



## MHBE SHOP Advisory Committee Policy Work Group

September 27, 2019

10 a.m. – 12 p.m.

Location: MDOT TSO – Harry Hughes Conference Room 3, 7201 Corporate Center Drive, Hanover, MD 21076

### Members Present:

- David Brock, Aetna
- Deborah Rivkin, CareFirst
- Kanisha Patel, CareFirst
- Natasha Murphy, CareFirst
- Tyler Hoblitzell, Maryland Insurance Administration
- Ken Brannan, Maryland Special Olympics
- Laura Viergever, Aetna
- Sheebani Patel, KP
- John Fleig, UHC

### Others Attending:

- Connie Peterson, Aetna
- Cynthia Hipwell, Aetna
- Julie Sinclair, Aetna
- Stephanie Klapper, Maryland Citizens' Health Initiative
- Missy Davis, Aetna

### MHBE Staff:

Michele Eberle

John-Pierre Cardenas

Taylor Kasky

Becky Sullivan

### Welcome and introductions:

John-Pierre Cardenas opened the meeting and indicated that we would be continuing our policy discussions with topics from our last meeting on September 13, 2019.

### SHAC Policy Committee Agenda:

#### SHAC Policy Committee Agenda 9-27-2019

- SHOP Subsidy Considerations

- SHOP 1332 Waiver Tax Implications
- Coverage Models
- Contribution Models
- Preferred Broker Program
- Questions and Public Comment

### SHOP Subsidy Considerations

Discussion of how the SHOP 1332 Waiver and HB1098 allow MHBE to restructure the administration of the Tax Credit into a monthly advance credit.

MHBE will use guidance received from the Work Group to help define the intervention population for the targeted subsidy program. The group was asked whether MHBE should focus on group size, average wage, low employer profit margins and/or status of not previously offering group coverage.

Comments from committee members include the following:

Topic	Member Comments & Answers Provided
Feedback from Business Community	<ul style="list-style-type: none"> <li>• Deb Rivkin of CareFirst asked what the business community has been asking for in MHBE’s outreach efforts. John-Pierre indicated that the micro groups were showing the most interest but a subsidy that would help with overall liquidity would be an interest to all small businesses.</li> <li>• Sheebani Patel of Kaiser Permanente noted that the smaller groups have the most need but that lower rates with more choice would draw groups to this program. Low administrative burden is also key. Sheebani states that the current tax subsidy is hard for a small business to determine. John-Pierre indicated it is MHBE’s intention to rectify this.</li> </ul>
Group Size	<ul style="list-style-type: none"> <li>• Sheebani Patel of Kaiser Permanente does not feel that we need to raise the group size above 15 for subsidy eligibility. However, she does not want to narrow eligibility to a small margin.</li> <li>• Julie Sinclair with Aetna believes that limiting the eligibility to groups with 15 or less employees would be a good idea.</li> </ul>
Average Wages / Lower Profit Margins	<ul style="list-style-type: none"> <li>• Sheebani Patel of Kaiser Permanente does not think that targeting groups with lower profit margins will help ease administration nor clarity for small groups.</li> </ul>
Administrative Costs to Carriers	<ul style="list-style-type: none"> <li>• Deborah Rivkin of CareFirst states that any significant change would mean an additional administrative cost for CareFirst. As a result, any changes made that may not result in a greater group participation has to be taken into consideration.</li> </ul>
Budget Neutrality	<ul style="list-style-type: none"> <li>• Deborah Rivkin of CareFirst indicates that any changes need to remain budget neutral under Federal rules. She states that we should stay with the rules as they are today, perform greater outreach and simplify how a group can obtain the tax credit.</li> <li>• Michele Eberle of MHBE stated that MHBE will look into budget neutrality rules. However, the intention is that if there is a greater administrative burden that burden will fall on MHBE and not the carriers. Deborah Rivkin and Sheebani Patel both agreed that this would be agreeable to the carriers.</li> </ul>
Marketability of SHOP	<ul style="list-style-type: none"> <li>• Sheebani Patel of Kaiser Permanente wants the program to be</li> </ul>

structured in a way to make it more marketable for producers.

### Average Wage

John-Pierre discussed the current tax subsidy program and how higher average wages incrementally reduces the subsidy amount received. He indicated MHBE does not want to stifle wage increases as a result of subsidy eligibility.

John-Pierre suggested that we would set an overall wage cap in order to become eligible for the subsidy, without the sliding scale. This would take away the complexity involved with the reduction in subsidy amounts as the average wage goes higher. However, the average wage cap may have to be reduced from the current amounts in order to keep budget neutrality.

John-Pierre indicated that MHBE will work with our actuarial firm to model the subsidy eligibility requirements, such as the average wage cap. A copy of the prior Hilltop study will be sent to committee members.

### Allocation of the Subsidy

John-Pierre discussed how the subsidy would be allocated and structured. John-Pierre also mentioned that the subsidy could also be provided as a percentage subsidy against premiums if the employer groups participate in wellness programs. Massachusetts is authorized to provide subsidies for businesses providing wellness programs as a percentage off of premiums. In cases of percentage based subsidies, the employers offering the more expensive plans would obtain more subsidies. This may cause costs to escalate.

In cases of flat dollar amounts provided for subsidies, this may cause employers to purchase lower metal level plans so the subsidy provided would cover more of the total premium. This is one of the reasons why Massachusetts did the percentage amount. Maryland could make the subsidy amount provided based upon the tier of coverage and/or the metal level selected for the reference plan. This approach may help mitigate the distortion of choice and keep costs stable.

John-Pierre led a discussion about the reference plan and how it allows employers to set costs and contribution amounts based upon one plan. He also discussed how we may be able to set our subsidy allocation based upon it as well. He stated that it could be used similarly to the second-lowest cost silver plan is used in the individual marketplace to determine the subsidy.

### Comments from committee members include the following:

Topic	Member Comments & Answers Provided
Wage Increases being hindered by Subsidy Eligibility	<ul style="list-style-type: none"><li>Deborah Rivkin of CareFirst feels that eligibility for the subsidy is not a strong consequence to affect wage growth.</li></ul>
Average Wage as a Subsidy Requirement	<ul style="list-style-type: none"><li>Sheebani Patel of Kaiser Permanente believes that we should not use average wages as part of our subsidy consideration.</li><li>Deborah Rivkin of CareFirst will take this question back to her team.</li><li>John Fleig indicated that an unintended consequence of not limiting the subsidy to those with lower average wages would be that those with high wages would come in and claim the subsidy. Thus, reducing the amount of available subsidy for those who need it.</li><li>Both CareFirst and Kaiser Permanente believed that an average wage cap would prevent those employers who do not need assistance from obtaining such assistance.</li><li>As part of the actuarial work, Deborah Rivkin stated that she would</li></ul>

	like to see a comparison between the average age cap against the current sliding scale.
Out of Pocket Costs, Price Sensitivity and the Subsidy	<ul style="list-style-type: none"> <li>• Ken Brannan indicated that for most employers and employees the out of pocket costs incurred by employees is a big consideration. He does not think that we should direct employees into lower cost plans as this will not help small business employees.</li> <li>• Deborah Rivkin states that price sensitivity is very important for the small employer in order to even be able to purchase coverage. As a result, lower premiums result in higher out of pocket costs due to actuarial value calculators.</li> </ul>

### Open Questions regarding Subsidy Structure and Allocation

John-Pierre asked the committee to take back and comment on the following questions:

- How should the subsidy program interact with the coverage models such as Employee and Employer Choice?
- Average Group Size of 15 Employee or under
- Income Cap with removing sliding scales (contingent upon any budget neutrality requirements)
- Offering a flat amount or percentage based subsidy that may differ upon the tier of coverage?
- Should we add a metal level factor to modify the flat dollar amount based upon the generosity of the plan selected?

### SHOP Coverage Models

John-Pierre discussed how MHBE has the authority to reassess and modify choice options to promote the SHOP Exchange's principles of accessibility, choice, affordability, and sustainability.

As a result, MHBE is exploring creative options to increase consumer choice and SHOP participation. MHBE discussed offering a universal choice model where employers could offer any plan across all carriers and metal levels. This model would require a reference plan. It would be an alternative to the Individual Coverage HRA rule for SHOP but keep the risk within the small group marketplace.

Any choice model we offer could be administered based upon subsidy eligibility or just being eligible for SHOP. John-Pierre asked committee members to think through the pros and cons of offering a universal choice coverage model. It would also require an expanded role for brokers. The main difference between Employee Choice and Universal Choice would be that employers would not be limited to two consecutive metal levels to offer to their employees.

### Open Questions regarding Coverage Models

John-Pierre Cardenas asked the committee to take back and comment on the following questions:

- How would employers' decision on reference plans affect employee's plan choices?
- How can policy be set to establish a reference plan that can promote certain market outcomes? Such as:
  - Treating the reference plan like the second lowest cost silver plan (SLCSP) as is done in the individual marketplace?
  - Creating carrier competition in the marketplace to develop lower premium plans of higher value to employers?
- Could the employer contribution be pegged to an average premium within a given metal level?

- What would the impact of Universal Choice be on carriers?

Comments from committee members include the following:

Topic	Member Comments & Answers Provided
Employee Choice Marketability	<ul style="list-style-type: none"> <li>• Deborah Rivkin of CareFirst asked the percentage of groups with employee choice presently (5%) and if within MHBE’s outreach if small employers and employees were asking for choice.</li> <li>• John-Pierre Cardenas indicated that it is dependent upon the type of employer whether employee choice would be appealing.</li> <li>• Deb Rivkin indicated that she believes Employee Choice is good enough for choice and providing Universal Choice would increase complexity.</li> </ul>
Adverse Selection	<ul style="list-style-type: none"> <li>• John Fleig of UnitedHealthcare states that Universal Choice creates adverse selection as employees sort themselves based upon health concerns. He believes this will create rising rates such as found in the individual marketplace. John-Pierre Cardenas states that the participation requirement as well as risk adjustments inherent in small group plans would limit any risk.</li> </ul>

### SHOP Contribution Models

JP discussed the three methods of contributions as follows:

1. **Percent contribution with a reference plan** – 50% contribution against chosen reference plan. This option would allow an employer to establish stable cost expectations with a uniform employer contribution. However, older employees may pay more than younger employees in magnitude but not in percentage. This options meets non-discrimination rules.
2. **Fixed contribution with a reference plan** – Fixed dollar amount of employer contribution. While this establishes stable cost expectations, it does not meet non-discrimination rules. Older employees would pick less rich coverage options where younger employees would pick richer coverage options.
3. **List Bill with Age-Stratified Contribution** – All employees selecting the reference plan would pay the same amount regardless of age. This option would stabilize employee costs but increase variability for employers. This option would meet non-discrimination rules.

John-Pierre stated MHBE will share the Wakeley Consulting paper on this subject.

Comments from committee members include the following:

Topic	Member Comments & Answers Provided
Other State Exchange Experience	<ul style="list-style-type: none"> <li>• Deborah Rivkin of CareFirst asked what options are offered by other state exchanges</li> </ul>

### SHOP Preferred Broker Program

John-Pierre presented the idea of providing a preferred broker program and its benefits to brokers. MHBE’s thoughts on the participation requirements were discussed. Committee members were asked to comment on the formation of a SHOP Preferred Broker Program, its benefits and participation requirements.

Comments from committee members include the following:

Topic	Member Comments & Answers Provided
Carrier Access to Enroll Groups	<ul style="list-style-type: none"><li>• Sheebani Patel of Kaiser Permanente stated that broker access is needed but carriers also need to be able to enroll groups. She indicated this access is not available in DC Healthlink currently. CareFirst will get back to us on this need. Aetna does not feel that they need this access.</li></ul>

**Adjournment:**

The SHAC meeting was adjourned by John-Pierre Cardenas. Committee members were asked to provide formal comments as requested in this meeting and as summarized by emails to the committee members.

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**MHBE SHOP Advisory Committee  
Platform Sub-Committee**

September 27, 2019

12:30p.m. – 2:30pm

Location: MDOT TSO – Harry Hughes Conference Room 3, 7201 Corporate Center Drive, Hanover, MD 21076

**Members Present:**

- David Brock, Aetna
- Kanisha Patel, CareFirst
- Natasha Murphy, CareFirst
- Sheebani Patel, KP
- John Fleig, UHC
- Linda Starr, Pasternak & Fidis
- Sean Mulcahey, Maryland Health Connection-Connector Entity Program
- Eugene Poole, Aligned Benefits Group, Inc.
- Carrie Shuster, Innovative Insurance Solutions

**Others Attending:**

- Connie Peterson, Aetna
- Stephanie Klapper, Maryland Citizens’ Health Initiative
- Missy Davis, Aetna
- Laura Spicer, Hilltop

**MHBE Staff:**

John-Pierre Cardenas

Taylor Kasky

Becky Sullivan

## SHAC Platform Committee Agenda:

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9-27-2019

- **Benefit Package Selection – Set Up**
- **Employer Contributions**
- **Benefit Package Selection - Finalization**
- **Special Enrollment Periods**
- **Renewal Process**
- **Follow-Up Items**
- **Questions and Public Comment**

### Benefit Package Selection – Set Up

John-Pierre stated that MHBE will provide examples of the benefit package selection process with the committee members shortly. In the meantime, he reviewed the components of the set-up process where an employer would select items such as:

- Confirming Employee Census entry
- Coverage Effective Dates
- Open Enrollment Dates
- Set Waiting Period
- Set Benefit Package
- Whom Coverage is being Offered to
- Coverage Model
- Reference Plan
- Employer Contribution Amounts

Employers would be able to review and select their plans from a plan shopping experience that would include such features as metal levels, total cost, annual deductible and out of pocket maximum. Up to 5 plans at a time can be compared during plan shopping.

### Employer Contributions

John-Pierre stated that employers would be required to choose a reference plan in the system. Employers can choose between a percentage employer contribution and/or a fixed dollar amount of employee contributions. The fixed dollar amount of employee contributions would be calculated from an age stratified contribution to avoid potential discrimination issues. The system would default contribution amounts to 50%. Employers can set different contribution amounts based upon full-time or part-time employee status, spouses, children and family. John-Pierre Cardenas asked the committee what other considerations should be taken into account.

### Finalizing Benefit Package

John-Pierre reviewed the items displayed on the benefit package finalization screen.

### Special Enrollment Periods

John-Pierre reviewed the Special Enrollment Periods that a SHOP employee, spouse or dependent could use to enroll outside of the initial or annual open enrollment.

## Renewal Process

John-Pierre discussed the SHOP renewal process. He asked the committee members to provide feedback on the method by which MHBE could handle the SHOP renewals.

Two options are:

- Renewing groups would come into the system as a new group
- Port renewing group's information into the system with assistance from carriers.

Once all employers are in the system, renewals could be processed through the employer dashboard. Options could be provided for an employer to renew into the same plan or plan shop.

Comments from committee members include the following:

Topic	Member Comments & Answers Provided
Employee Choice / Universal Choice Considerations	<ul style="list-style-type: none"> <li>• Carrie Shuster asked how non-discrimination rules and required testing would apply with Employee Choice and Universal Choice.</li> </ul>
Waiting Period	<ul style="list-style-type: none"> <li>• Carrie Shuster asked about how the system would handle employees in waiting period and subsequent enrollment. John-Pierre indicated that the system requires the employer to choose a waiting period and would allow enrollment based upon that waiting period.</li> <li>• Eugene Poole asked if the system allowed for waiting periods past 90 days. John-Pierre advised that the employer could choose up to an exact 90 day waiting period but not go over it.</li> </ul>
Non-First-of-the-Month Effective Dates, Retroactive Adjustments	<ul style="list-style-type: none"> <li>• Eugene Poole and David Brock of Aetna discussed how the any non-first-of-the-month effective dates and other retroactive adjustments would affect premium billing. John-Pierre stated that the system would allow for these items and the premium billing would be done based upon applicable laws as well as MHBE and carrier policies developed during EDI development.</li> </ul>
Benefit Package Name	<ul style="list-style-type: none"> <li>• Committee members expressed concern over how the benefit package name would be used and/or displayed to employers for purposes of ERISA requirements. MHBE confirmed that this was a designation so that employers know which benefit package is being offered to full-time or part-time employees. It does not have any meaning on ERISA requirements such as a Summary Plan Description.</li> </ul>
Renewal Process	<ul style="list-style-type: none"> <li>• Eugene Poole believes that asking employers to come in as new is too much administrative burden on renewing SHOP groups as well as brokers</li> <li>• Eugene Poole also asked if they can automatically renew into benefits.</li> <li>• David Brock from Aetna indicated that MHBE could arrange to obtain group information files to upload into their system. He also asked if a group could switch to non-SHOP within the system.</li> <li>• Linda Starr stated that it is the attraction to multiple carriers that keeps her group on SHOP and they will do what is needed to renew.</li> </ul>
Preferred Broker Program	<ul style="list-style-type: none"> <li>• Eugene Poole stated that DC requires at least 5 groups for participation and require a level of responsiveness to groups. He believes that we should base it upon the experience of the brokers</li> </ul>

applying for participation.

- Eugene Poole would like brokers to have access to social media content that they could share with their clients and followers.

### Open Questions regarding Coverage Models

John-Pierre Cardenas asked the committee to take back and comment on the following questions:

- If MHBE would offer a universal choice option (all carriers' plans offered to employees – all metal levels), what would be the pros and cons of offering this coverage model?
- What requirements should be placed on the reference plan?
  - Require that it is the second lowest cost silver plan?
  - Set it as the average premium within a given metal level?
- What are the carriers' thoughts on the process to get renewing groups into the new system?
  - If we were to port renewing group information into our system, what are the potential implications of this? And what would the group and employee files look like that would be provided by the carriers?
- What are the carriers' thoughts on renewal requirements?
  - Would employers need to re-attest to eligibility requirements?
  - Premium payments for renewing groups would not require binder checks.
- If MHBE would offer a Preferred Broker Program, what are the committee members' thoughts on what the participation requirements and program benefits would be?
  - Participation based on current enrollment or geographic location?
  - How could MHBE make this program attractive to brokers?

### **Adjournment:**

The SHAC Platform meeting was adjourned by John-Pierre Cardenas. Committee members were asked to provide formal comments as requested in this meeting and as summarized by emails to the committee members.