

# **KENTUCKY HEALTH BENEFIT EXCHANGE ADVISORY BOARD**

## **Meeting Minutes**

**October 25, 2012**

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

The second meeting of the Kentucky Health Benefit Exchange Advisory Board was held on Thursday, October 25, 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; David Allgood, Andrea Bennett, Jeffrey Bringardner, Ruth Brinkley (by phone), Dr. Joe Ellis, Carl Felix, Donna Ghobadi, Stephen Hall, Connie Hauser (by phone), Dr. Michael Huang (by phone), Deborah Moessner (by phone), Julie Paxton, Tihisha Rawlins, Dr. John Thompson, and Marcus Woodward.

Staff Present: Carrie Banahan, Miriam Fordham, Wanda Fowler, Kris Hayslett, Bill Nold, Sherilyn Redmond, Melea Rivera, Brenda Parker, Gary Smith, and D. J. Wasson.

### **Approval of Minutes**

A motion was made to accept the minutes of the September 27, 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 Exchange development efforts. The Office of the Kentucky Health Benefit Exchange awarded a contract on October 3, 2012, to Deloitte Consulting LLP to develop the information technology (IT) system for the Exchange. The IT system will need to be in place to support open enrollment in the Exchange which begins October 2013. KHBE staff are preparing for Kentucky's upcoming Design Review by the Centers for Medicare and Medicaid Services (CMS) for its Exchange Blueprint application to be a state-based Exchange.

D.J. Wasson, Department of Insurance (DOI), provided an update on Kentucky's recommended benchmark plan for the essential health benefits (EHB). Essential health benefits are the minimum level of benefits to be offered in individual and small group plans both inside and outside of the Exchange beginning in 2014. The Department of Health and Human Services (HHS) allowed states to select a benchmark option from 10 benchmark plans. The DOI reviewed the plans and chose the Anthem PPO plan as Kentucky's recommended benchmark plan for submission to HHS. The Anthem PPO plan is the largest small group plan in Kentucky and would have been the default plan. HHS will publish the state benchmark plans in the Federal Register with a comment period allowed and will approve or disapprove Kentucky's

recommendation. Under the federal guidance, states could substitute an essential benefit from another plan if an essential benefit was not included in the chosen plan. For example, the Anthem PPO plan did not include pediatric dental and vision services. The DOI recommended that the pediatric dental and vision services provided in the Kentucky Children's Health Insurance Program be used as the substitute EHBs in that category of services. In response to a question, Ms. Wasson explained that one of the factors taken into consideration for selecting the Anthem PPO was the inclusion of state mandated benefits in the Anthem PPO.

Mr. Nold also informed the Board that the Exchange awarded a contract to Doe-Anderson to provide marketing and branding services.

### **Subcommittee Reports**

#### Behavioral Health Subcommittee

Julie Paxton, Chair, reported that the Behavioral Health Subcommittee will hold its first meeting on November 5, 2012.

#### Dental/Vision Subcommittee

Dr. Joe Ellis, Chair, reported that the Dental/Vision Subcommittee will hold its first meeting on November 15, 2012.

#### Education/Outreach Subcommittee

Tihisha Rawlins, Chair, reported that the Education and Outreach Subcommittee has not met.

#### Navigator/Agent Subcommittee

Marcus Woodward, Chair, reported that the Navigator/Agent Subcommittee has met several times and expanded the subcommittee membership. The subcommittee discussed issues related to requirements for the Navigator program, training and certification of Navigators, web-brokers, and the role of the agents and brokers in the individual market and under the Small Employers Health Options Program (SHOP). Members also considered issues related to In-Person Assisters including the role of In-Person Assisters and how they are distinguished from Navigators/Agents, the Arkansas In-Person Assister program, conflicts of interest, and certification and training. There was also discussion regarding compensation issues related to agents, Navigators, and In-Person Assisters.

The subcommittee plans to have further discussion on the role of agents in the small group market. A recommendation was put forth that the subcommittee not take immediate action on this issue since the small group market is being served almost exclusively through brokers. The committee also considered the use of the terms "agent" and "broker". A recommendation was also put forth for a formal resolution that the term "broker" is not specifically defined in the Kentucky Insurance Code. The subcommittee will continue to consider these issues and others in providing input for the development of administrative regulations to be promulgated by the Office of the Kentucky Health Benefit Exchange.

Regarding Item 2.7 of the Exchange Blueprint, the subcommittee recommends that the Exchange proceed with establishing an In-Person Assister program and pursue federal funding for this program consistent with federal and state laws, including training and certification. For Item 2.8,

the subcommittee recommends that agents and brokers be permitted to play a role in the Exchange.

#### Qualified Health Plans Subcommittee

Carl Felix, acting on behalf of Deborah Moessner, Chair, reported that the Qualified Health Plans Subcommittee has held two meetings and several members have been added to the subcommittee. The subcommittee discussed issues regarding Blueprint Items 4.1 through 4.8. The issues include the timeline for accreditation of qualified health plans (QHP), minimum service areas, network adequacy, open enrollment, certification and reporting requirements, essential community providers, multi-state plans, and Consumer Oriented and Operated Plans (CO-OPs). After studying the issue, the Exchange has recommended that the state continue to use the eight Medicaid managed care regions as the minimum service area. Recommendations were also put forth regarding measures related to administrative simplification. A recommendation was put forth that the Exchange adopt URAC or NCQA for the certification process and mirror federal requirements for those health plans that do not hold URAC or NCQA certification. The subcommittee also has discussed compiling an inventory of reporting requirements currently in place for insurers to build an economy within reporting and reduce the redundancy of reporting requirements.

The subcommittee has recommended that the Office of the Kentucky Health Benefit Exchange proceed with the promulgation of regulations associated with qualified health plans and will continue to seek input from the members.

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

Jeffrey Bringardner, Chair, reported that the SHOP Subcommittee has met twice and several members have been added to the subcommittee. Members have been considering major issues regarding the establishment of the SHOP Exchange. The subcommittee discussed employer options in choosing qualified health plans for its employees, metal levels, requirements for participation and the impact on carriers and stability in the SHOP Exchange, definition of small group employer, reporting of rate changes, employer contributions, QHP certification, premium calculation and aggregation, and billing and collection of premiums.

The subcommittee plans to have further discussion on Blueprint Item 6.1a regarding employer purchasing model and employee choice. The impact of employer choice in selecting health plans and adverse selection is of utmost concern to the subcommittee. The subcommittee is not prepared to make a recommendation on this issue and has made a recommendation that the Exchange begin discussions with the Department of Insurance of the implications on adverse selection of employers offering a range of metal levels to their employees.

Regarding Blueprint Item 6.1, the subcommittee recommends that the SHOP Exchange adopt the current definition for small group market in KRS 304.17A-005 (41) through calendar year 2015. For Blueprint Item 6.1d, the subcommittee recommends that the SHOP Exchange establish a 75 percent minimum participation requirement.

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 November 15, 2012, at 1:30 p.m., in the Large Conference Room at the Office of the Kentucky Health Benefit Exchange. The board will also meet on December 20, 2012, at 1:30 p.m., in the Large Conference Room. The Advisory Board will return to its regular meeting schedule of the fourth Thursday of the month for January 2014.

In response to a question, Mr. Nold stated that the major activity for the Office of the KHBE following completion of the Design Review will be the drafting and promulgation of administrative regulations related to the Exchange.

Several audience members put forth questions and offered comments regarding the Affordable Care Act and the Exchange to KHBE staff and board members.

**Adjournment**

The meeting was adjourned at 3:00 p.m.