



Maryland Health Benefit Exchange Board of Trustees

September 17, 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	Ben Steffen, MA
S. Anthony (Tony) McCann, Vice Chair	Dana Weckesser
Rondall E. Allen (by phone)	Alfred W. Redmer, Jr.
	K. Singh Taneja

Members Absent

Linda S. (Susie) Comer

Also in Attendance

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 Pañgilinan, 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

Welcome & Introductions

Secretary Neall welcomed everyone to the Board meeting.

Approval of Meeting Minutes

The Board reviewed the minutes for the July 16, 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 July 16, 2018 open meeting.

The Board reviewed the minutes for the August 24, 2018 telephone conference. Mr. McCann moved to approve the minutes. Ms. Weckesser seconded the motion. The Board voted unanimously to approve the minutes of the August 24, 2018 telephone conference.

Executive Update

Michele Eberle, Executive Director, MHBE

Ms. Eberle stated that Board member Sastry Dara has resigned from the Board due to work commitments, and the Governor's Appointments Office is searching for a new member. She added that if anyone is interested, they should visit the Governor's Appointments Office website. Ms. Eberle provided an update on new hires. She explained that two new health policy analysts have been hired, as well as a new communications manager.

Ms. Eberle provided a summary of the revised, refiled 2019 rates. She stated that Kaiser Permanente requested a 6.9 percent decrease in rates, and CareFirst requested 15.8 percent reductions to the health maintenance organization (HMO) rates and 11.1 percent reductions to the preferred provider organization (PPO) rates. Ms. Eberle thanked Commissioner Redmer and his team, as well as everyone who worked on the 1332 waiver. She also recognized the Board for approving the waiver. Ms. Eberle stated that the MHBE is already starting to see the positive effects of the waiver. Ms. Eberle stated that short-term plans become effective, and she added that Maryland limited these plans to 90 days and made them non-renewable. Ms. Eberle explained that association health plans are required to meet the rest of the standards of small group market plans. She stated that the MHBE is continuing to do outreach through blogs and social media to ensure that consumers fully understand these plans and that the benefits may not be comprehensive.

Ms. Eberle provided an update on plan certification and stated that plans have been certified. She stated that in the individual market, there are three licenses under CareFirst and Kaiser, and in the small group market there are two licenses under Aetna, CareFirst, Kaiser, and United HealthCare. Ms. Eberle stated that for dental there are Alpha, CareFirst, Delta, and Dominion. Ms. Eberle added that renewal notices will be generated the last week in September and will start hitting mailboxes in October. Ms. Eberle explained that the MHBE is now auto-renewing dental plans, which has not been done in the past. Ms. Eberle stated that the Board will hear next month about plan certification standards and what the MHBE has focused on this year, including reducing administrative burden on issuers, out-of-pocket cost relief, maximizing advanced premium tax credits purchasing power, and affordability.

Ms. Eberle provided an update on open enrollment readiness and explained that the MHBE is right on target. Ms. Eberle added that 40 producers want to participate in the broker assistance transfer and explained that it is a popular program. Ms. Eberle provided an update on the call center and added that the MHBE is in the midst of ramping up customer service representative hiring for open enrollment. Ms. Eberle stated that there are two marketing events coming up on November 10 and 11 and December 8 and 9. These events are the two statewide events that the MHBE is doing, but there will be many others. Ms. Eberle will provide updates on that at a later time. Ms. Eberle stated that Release 24 will go in on September 28 and will include ten enhancements and six maintenance and operation upgrades.

Maryland Insurance Administration (MIA) Grant Award Update

Joseph Fitzpatrick, Assistant Chief Examiner, Maryland Insurance Administration
Robert Morrow, Associate Commissioner, Maryland Insurance Administration

Mr. Fitzpatrick explained that state flexibility grant applications became available from the federal government in the spring. Mr. Morrow provided a summary of the scope and design of the study. He explained that the study will focus on the availability of coverage, why some people do not enroll in coverage, and whether people are utilizing their coverage enough. He stated that it will be a two-year study to be performed by a consultant under the MIA's direction. Mr. Morrow stated that the study will be based on availability generally, as well as a topic areas identified from public engagement. He added that the MIA wants to make sure they are doing something that has not been done before. Mr. Morrow noted that the MIA is reaching out to other organizations such as MHBE and individual carriers to build off of their existing research. Mr. Morrow stated that the MIA is in the process of developing a request for proposals to look for a consultant.

Ms. Weckesser asked what the next steps will be after identifying barriers. Mr. Morrow replied that it is hard to say without having the results, but the results will be public. Secretary Neall asked about the specifics of the timeline, study, and results. Mr. Fitzpatrick responded that the work plan has been written, and it is a two-year grant. He added that the request for proposals needs to be complete within three months of the federal award and that they are looking at a timeline of granting a request for proposals at the beginning of the year. Mr. Morrow stated that the first year of the market study would be 2019 and revamped for 2020. Secretary Neall asked about the dollar amount of the grant. Mr. Fitzpatrick responded that the award is \$280,000.

IT Procurements

Raelene Glasgow, Procurement Manager, MHBE

Venkat Koshanam, Chief Information Officer, MHBE

Ms. Glasgow summarized the procurement for maintenance and support renewal for Corticon software and stated that the MHBE only received one bid. Secretary Neall asked if the amount covers the extended grace period, and Ms. Glasgow responded that it does. Ms. Eberle explained that this was over-extended because the Corticon contract was mixed in with the Maryland Department of Information Technology (DoIT), and the MHBE had to unweave this contract from DoIT. Mr. Koshanam added that this process started in January 2018, and the manufacturer of Corticon could not issue a quote because the underlying license was mixed up with MDTHINK. Mr. Koshanam reiterated that it took some time to correct this, but the MHBE issued an invitation for bid (IFB) on July 3, 2018 and again on August 9, 2018. Carahsoft responded to the August 9, 2018 IFB. Mr. McCann asked if the underlying indefinite delivery indefinite quantity (IDIQ) vehicle is issued by MHBE or DoIT. Mr. Koshanam responded that both the IDIQ and IFB are issued by the MHBE. Mr. McCann asked if this is a task order or an IDIQ itself. Mr. Koshanam responded that it is not a task order or IDIQ, but it is an IFB. Mr. Taneja asked if this is just a one-year contract, or if there are automatic renewals. Ms. Glasgow responded that this is just a 12-month contract.

Secretary Neall moved to approve a 12-month contract award to Carahsoft Technology Corp. for Corticon Business Rules Engine maintenance and support in an amount not to exceed \$296,194.66 effective July 31, 2018 through July 30, 2019. Mr. Steffen seconded the motion. The Board voted unanimously to approve the motion.

Ms. Glasgow then summarized the current IDIQ contract and the request to transfer funds from Program 1 to Program 2 to increase the not-to-exceed total amount for fiscal year (FY) 2019. Mr. Taneja asked for clarification that this request is to increase overall spending in this category, but not to actual vendors. Ms. Glasgow responded in the affirmative. Mr. Steffen asked how the money will be distributed among the functions. Mr. Koshanam explained that Chatbot was just launched last weekend, and the main enhancement in this program is to enable the MHBE to reach out to consumers. Mr. Koshanam explained how the enhancements increase the ability to reach out to consumers and improve user experience. Mr. Koshanam added that the system is in the process of being tested. Mr. Steffen asked if the movement of the funds will compromise the condition of the call center. Ms. Eberle explained that the MHBE amended the budget last year to move excess funds in to the Program 1 budget. Ms. Eberle added that this is an opportunity to take the excess funds and move them to Program 2 with no effect on Program 1.

Ms. Weckesser moved to approve the staff recommendation to increase the not-to-exceed amount for the IT Consulting and Technical Support Services IDIQ Master Contracts for FY 2019 to \$21,555,000 by amending the FY19 budget to transfer \$3,355,000 from Program 1 to Program 2. Mr. McCann seconded the motion. The Board voted unanimously to approve the motion.

Marketing Procurements

Raelene Glasgow, Procurement Manager, MHBE

Betsy Plunkett, Director, Marketing & Web Strategies, MHBE

Ms. Plunkett provided a summary of the reallocated resources to address marketing challenges and the distribution of the not-to-exceed amount increase. Secretary Neall asked how much was spent last year. Ms. Plunkett responded that this is more than the MHBE spent last year.

Mr. Redmer stated that money should not go towards educating people about the reinsurance program and how it works because it is confusing to consumers and expressed concern about \$200,000 for creative development. Mr. Redmer also asked about the value of event sponsorships. Ms. Plunkett responded that this money would be used through June 30, and it is not just for open enrollment. She added that getting into the details of the reinsurance program would not be helpful, but there is confusion in the marketplace. Ms. Plunkett emphasized that the budget for marketing for open enrollment has decreased over the years and affected the MHBE's ability to raise awareness as it should. Mr. Redmer reiterated his concern about spending the \$200,000 for creative development when the message should not change that much. Ms. Eberle added that this change does not increase the budget because it is using excess funds within the same program. Ms. Eberle explained that the MHBE is aware that they have a limited

window with the reinsurance program to get as many enrollees in as possible. She added that they are working to increase enrollment and are trying to use information from the listening forums around the state to reach people during the five-week period. Ms. Eberle emphasized that these are not-to-exceed amounts. Ms. Plunkett added that media starts after the week of the election, and extra resources will allow the MHBE to increase awareness of open enrollment itself.

Mr. Taneja asked if this is a one-time request, or if it will be the new base going forward. Ms. Eberle responded that the marketing and outreach budget was increased for next year. Secretary Neall stated that there is only one message this year, which is that prices are down. Secretary Neall added that the MHBE should emphasize this message as much as it can.

Ms. Plunkett explained that the MHBE just wrapped up 40 interviews across the state with uninsured Marylanders and found that cost is a huge factor. She added that there are two other messages that continually arise: (1) that most consumers who go through Maryland Health Connection get financial help, and (2) that in-person help is available throughout the state. Secretary Neall agreed with those messages. Ms. Plunkett reiterated that the specified amounts are not set in stone.

Mr. McCann, in reference to short-term plans, asked if the MHBE is in the business of pushing one plan or another. Ms. Plunkett stated that the MHBE is in the business of educating consumers that short-term plans are not the same and do not provide the same protections. Mr. McCann asked how the potential Small Business Health Options Program (SHOP) marketplace fits into the marketing budget and if the marketing funds are separate. Ms. Eberle responded that this budget is inclusive of SHOP. Mr. Steffen commented that funds set aside to explain the differences between short-term plans would be well spent.

Mr. Redmer asked why the MHBE thinks consumers will be more confused about short-term plans this year compared with prior years. Ms. Plunkett responded that an increased news coverage of short-term plans this year may cause confusion. Secretary Neall clarified that consumers only need to know that short-term plans are 90 days, not comprehensive, and non-renewable.

Mr. McCann moved to approve an increase of the GMMB contract for marketing in an amount not to exceed \$3.37 million for FY 2019. Mr. Steffen seconded the motion. The Board voted unanimously to approve the motion

Ms. Plunkett clarified that the request is to increase the not-to-exceed amount from \$190,000 to \$220,000. She added that the increase in printing will allow the MHBE to have a wider distribution of print materials to community partners, as well as mailing to independent contractors who may be eligible for either the SHOP program or the individual marketplace. Ms. Plunkett also stated that this will allow the MHBE to distribute an additional brochure to individuals after they enroll.

Mr. McCann moved to approve an increase of the Uptown Press contract for printing in an amount not to exceed \$220,000 for FY19. Mr. Redmer seconded the motion. The Board voted unanimously to approve the motion.

SHOP Options

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

Mr. Cardenas explained that this presentation is a direct response to a request from the Board during the April session, and it is a result of months of work by MHBE staff engaging with constituents, employers, and other exchanges. Mr. Cardenas provided a summary of the analysis of the potential in the SHOP marketplace and walked through the results showing the lower bound estimates of minimum potential SHOP pass-through. Mr. Redmer asked firms with a firm size of one, which are ineligible for the tax credit. Mr. Cardenas explained that the purpose of this exercise was to use the minimum firm size within the data even though these firms could have more than one employee in those firms, which would result in a greater tax credit. He added that there are about 800 covered lives enrolled in SHOP, and the MHBE is unsure of how many more are not taking advantage of benefits.

Mr. McCann asked if it was correct that the MHBE does not know how many people in the individual market are

employees in these small firms. Mr. Cardenas confirmed this statement. Mr. McCann voiced concern that the MHBE is looking to change the SHOP program but does not have a good picture of the universe for the program. Mr. Cardenas reiterated that the purpose of this is that small employers make the decision on whether or not to offer coverage, and to the extent that there will be tax credits available, it could change their calculus if they knew about it. Mr. Cardenas added that a healthy individual market comes with a healthy small group market.

Ms. Eberle added that the Hilltop report includes other tables in addition to the one being presented that use a variety of firm sizes. Mr. Cardenas stated that the Department of Labor, Licensing & Regulation (DLLR) provided data with information on every firm in the state of Maryland, including a band of how many employees are in each firm. He added that the band ranged from one to ten, and he stated that the lowest number was selected in order to provide the most conservative estimates. Mr. Steffen voiced concern about using data from the DLLR. Mr. Cardenas noted that the MHBE is cognizant of the issues with the DLLR data.

Mr. McCann asked if there is an incentive in the system for the broker population to market SHOP. Mr. Cardenas responded that awareness is low for small businesses, and the benefits of participating in the SHOP are not well known. Mr. McCann asked why the brokers would not bring it up. Mr. Cardenas responded that enrolling in a SHOP plan is not as easy as the individual market, and that the tax credit can only be accessed through SHOP plans. He added that there are two advantages to SHOP: the tax credit and employee choice. Ms. Eberle added that one of the barriers in the SHOP program is that it is an "after the fact" tax credit, so stakeholders state that it is not worth the trouble if they cannot get paid up front.

Mr. Cardenas provided a summary of the options for the SHOP program and explained that, as a state-based marketplace, the MHBE cannot modify statute to remove the SHOP Exchange from the Establishment Statute. Mr. Cardenas gave an overview of the direct enrollment process and the impact of the model, which would entail continuing the current interim direct Enrollment process. Mr. Cardenas described the employee choice model and how employees would have access to enroll in any plan offered at specified coverage levels. Mr. Cardenas then described the option of state partnership with other SHOP marketplaces. He gave an overview of Massachusetts' partnership with Washington, D.C. Mr. Cardenas highlighted the technical difficulty of this option, and described the model impact. Mr. Cardenas added that employee choice has shown difficulty in the D.C. SHOP marketplace. Mr. Cardenas explained that Massachusetts moved to the D.C. model because their technology was insufficient.

Mr. Taneja asked if groups are employers, and Mr. Cardenas responded yes. Mr. Taneja also noted that the 3,600 groups in D.C. SHOP is very different from Maryland. Mr. Cardenas responded that the number of groups is very dependent upon the state. Mr. Cardenas added that members of Congress are required to put their staff through the D.C. SHOP. Mr. McCann commented that the D.C. SHOP enrollment count would be much lower if the Congressional staff were excluded. Mr. Cardenas stated that the 60,000 employees in the D.C. SHOP were noted to highlight the robustness of the technology. Mr. McCann asked if the staff enters directly through the SHOP. Mr. Cardenas responded yes and added that the D.C. individual market is very small. Mr. McCann asked if the MHBE could use the federal system and what the cost would be. Mr. Cardenas responded that the MHBE asked about using the federal system and were told that they cannot use it. Secretary Neall clarified that none of the presented options so far answer the question of the delayed tax credit benefit to small businesses.

Mr. Cardenas described the option of building a Maryland SHOP platform. Mr. Cardenas offered additional comments from issuers on this option. Mr. Cardenas stated that the issuer who did not want a SHOP platform felt that it was a burden to carriers and brokers. Mr. Cardenas added that the issuer who had the concern leveraging the D.C. model felt that the state should work to reduce the issues currently existing with the D.C. SHOP and align it with how the federal SHOP used to operate. Mr. Cardenas reiterated that the D.C. model created some burden for issuers in regards to employee choice. Mr. Cardenas stated that the issuer in favor of building a SHOP felt that it should prioritize employee choice. Mr. Cardenas added that this issuer believes that Maryland small business has an untapped opportunity to purchase coverage through a SHOP plan that would offer employees choices that were not previously available, while being financially incentivized with a tax credit. Mr. Cardenas stated that the issuer also felt that it would create a consistent process for the employee choice model and that the MHBE should lead the SHOP while engaging stakeholders. Mr. Cardenas then provided a summary of producer feedback, stating that awareness is low among small businesses, and employee choice requires more work. Mr. Cardenas added that

brokers are concerned about the workload involved with the employee choice model, as well as the workload involved with securing proposals directly from the carrier, which is administratively burdensome under the direct enrollment model.

Mr. Redmer asked how the MHBE can penetrate the market more successfully than the two private sector companies that we have and all of their brokers. Mr. Cardenas responded that the MHBE has the ability to make decisions and invest and target particular small businesses to come into the SHOP. Mr. Cardenas added that maximizing enrollment should not be the end goal, but instead is Maryland offering employers all of the benefits that they could be afforded in a way that does not increase administrative burden. Mr. Redmer asked if administrative changes were made in May that have not been implemented yet. Mr. Cardenas responded yes. He added that October is the first month that the interim direct enrollment process will be used. Mr. Redmer asked if there is additional administrative burden enrolling now than there was with the last administration. Mr. Cardenas stated that it depends on the carrier. Mr. Redmer reiterated concern about it not being the appropriate time to increase burden or costs.

Secretary Neall asked if there is a legislative mandate. And commented that there is a fatal flaw with the gap in tax credits. Mr. Cardenas responded that offering a SHOP is a legislative mandate. Ms. Eberle added that there used to be a small business program, and one of the things that has not been mentioned today is that a 1332 waiver could be used to secure tax credit funding to distribute it to small groups ahead of time. Ms. Eberle stated that the MHBE has other options, such as securing funding for small businesses, but the way it is done now is not the most efficient or least burdensome for all involved. Ms. Eberle added that the development cost of building a SHOP platform is low and within the existing SHOP budget to get the MHBE in a position to take advantage of other options to make it more affordable and appealing for small employers. Ms. Weckesser asked about funding and if that would include providing the credit up front. Ms. Eberle responded yes.

Mr. Steffen asked about differences in costs between using the D.C. SHOP and the MHBE developing its own. Mr. Cardenas responded that the D.C. estimated amount comes directly from the agreement between D.C. and Massachusetts, which includes services that Maryland would not utilize, and the development cost of \$650,000 comes from the third iteration of incorporating all of the requirements under an IT build. Mr. Cardenas added that savings can be attributed to leveraging existing technology, such as the plan management platform and plan shopping. He added that the degrees of complexity in the small group market are not nearly as high as the individual market.

Mr. McCann stated that the Board does not have enough information about the costs, specifically the true cost of using the D.C. model, and it is unclear if D.C. has done a better job at penetrating the market. Mr. McCann stated that the issue should continue to be pursued, but more information is needed at this time. Mr. Cardenas added that there is no off-SHOP, so everybody has to go through it. Secretary Neall asked about the time sensitive nature of this issue. Mr. Cardenas responded that the direct enrollment process is ongoing until July of next year. Secretary Neall would like more information in the form of a business plan, including revenue and who would benefit. Mr. McCann added that the MHBE should include additional call center and other costs. Mr. Steffen added that the MHBE should think about whether the SHOP will attract employers and what will attract them. Mr. Steffen stated that employers in the previous state subsidy program opted not to participate because they feared what would happen when the subsidy went away. Mr. Cardenas stated that the MHBE believes that changing the fundamental structure would help with that issue by exploring 1332 options to shift to advance the tax credit. Ms. Eberle recommended that the Board instruct staff to put together a business plan by January.

Regulations

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

Mr. Cardenas provided a brief overview of the public hearings for the State Reinsurance Program (SRP), including testimony. Mr. Cardenas then provided an overview of the SRP regulations and emphasized that the regulations narrow which plans are eligible for the program. Mr. Cardenas added that the MHBE learned through the public hearings that, in regards to accountability, there are already existing incentives built into the system. Mr. Cardenas also highlighted that the regulations detail how payments would be adjusted in the instance where reinsurance

claims are greater than the program funding allocation.

Mr. Steffen asked about the audit requirements on the health plans to ensure that the information is accurate. Mr. Cardenas responded that they are reviewing federal regulations for the previous transitional reinsurance program. Mr. Cardenas added that it allows the state to pull from the EDGE Server data. Mr. Steffen asked what happens if the data on the EDGE Server are incomplete or inaccurate. Mr. Cardenas stated that the authority to audit is in the regulation. Mr. McCann asked whether there are provisions that significant stakeholders are completely oppose. Mr. Cardenas responded no and added that the MHBE is planning on conducting more stakeholder engagement around the discussion of incentives.

Mr. Cardenas provided a brief summary of the Draft Proposed Chapter Regulations and stated that the regulations cover what was discussed in earlier sessions. Mr. Cardenas stated that it is important to also understand what was not included. Mr. Cardenas clarified that the Board has already voted on the verification requirement for special enrollment periods for loss of minimum essential coverage. Mr. Cardenas added that the MIA has regulated network adequacy requirements, and the Board has the authority to waive carrier certification standards to allow issuers to participate. Mr. Cardenas provided an overview of items to be included in future regulation after additional stakeholder feedback due to high interest from consumer advocates and other stakeholders. Mr. Cardenas provided a summary of next steps.

Mr. McCann moved to approve the staff recommendation to submit the proposed regulations for the SRP as presented to the relevant legislative committees and then submit them to the Maryland Register for publication. Mr. Steffen seconded the motion. The Board voted unanimously to approve the motion.

Mr. McCann moved to approve the staff recommendation to submit the proposed regulations for Chapter 1, Chapter 7, Chapter 14, Chapter 15, and Chapter 16 as presented to the relevant legislative committees and then submit them to the Maryland Register for publication. Mr. Steffen seconded the motion. The Board voted unanimously to approve the motion.

Secretary Neall thanked everyone for their hard work.

Adjournment

Mr. Taneja moved to adjourn the meeting. Ms. Weckesser seconded the motion. The Board voted unanimously to adjourn the meeting.