

# **KENTUCKY HEALTH BENEFIT EXCHANGE ADVISORY BOARD**

## **Small Employer Health Options Program (SHOP) Subcommittee**

### **Meeting Minutes**

**October 8, 2012**

#### **Call to Order and Roll Call**

The first meeting of the SHOP Subcommittee was held on Monday, October 8, 2012, at 1:30 p.m. in the Small Conference Room at the Office of the Kentucky Health Benefit Exchange. Chairman Jeffrey Bringardner called the meeting to order at 1:30 p.m., and the secretary called the roll.

Subcommittee Members Present: Jeffrey Bringardner, Chair; Edward Erway, and Connie Hauser.

Staff Present: Carrie Banahan, Reina Diaz-Dempsey, Miriam Fordham, Wanda Fowler, Kris Hayslett, Bill Nold, Brenda Parker, Gary Smith, and D.J. Wasson.

#### **Addition of New Members:**

Chairman Bringardner introduced the new subcommittee members: Dr. Richard Broeg (by phone), Dr. Joe Ellis (by phone), Carl Felix, Shelley Gast, Jan Gould, Harry Hayes, Brian Sunderland (by phone), Dr. Larry Tinius (by phone), and Bob Weiss.

#### **Overview of SHOP Exchange**

Carrie Banahan, Executive Director of the Office of Kentucky Health Benefit Exchange, briefed the subcommittee members on some of the small group insurance reforms and changes that will be go into effect in 2014, including rating, premium tax credits, and penalties. The Exchange will allow individuals to apply for individual and small group coverage, including premium assistance and tax credits, Medicaid, and CHIP. Through an Exchange, states are required to have a Small Business Health Options Program (SHOP) that will provide health insurance options to small businesses. States have an option to have a separate SHOP and a separate individual market Exchange. Kentucky will have one Exchange which will include the SHOP and individual market due to administrative and financial purposes. This decision was made by the Commonwealth in order to move forward with issuing a Request for Proposal (RFP). Administrative regulations will need to be promulgated that will spell out policies on quality, Qualified Health Plans (QHPs), Navigators, enrollment, etc. A goal of the Exchange is to have parity inside and outside the Exchange, including the application of KRS 304.17A. Open enrollment for the SHOP and individuals begins October 1, 2013.

Members discussed metal levels and employer options in choosing plans for its employees. The Subcommittee will need to make a recommendation to the Board regarding employer level of coverage options within the SHOP. Participation rates for SHOP were discussed. The participation requirements are based on the rate of employee participation in the SHOP and not on any participation requirements with an employer. This requirement warrants discussion, and

since it is part of the Blueprint, the Subcommittee will need to make a recommendation to the Board.

### **Discussion of Blueprint Items: 6.1-6.3**

The first item on the Blueprint discussed was the definition of small group contained in Item 6.1. The Kentucky Department of Insurance currently defines a small group as two - 50 employees. A recommendation was made by Carrie Banahan to retain this definition for the Blueprint. A motion was made by Chairman Bringardner to use this definition for the SHOP. The motion was seconded and passed by voice vote.

Blueprint Item 6.1a relates to selection of level of coverage. A decision will need to be made in the future regarding options that will be available to employers and this may be a discussion item for the next meeting. Item 6.1b relates to reporting of rate changes. Current law (KRS 304.17A), which allows for monthly adjustments, would meet this requirement. The state will attest to Blueprint Item 6.1c which requires the SHOP to offer small employers only QHPs that have been certified by the state. Blueprint Item 6.1d relates to minimum participation requirements. This item will require further discussion because of its impact on carriers and stability in the SHOP. Most states are choosing 75 percent and this appears to be an industry standard.

The subcommittee discussed the calculation of full time equivalent employees. There is new federal guidance available on this issue that will be available for the next meeting of the subcommittee. The members were not ready to make a decision on the minimum participation rate without further research and discussion.

Blueprint Items 6.1e (SHOP premium calculation), 6.2 (premium aggregation), and 6.2a (billing employers and collection of premiums) are included in the RFP and the contract with Deloitte, LLP that was signed last week. Blueprint Items 6.2b (non-payment of premiums and notice) and 6.3 (reporting information to IRS) will be completed by Deloitte and a process will be worked out.

### **Other Business**

The committee members scheduled the next meeting of the subcommittee for Wednesday, October 24, 2012, at 10:00 a.m. in the Small Conference Room at the Office of the Kentucky Health Benefit Exchange. The minimum participation rate (Blueprint Item 6.1d) will be discussed. A call-in number will be available for members who are unable to attend.

### **Adjournment**

The meeting was adjourned at 2:50 p.m.