

KENTUCKY HEALTH BENEFIT EXCHANGE ADVISORY BOARD

Meeting Minutes

December 20, 2012

Call to Order and Roll Call

The fourth meeting of the Kentucky Health Benefit Exchange Advisory Board was held on Thursday, December 20, 2012, at 1:30 p.m. in the Large Conference Room at the Office of the Kentucky Health Benefit Exchange. Commissioner Sharon Clark, Chair, called the meeting to order at 1:30 p.m., and the Secretary called the roll.

Board Members Present: Commissioner Sharon Clark, Chair; Andrea Bennett, Jeff Bringardner, Dr. Joe Ellis, Ed Erway (by phone), Carl Felix, Donna Ghobadi, Connie Hauser (by phone), Dr. Michael Huang, Commissioner Larry Kissner, Deborah Moessner, Julie Paxton, Tihisha Rawlins, Dr. John Thompson, and Marcus Woodward. Gabriela Alcalde, David Allgood, Commissioner Hall, and Ruth Brinkley were not present at the meeting.

Staff Present: Lee Barnard, Tammy Bullock, Sharron Burton (DOI), Reina Diaz-Dempsey, Miriam Fordham, Wanda Fowler, Kris Hayslett, Jean Klinge, Bill Nold, Brenda Parker, Vanessa Petrey, Sherilyn Redmon, Melea Rivera, Ronda Sloan (DOI), Gary Smith, and D. J. Wasson (DOI).

Approval of Minutes

A motion was made to accept the minutes of the November 15, 2012, meeting as submitted, seconded, and approved by voice vote.

Update on Office of the Kentucky Health Benefit Exchange Activities

Bill Nold, Deputy Executive Director, Office of the Kentucky Health Benefit Exchange (KHBE) updated the members on the Exchange activities. Kentucky submitted the Exchange Blueprint application to the Department of Health and Human Services (HHS) on November 16, 2012, and received conditional approval to establish a State-based Exchange from HHS on December 14, 2012. The Centers for Medicare and Medicaid Services (CMS) has recognized Kentucky's efforts in establishing a State-based Exchange and the Commonwealth is being held as a model for the country. CMS officials have expressed interest in making a site visit to the KHBE. CMS has also established a working group for states that have been conditionally approved to exchange information. CMS has convened a meeting of the state Exchange working group for January 2013.

The KHBE has received requests for copies of the Blueprint application. Due to federal rules, copies of the Blueprint are not publicly available. The KHBE is working with federal officials to

make the Blueprint application available on the KHBE website. Mr. Nold also reported that the KHBE has hired three new staff members.

Chris Clark, Program Manager, KHBE, and representatives from Deloitte Consulting Services gave an update on the development of the Exchange information technology (IT) system. The Commonwealth issued a Request for Proposals in May 2012 for building of the Exchange IT system and development of a new Medicaid eligibility and enrollment system. Deloitte was selected as the IT vendor and began work on the project in October 2012. There are two components of the project – eligibility and enrollment and plan management and billing. Deloitte has subcontracted with CGI for the plan management and billing solution.

On December 20, 2012, Deloitte delivered the general system design for Kentucky's Exchange IT system. There are four major phases to the project, the first of which will occur in August 2013 when the IT system will be available to load insurer's health plans. The eligibility and enrollment and plan management and billing online self-service portal for open enrollment will be released on October 1, 2013. In December 2013 the new Medicaid eligibility and enrollment system for the Modified Adjusted Gross Income (MAGI) Medicaid population will be released, and in June 2014 the new system for the remaining Medicaid population will be released.

The representatives from Deloitte noted that the Commonwealth is unique among states in seeking to implement a seamless health benefit exchange and Medicaid eligibility IT system. Deloitte is also working on a project to develop the KHBE Navigator program and a study of Kentucky's health care workforce.

Subcommittee Reports

Behavioral Health Subcommittee

Julie Paxton, Chair, reported that the Behavioral Health Subcommittee held a meeting on December 10 and continued its discussion of behavioral health coverage issues relating to the Anthem PPO plan, Kentucky's recommended benchmark plan. It was noted that, while substance detoxification appears to be an included medical benefit, it could be more specifically defined. The subcommittee discussed whether mental health parity was required for small groups and individual health insurance coverage in 2014. The subcommittee also discussed the ability of mental health professionals to practice without physician oversight, the coverage of pharmacy care for autism and all behavioral health diagnoses, and actuarially equivalent substitution of benefits.

The subcommittee also discussed Medicaid churn and the variances in behavioral health coverage by Medicaid and the KHBE. The six most beneficial practices recognized by the SAMHSA were discussed and whether preventive behavioral health measures and peer support might save health care dollars in the long run. It was noted that Magellan had reduced costs by being proactive in this area. Other potential areas of concern included implementation issues, monitoring whether people are accessing needed services, and problems reaching people with behavioral health issues. The subcommittee recommended that a meeting with health insurance companies and their subsidiaries be scheduled to voice issues of concern by the subcommittee and a meeting has tentatively been scheduled for January 22, 2013.

Dental/Vision Subcommittee

Dr. Joe Ellis, Chair, reported that the Dental/Vision Subcommittee held a meeting earlier in the day and discussed issues related to stand-alone dental plans offered inside the Exchange versus Qualified Health Plans (QHP) offered outside the Exchange, which have integrated pediatric dental benefits and how stand-alone dental plans and QHPs with integrated dental benefits may be offered in the individual market Exchange and SHOP the Exchange. A working subgroup of the Dental and Vision subcommittee was created to meet and discuss (with members of the Qualified Health Plan Subcommittee) the issues relating to stand-alone dental plans in more detail. Two action subgroups were also created to participate in the development of dental and vision administrative regulations. The next meeting is scheduled for January 24, 2013.

Education/Outreach Subcommittee

Tihisha Rawlins, Chair, reported that the Education and Outreach Subcommittee has scheduled a meeting for January 14, 2013.

Navigator/Agent Subcommittee

Marcus Woodward, Chair, reported that the Navigator/Agent Subcommittee will meet early January 2013.

Qualified Health Plans Subcommittee

Deborah Moessner, Chair, reported that the Qualified Health Plans Subcommittee met earlier in the day and added a new member. The subcommittee discussed the proposed federal rules on essential health benefits, market rules, rate review, and wellness. Specific items discussed regarding the market rules were rating bands and rating areas. The Department of Insurance is seeking involvement from insurers as to whether to follow the rating bands as allowed under the proposed federal rules or to vary from the federal guidance. DOI will be providing to insurers a template of recommendations it has developed and seek comment on the recommendations. Regarding rating areas, under a proposed federal rule, states would have no more than seven rating areas. However, Kentucky currently uses the eight Medicaid regions as the rating areas for the state. DOI recommends maintaining the eight rating areas to maintain consistency and stability in the market. Kentucky will have to submit a justification to HHS for the use of the eight Medicaid regions.

HHS has issued as decision that an issuer can offer a plan on a regional basis, but the plan has to be reviewed and approved by the Exchange. The Exchange is proposing that no plans be offered on less than a Medicaid regional basis. The subcommittee also discussed how issuers participate and offer products on the Exchange. A task force of subcommittee members was formed to have further discussions on the issue. Finally, the subcommittee discussed the issue of stand-alone dental plans and how the Exchange will offer dental benefits. Members of the QHP subcommittee will work with a task force from the Dental/Vision subcommittee on the issue. The next meeting is scheduled for January 24, 2013.

Small Employer Health Options Program (SHOP) Subcommittee

Jeff Bringardner, Chair, reported that the SHOP held a meeting on December 6, 2012, and continued its discussions on open enrollment and participation rates. As required by the Affordable Care Act, the SHOP Exchange will permit rolling enrollment in order for an

employer to offer health insurance to its employees at any point during a year. To assure compliance with an Advisory Board approved requirement of a 75 percent participation rate, the SHOP Exchange will include a provision in its employer contract that will allow for the review of employer records. New items taken up by the subcommittee included employer minimum contribution, premium payment tolerance, waiting periods, effective dates of coverage, and defining full-time and part-time employees.

The subcommittee recommends that the SHOP Exchange have a zero tolerance policy for premium collection and begin termination of an employer from SHOP participation after a required 30-day grace period. The subcommittee also recommends that the SHOP Exchange use the Internal Revenue Service definition of 30 hours to define a full-time employee and determine eligibility. The next meeting of the SHOP subcommittee is scheduled for January 17, 2013.

A motion to accept the subcommittee reports including the recommendations contained therein was made, seconded, and approved by voice vote.

Other Business

The next meeting of Advisory Board will be on January 24, 2013, at 1:30 p.m., in the Large Conference Room at the Office of the Kentucky Health Benefit Exchange.

Audience members put forth questions regarding the estimated cost of operating the Exchange. Mr. Nold stated that the KHBE is considering an assessment of insurers inside and outside of the Exchange to fund the Exchange. This is the current funding source for the Kentucky Access program, Kentucky's high risk pool. The KHBE has estimated a cost of \$30.9 million to operate the Exchange in the first year. The Exchange will not be supported through General Fund dollars.

Adjournment

The meeting was adjourned at 2:36 p.m.