



Maryland Health Benefit Exchange Board of Trustees

July 20, 2020

2 p.m. – 4 p.m.

Meeting Held via Video Conference

Members Present:

Robert R. Neall, Chair

S. Anthony (Tony) McCann, Vice Chair

Kathleen A. Birrane

Mary Jean Herron

Ben Steffen, MA

Dana Weckesser

Robert D'Antonio, PhD

K. Singh Taneja

Members Excused:

Dr. Rondall Allen

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, MHBE

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

James Adelman, Counsel, Office of the Attorney General

Johanna Fabian-Marks, Director, Policy & Plan Management, MHBE

Raelene Glasgow, Procurement Manager, MHBE

Lourdes Padilla, Secretary, Maryland Department of Human Services (DHS)

Welcome and Introductions:

Vice Chair McCann opened the meeting and welcomed all in attendance. He expressed the Board's gratitude to Secretary Neall, the staff of the Maryland Department of Health, as well as the local health departments and providers for their efforts in response to the pandemic.

Approval of Meeting Minutes

The Board reviewed the minutes of the June 15, 2020 open meeting. The Board voted unanimously to approve the minutes of the June 15, 2020 open meeting.

Public Comment

Mr. McCann invited members of the public to offer comment.

Leni Preston, a member of the public who has served on the Board's Standing Advisory Committee in the past, called the Board's attention to comments that she, along with Beth Sammis, submitted to the Maryland Insurance Administration (MIA) on the proposed premium rates for 2021. She underlined the importance of maintaining focus on reducing the number of people in Maryland without coverage. To that end, she thanked the Board for extending the COVID-19 special enrollment period (SEP). She continued describing her comments to MIA, stressing that, while the state reinsurance program (SRP) has been successful in reducing premium costs, more can and should be done to that end. She listed measures that the MIA has considered in the past, such as programs to manage care and improve outcomes for high risk members, and a re-examination of the CareFirst mission. She then tied these recommendations into the work completed by two subcommittees of the Board's Standing Advisory Committee (SAC). The Affordability workgroup, she explained, recommended that the MHBE and carriers use marketing techniques to increase participation in care management programs. The State Benchmark Plan workgroup recommended that all carriers' data be analyzed to identify best care management practices. Ms. Preston pointed out that both workgroups' recommendations go hand-in-hand with the Maryland Total Cost of Care Model and will require closer cooperation and shared data.

Executive Update

Michele Eberle, Executive Director, MHBE

Ms. Eberle began by echoing Mr. McCann's sentiments toward those responding to the pandemic. She noted that the SEP instituted for the COVID-19 crisis has concluded with nearly 58,000 people gaining coverage. She provided a high-level breakdown of those who enrolled under the SEP, noting that 65 percent of those who enrolled obtained Medicaid coverage, while 35 percent obtained commercial plans. Seventy percent of those who enrolled reside in the counties with the highest number of COVID-19 cases—Prince George's County, Montgomery County, Baltimore City, Baltimore County, and Anne Arundel County. She noted that 29 percent of those enrolled identified themselves as African American, showing that the MHBE's outreach efforts were successful. Finally, she noted that, among those who enrolled in commercial plans, 42 percent were under age 34, 71 percent of whom received financial assistance.

Next, Ms. Eberle discussed the results of the SEP related to the Maryland Easy Enrollment Health Insurance Program, wherein over 41,000 households indicated on their tax returns that they would be interested in hearing from the MHBE regarding health coverage. Overall, 3,700 people enrolled under the SEP, 75 percent of whom enrolled in Medicaid. Eighty-six percent of those who enrolled in commercial plans qualified for tax credits. Similarly to the COVID-19 SEP, 45 percent of enrollees were under age 34. She characterized both SEPs as highly successful and in alignment with the agency's goals.

Ms. Eberle then noted that, while the SEPs have ended, any Marylander who loses their employer-sponsored coverage or who experiences an income change will still have access to SEPs on those bases.

Next, Ms. Eberle discussed the recent hearings at the MIA regarding the proposed premium rates for the 2021 plan year. She noted that the average of the proposed rates is 6.8 percent lower than the previous year, indicating that the State Reinsurance Program (SRP) is performing as intended.

Ms. Eberle then explained that the MHBE is working toward the next open enrollment period, noting that one issue the agency is monitoring is the possible consequences of the moratorium on Medicaid eligibility redeterminations being lifted in August 2020. Additional resources may be required if the workload to respond to redeterminations stretches into the open enrollment period.

Regarding technology improvements, Ms. Eberle first noted that the MHBE's Chief Information Officer, Venkat Koshanam, was named one of the best tech executives by the Baltimore Business Journal. She went on to describe the continued technology improvements underway at the agency, including the institution of an automated online document verification process for Medicaid eligibility. The module has processed more than 10,000 consumers' verifications, saving a great deal of time and effort on the part of manual caseworkers. The agency aims to increase the workload managed by the automated system to some 70,000 cases. Ms. Eberle also noted that work continues at the MHBE on the effort to unify the design of Maryland Health Connection (MHC) between the web and mobile platforms.

Ms. Eberle concluded her remarks by noting that all MHBE staff continue to telework in accordance with guidance from the Maryland Department of Budget and Management. She noted that the agency has been successful in telework and will continue to do so.

2021 Reinsurance Parameters and Dampening Factor

Johanna Fabian-Marks, Director, Policy & Plan Management, MHBE
Brad Boban, Senior Actuary, Maryland Insurance Administration

Ms. Fabian-Marks first gave the Board an overview of the 2019 SRP results, showing that program costs were lower than anticipated. Federal funds were more than sufficient to cover the entire cost, leaving an excess that must be used by the SRP in the future. She explained that only 6 percent of all enrollees in the individual market, including both on- and off-exchange, had claims that triggered the SRP. Two-thirds of all individual market claims paid in 2019 were for those 6 percent who triggered the SRP. The program drove premiums down in 2019 and 2020 and supported an 8.7 percent boost in enrollment as of May.

Next, Ms. Fabian-Marks discussed the parameters of the 2021 SRP. She reminded the Board of the regulatory requirements governing the SRP parameter process and provided some background information regarding the 1332 waiver that funds the program and the three-year lifecycle of any given year's SRP.

Ms. Fabian-Marks then described the updates made to the model used to calculate the SRP parameters. Lewis & Ellis, the MHBE's actuarial services contractor, was able to use new data from a number of sources to refine the model, resulting in a new projection of lower program costs in both 2020 and 2021 as compared to the projection calculated in 2019. She noted that Lewis & Ellis projected reductions in SRP claims of 2 percent in 2020 and 1 percent in 2021 due to the impact of COVID-19 by comparing estimated SRP payments for March, April, and May of 2020 with the actual payments from the same time period the prior year. She provided two possible explanations for the

decrease. Since the individual market covers a small share of all Marylanders, high-cost COVID-19 cases may be covered by other payers, or enrollees may be deferring non-COVID-19-related, high cost care. Should the state experience a greater rate of hospitalizations and deaths due to COVID-19 than it has thus far, the resulting SRP costs would increase but remain well within the limits of federal funding.

Next, Ms. Fabian-Marks presented the final recommended SRP parameters for 2021. The MHBE recommends that the parameters remain unchanged from those established for the 2019 and 2020 programs, namely an attachment point at \$20,000, a coinsurance rate of 80 percent, a cap of \$250,000, and a dampening factor to be determined and supplied by the Commissioner of the MIA.

Mr. Boban gave the Board an overview of the process undertaken by the MIA to establish the dampening factor. He began by providing the history of the dampening factor and described the impact of a purely claims-based approach as distinct from a purely risk-based approach. He explained that the MIA instead established a hybrid approach that takes into account both claims and risk by targeting high risk, high cost individuals as well as low cost, low risk individuals. The MIA recommends a dampening factor of 0.760 for the 2021 SRP. Mr. Boban concluded by presenting the mechanics of the dampening factor as applied to the 2019 SRP.

Ms. Fabian-Marks requested that the Board approve the final parameters for the 2021 State Reinsurance Program as follows: an attachment point of \$20,000, a coinsurance rate of 80%, a cap at \$250,000, and a dampening factor to be provided by the Insurance Commissioner.

Mr. McCann asked whether the Board would approve the dampening factor provided by the Insurance Commissioner. Ms. Eberle replied that the Board only approves the need for one and that the SRP would implement whichever dampening factor is supplied without requiring further Board action.

Mr. McCann asked whether the dampening factor presented by Mr. Boban is final. Mr. Boban answered in the negative.

Ms. Herron moved to approve the parameters. Mr. Taneja seconded.

Mr. Steffen asked whether the introduction of United Healthcare into the market next year will impact the SRP. Mr. Boban replied that the addition of another carrier should have no effect, since the SRP is designed entirely at the member level.

Mr. McCann asked whether the enrollees of the recently completed SEPs were calculated into the dampening factor. Mr. Boban answered in the affirmative.

The motion was approved unanimously.

[Standing Advisory Committee Update](#)

Johanna Fabian-Marks, Director, Policy & Plan Management, MHBE

Ms. Fabian-Marks reminded the Board that they approved new members of their Standing Advisory Committee (SAC) at their previous meeting and noted a lack of members from the Eastern Shore.

She noted that the Board's makeup as established in law must reflect the diversity of Maryland. As directed by the Board, the MHBE asked two SAC members from the Eastern Shore, Alvin Helfenbein and Christopher Keen, whose terms ended in 2019, to serve an additional year. Both agreed. In addition, she added, a new applicant for SAC membership from the Eastern Shore was identified by Dr. Allen, Dr. Bryan Gere.

Next, Ms. Fabian-Marks requested that the Board appoint Alvin Helfenbein, Christopher Keen, and Dr. Bryan Gere to the SAC. Ms. Weckesser moved to approve the appointments. Ms. Herron seconded the motion. The appointments were approved with no opposition.

Mr. McCann announced that the Board has appointed a new liaison to the SAC. Ms. Weckesser will take over from Mr. McCann.

Mr. Taneja departed the meeting. The Board maintained a quorum.

Corticon License/Support Renewal

Venkat Koshanam, Chief Information Officer, MHBE

Raelene Glasgow, Procurement Manager, MHBE

Mr. Koshanam explained that the Corticon Business Rules Engine software forms the core of Maryland Health Connection's eligibility and enrollment decision making functions. Ms. Glasgow explained the details of the procurement, including its period of August 1, 2020 to July 31, 2021 and that the MHBE received a single competitive bid from Alxtel, inc. for \$327,226.60. She added that the cost of the renewal would be split 75/25 between federal and state money.

Next, Ms. Glasgow asked the Board to approve the contract award to Alxtel, Inc. for an amount of \$327,226.60 with Federal Financial Participation (FFP) amount of \$211,061.16 and State Participation (SP) amount of \$116,165.44 for the License Renewal of Corticon Business Rules Engine for the period from August 1, 2020 to July 31, 2021.

Ms. Herron asked whether Alxtel, Inc. is the incumbent for this contract. Ms. Glasgow replied in the negative, noting that the previous contract was through the Maryland Total Human Services Integrated Network (MD THINK). Ms. Herron asked whether the MHBE was paying for Corticon by paying MD THINK. Tony Armiger, Chief Financial Officer, MHBE, replied that the software was supposed to be acquired through MD THINK, but was not. The MHBE had no choice but to purchase themselves, and were never charged for it by MD THINK.

Ms. Herron moved to approve the contract award as presented. Ms. Weckesser seconded. The motion carried unanimously.

MD THINK One Year Later

Venkat Koshanam, Chief Information Officer, MHBE

Tony Armiger, Chief Financial Officer, MHBE

Andrew Ratner, Chief of Staff, MHBE

Mr. Ratner laid out the history of the MD THINK integration project from the completion of the migration in August of 2019 through the present. The migration was a success, he explained, as

demonstrated by the completion of the largest open enrollment in four years at the end of 2019, as well as two SEPs in 2020. He characterized the system as fully functional, albeit with some operational and financial issues.

Next, Mr. Koshanam described several ways in which the process of operating on MD THINK has improved since the migration. From server capacity to inter-agency communication improvements, processes across the spectrum are undergoing maturation.

Mr. Koshanam then explained a number of challenges with MD THINK. Financial challenges included higher than expected infrastructure costs and rising professional services costs. He added that the project has experienced operational issues due to uncertainty in the procurement of software licenses, as well as the lower skill levels and operational maturity of the MD THINK professional services team.

Ms. Herron asked whether her understanding was correct that the MHBE is paying more for lesser quality in the realm of professional services from MD THINK as compared with performing the work themselves. Mr. Koshanam replied in the affirmative, with the limitation that only certain functional areas fit that description.

Mr. Armiger gave the Board more information regarding the higher-than-anticipated costs. He compared the actual amount billed by MD THINK for fiscal year (FY) 2020 operations with three different figures—the last amount paid by the MHBE to Conduent for server hosting, the estimated cost of a hypothetical new Conduent contract, and the estimated total cost contained in the Memorandum of Understanding (MOU) between MD THINK and the MHBE for FY 2020. In all three cases, the actual amount billed is higher, ranging from less than \$200,000 higher than the MOU estimate to roughly \$1.5 Million higher than the hypothetical new contract. He added that the projected budget for FY 2021 is higher still.

Next, Mr. Armiger provided more detail on invoice-by-invoice costs broken down into professional services, software, and Amazon Web Services (AWS) usage costs. He demonstrated that the first two invoices from MD THINK each covered more than one month yet still were higher than predicted. He also pointed out a spike in professional services cost on invoices 6 and 7, as well as in software cost on invoice 4.

Ms. Herron asked what the MHBE is doing to address the costs. Mr. Armiger replied that the two agencies hold a weekly meeting wherein the MHBE attempts to get MD THINK to use less expensive individuals for professional services, and that the costs associated with AWS usage will decrease as more state agencies' systems migrate to the MD THINK platform.

Mr. Steffen asked whether it is possible to measure the MHBE's usage of the AWS. Mr. Armiger answered that, of the eight environments hosted on MD THINK, four are monitored in real time for usage metrics, while four others are billed on estimated usage with a reconciliation scheduled for the end of each quarter. The only reconciliation that has been completed by MD THINK thus far resulted in increased costs.

Mr. Koshanam explained that the agency should reasonably expect to pay roughly \$200,000 per month for AWS usage, adding that the traffic on the system was not significantly higher during the

SEPs as compared with open enrollment. He noted that the MHBE could work to reduce those costs by optimizing usage and shutting down certain environments during downtime. With regard to professional services, he stated that recent professional services provided by MD THINK have been more in line with the MHBE's business objectives than at the beginning but that the agency would like to reduce the overall monthly volume of service tickets from its current level of roughly 130 to below 100.

Next, Mr. Koshanam underlined the fact that the system is working robustly and the teams are communicating effectively. Despite cost and operational challenges, the project can be seen as successful.

Mr. Ratner concluded the presentation first by pointing out that the enormously difficult migration project was completed rapidly and without negative impact on the 2020 open enrollment. He then noted that the MHBE's share of the total cost of the MD THINK system will be smaller as additional agencies join the network, but cautioned that all state agencies are facing budgetary constraints in the environment created by the public health crisis.

Secretary Padilla thanked both the MD THINK and MHBE teams for making the program a success. She noted that MD THINK was not consulted in the preparation of the analysis presented. She requested that the MHBE implement the cost-saving measures already recommended by MD THINK and that the Board allow her agency to present a similar analysis at its next meeting. Mr. McCann agreed.

Mr. McCann reminded the Board of the importance of achieving the data integration goals of the MD THINK project and noted that many agencies whose systems are far older than the MHBE's will likely experience a greater number of issues.

Ms. Herron asked when MD THINK will bring other agencies' systems onto the platform. Secretary Padilla answered that she would address that question during her presentation at the next meeting.

Closing

Mr. McCann noted that the Board will not meet in August and opened the floor for any members who wished to speak.

Mr. Steffen encouraged the MHBE to schedule a Board call should the need arise during August. He noted that Families USA has published data showing that some 75,000 – 80,000 Marylanders have lost their employer-sponsored coverage, adding that the MHBE should keep that population in mind.

Adjournment

The meeting was adjourned.