upon completing this work. CMS requires Maryland to develop an assessment of current overall architecture, as well as advance planning documents—all of which will be the product of close partnerships between Medicaid, the MHBE, and the Maryland Department of Human Services' (DHS') Total Human-services Information Network (MD THINK).

Next, Mr. Schrader laid out the approach his team has taken and will continue to employ in fulfilling the requirement. Details presented included the timing, stakeholders, and output of the project.

Mr. Schrader then presented CMS' MITA Maturity Level framework, a five-level schema that rates the IT architecture of a Medicaid agency. He explained that Maryland is currently at Level 1, which is the national average, but intends to reach Level 3 within ten years as part of this effort. He noted that Levels 4 and 5 remain aspirational at this time.

Next, Mr. Schrader further explained Maryland's current Level 1 score, noting that in some areas including Business

Relationship Management, Maryland is very nearly at Level 2. In other areas, including Financial Management, the state has room for improvement. He added that the goal is to reach Level 2 across the board within five years.

Mr. Schrader then presented a diagram representing the MDH Enterprise Module Strategy Design, characterizing it as an important component of succession planning that will allow anyone who comes to work on the project to be oriented quickly.

Next, Mr. Schrader described the four phases of the program. He explained that all four phases would unfold in the coming decade. He concluded his presentation by laying out the process by which modules developed during the project would be certified by CMS.

Secretary Neall asked whether the end result of completing all four phases laid out by Mr. Schrader would be the achievement of Maturity Level 2. Mr. Schrader replied in the affirmative.

Mr. Steffen, noting that the module certification process presented appears to have the Independent Verification & Validation (IV&V) vendor reporting directly to CMS, asked Mr. Schrader to confirm his impression and to explain to which organization the IV&V vendor is contracted. Mr. Schrader replied that the MD THINK project has the IV&V vendor reporting to the governing bodies rather than the program managers and that the IV&V vendor uses the standard CMS template. Mr. Smalls added that the artifacts created by the IV&V vendor will go to state and federal authorities at the same time. Mr. Steffen cautioned that IV&V sometimes becomes misaligned from project goals and urged Mr. Schrader to remain vigilant in this regard.

Risk Adjustment and Reinsurance

John-Pierre Cardenas, Director, Policy & Plan Management, MHBE

Todd Switzer, Chief Actuary, Maryland Insurance Administration (MIA)

Bradley Boban, Senior Actuary, MIA

Mr. Cardenas gave the board an overview of the likely interaction between federal risk adjustment and state reinsurance in the individual market. He thanked the Board for their engagement on the topic and noted that this interaction issue is one of the most complicated in the entire effort.

Mr. Cardenas began by explaining the background of the issue, including those events leading to the Board's having authorized the MHBE to commission a study by the Wakely Consulting Group (Wakely) to analyze the interaction between risk adjustment and reinsurance with a view toward avoiding duplicative payments to issuers under the two programs. He detailed the assumptions and methods employed by Wakely in the study, noting that the analysis incorporates as closely as possible those assumptions included in the 1332 State Innovation Waiver application recently submitted by the MHBE to CMS.

Next, Mr. Cardenas described how Wakely forecasted the likely distribution of 2019 individual market enrollees among various claims cost categories. He underscored that Wakely estimated that the size of the 2019 individual market would decrease by 25 percent from 2017 and that only six percent of all those enrolled would have claims reaching the reinsurance attachment point. In response to a question from Secretary Padilla, Mr. Cardenas clarified that the population under consideration is the individual market, regardless of whether the plan was purchased through the MHBE or on the off-Exchange market, and that the analysis does not consider Medicaid enrollees.

Mr. Cardenas then laid out the three scenarios analyzed by Wakely: a 2019 plan year with risk adjustment only, 2019 with risk adjustment and state reinsurance, and 2019 with "dampened" risk adjustment and state reinsurance. Mr. McCann asked when federal authorities would allow the state to dampen risk adjustment payments, to which Mr. Cardenas replied that such dampening could not take place before the 2020 plan year. Mr. McCann then asked why Wakely analyzed the dampening scenario for 2019. Mr. Cardenas replied that the MHBE can replicate the effects of dampening of risk adjustment through adjustments to reinsurance payments.

Next, Mr. Cardenas explained how medical loss ratios (MLRs) are calculated when taking into account premium stabilization programs such as risk adjustment and reinsurance. He noted that in the early years of the Affordable

Care Act (ACA), MLRs were typically above 0.80, indicating that issuers were using some of their allowable overhead to pay claims.

Mr. Cardenas then displayed the analysis results, with MLRs for each scenario and claims cost category. He pointed out that the negative MLR displayed indicates a duplicative payment under the scenario that combines un-dampened risk adjustment and reinsurance.

Mr. McCann asked why, if the MHBE cannot employ dampening in 2019, the analysis includes two scenarios with dampened risk adjustment in 2019. He also asked why the analysis does not include modifying the reinsurance attachment point to move more individuals into the 4th quartile category. Mr. Cardenas replied that the only dampening tool available to the MHBE for 2019 is the reinsurance program. For that reason, he explained, the agency must modify the reinsurance parameters by estimating the risk adjustment payments. He added that modifications to the reinsurance program will only directly affect those consumers whose claims exceed the attachment point.

Commissioner Redmer asked how consumers with no claims could have a 0.91 MLR. Mr. Cardenas explained that a portion of the premiums paid by those with no claims is paid into the risk adjustment program.

Mr. Steffen asked about the implications of the proposed reinsurance parameters, including the \$20,000 attachment point. He stated that several common procedures such as childbirth, hip and knee replacement, and gastric bypass surgery would likely exceed that threshold, and commented that these are not catastrophic losses. Mr. Cardenas replied that Mr. Steffen had a good point, and that the agency is conducting hearings in order to gather such feedback. He added, however, that a combination of factors led to the \$20,000 attachment point. The Board felt very strongly that the reinsurance program should have a cap of \$250,000 with an 80 percent coinsurance rate, and the agency requires a 30 percent premium offset to stabilize the market. The combination of those requirements results, mathematically, in the \$20,000 attachment point. Raising the attachment point would increase premiums.

Mr. Cardenas then presented the report's conclusion that risk adjustment dampening of 30 percent would result in no duplicative payments to issuers. He then introduced Mr. Switzer and Mr. Boban of the MIA who presented in more technical detail aspects of Wakely's analysis.

Mr. Boban noted that the perfect solution to the problem would be for Maryland to control the risk adjustment program, allowing the state to address the duplicative payments in a highly targeted fashion. He added that Minnesota evaluated creating their own state-run risk adjustment program and found it to be infeasible—a conclusion shared by MIA for Maryland.

Mr. Cardenas underlined the urgency of coming to a decision, as a supplementary submission under the 1332 waiver application that is to address these matters is due by August 4, 2018. To that end, he presented the MHBE staff recommendation that the Board “instruct MHBE staff to take action to calibrate the overlap of payments from the risk adjustment and reinsurance programs through regulations for the State Reinsurance Program.”

Secretary Neall asked whether the regulations referred to in the staff recommendation would be subject to public hearings. Mr. Cardenas replied in the affirmative, adding that while the policy tool has been identified, the agency needs to hear insight as to how best to use that tool.

Mr. McCann asked whether the issue would ever again come before the Board. Mr. Cardenas replied that any proposed regulations resulting from this process would be presented for Board review. Secretary Neall, noting that the Board does not meet in open session again before September, announced that there would be a telephone conference for the Board on these issues sometime in August.

Secretary Neall stressed the importance of keeping the retail price of insurance premiums at the forefront of considerations throughout this process. Mr. Cardenas agreed, noting that the salient question is how to get the lowest premium for the greatest number of people.

Secretary Neall underlined the fact that Maryland has just signed a new total cost of care agreement with CMS, meaning that if the MHBE's actions increase uncompensated care in the state, it would become necessary for the state to save money somewhere else in the system. Mr. Cardenas replied that reducing the uninsured population in Maryland is critical to reducing the incidence of uncompensated care.

Mr. Steffen asked the MIA staff whether there is any differential impact on off-Exchange versus on-Exchange plans and whether they were confident in the accuracy of the federal financial data, given that they are not audited. Mr. Switzer replied that they are confident in the federal data, but that the entire issue involves a great deal of volatility. Mr. Boban added that there is no difference in price between on- and off-Exchange plans, and thus no difference in policy impact.

Commissioner Redmer moved to adopt the staff recommendation to structure through regulation the State Reinsurance Program to account and adjust for any potential duplication in payment from both risk adjustment and reinsurance. Mr. Steffen seconded the motion. The motion was carried with no opposition.

IT Procurements

Tony Armiger, Chief Financial Officer, MHBE
Venkat Koshanam, Chief Information Officer, MHBE
Raelene Glasgow, Procurement Manager, MHBE

Mr. Armiger began by introducing Ms. Glasgow, the MHBE's new Procurement Manager. Ms. Glasgow gave the Board a brief overview of her background and accomplishments.

Mr. Armiger then gave notice that the MHBE will request the Board's approval at their next open meeting of a contract award to renew maintenance support for RedHat Linux Operating System & Application Servers.

Next, Mr. Armiger discussed the current contract log for FY 2018. He noted that, at a previous meeting, a Board member asked why so many contracts with zero dollars were present on the list. He clarified that the list included master contracts that have no dollar amounts associated with them.

Ms. Eberle asked how many hours are outstanding under the indefinite delivery indefinite quantity (IDIQ) contract. Mr. Koshanam replied that the agency has received nearly 1,000 resumes and has filled 105 positions. He added that 27 vendors have received at least one task order and that no single vendor has more than 15 or 16 task orders, making the total complement of vendors a healthy mix of high and low volume. Mr. Koshanam stated that they expect to fill three or four more positions.

Mr. Armiger then presented the list of FY 2019 IDIQ awarded task orders, noting that the list is current through July 9, 2018. He noted that there are 96 task orders on the list and that future versions of the list will include the dollar amounts spent.

Adjournment

Commissioner Redmer moved to adjourn the meeting. Mr. McCann seconded the motion. The Board voted unanimously to adjourn the meeting.