Health Care Financing Task Force

**Vision**: *Sustainable, quality health care for all Minnesotans*

Seamless Coverage Workgroup

Thursday, October 22, 2015, 1:00 – 3:00 pm CT

Minnesota State Office Building-Room 200

Minutes

| **Item** | **Presenter** | **Discussion /Resolution**  |
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| **Welcome** | Lynn Blewett | * The Seamless Coverage Workgroup lead, Lynn Blewett, opened the meeting.
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| **Review Joint Preliminary Recommendations on Affordability and Financial Barriers to be Presented to Task Force** | Lynn Blewett/Manatt | * *See presentation*

*Reduce Financial Cliff at 200% FPL** Ms. Blewett reviewed the Workgroup’s preliminary recommendation to reduce the financial affordability cliff in premiums, cost sharing and deductibles for health coverage at 200% FPL via three options: 1) establish voluntary HSA-like accounts for Medical Assistance and MinnesotaCare; 2) expand eligibility for enhanced subsidies to consumers with incomes 200-275% FPL; and 3) redistribute federal subsidies to improve affordability for consumers with incomes 200-300% FPL.
	+ The workgroup discussed whether to narrow the options and agreed to maintain the three options for modeling. The workgroup recognized that based on future financing conversations and actuarial bandwidth, the recommendations may need to be revisited.
	+ Elizabeth Doyle raised a concern about how options #2 and #3 link to financing and subsidies and clarified that when discussing subsidies, the workgroup is not making a decision on the direction of the programmatic vehicle (i.e., expanding or consolidating MinnesotaCare).

*Rationalize Affordability Definition** Ms. Patricia Boozang of Manatt reviewed the workgroup’s preliminary recommendation to fix the family glitch by changing the state’s affordability definition through a 1332 waiver.
* Ms. Boozang also followed up to an idea Peter Nelson advanced during the prior workgroup meeting. Per Manatt’s research, she explained that it would be permissible under a 1332 waiver for the state to consider applying the value of tax credits toward employer sponsored insurance on a voluntary basis.
* The workgroup discussed the federal fiscal impact that fixing the glitch would have and raised questions about the law’s original intent to structure the affordability definition around an individual rather than family. Mr. Joel Ario of Manatt commented that lawmakers were aware of the glitch but moved forward with the individual definition due to the law’s fiscal impact.
* Ms. Dannette Colemnan raised questions about operationalizing the family glitch fix, which Ms. Boozang suggested would be important to consider in the future. Senator Tony Lourey asked whether the workgroup should incorporate identifying and addressing the fiscal impact in this recommendation. Ms. Boozang noted that the workgroup would not be in a position to model all recommendations but suggested making clear the implication for the guardrails in the final report.
* Ms. Blewett asked the group whether the workgroup should soften the recommendation language to include “explore as an option,” but the workgroup agreed on the importance of advancing this recommendation, understanding that more work needs to be done to analyze the costs and impact.
* The workgroup asked whether any other states have undertaken a cost analysis of fixing the glitch or whether other states are discussing this for their 1332 waivers. Mr. Ario and Ms. Boozang commented that multiple states are discussing how to address the glitch, but so far, no state has developed a methodology.
* Ms. Moly Jungbauer asked about the impact on the employer penalty linked to fixing the family glitch.

*Align Insurance Affordability Programs* * Ms. Blewett reviewed the recommendation to align insurance affordability programs including eligibility and enrollment rules, benefits and plan requirements. This recommendation requires further consideration but the workgroup agreed to address the affordability cliff, regardless of whether it recommends consolidating MinnesotaCare with MNsure or public programs, or remains distinct.
* Acknowledging the impact on provider reimbursement and global spend, Ms. Dannette Coleman wondered whether the workgroup is considering merging the markets or adding MinnesotaCare to the private market.
	+ Ms. Blewett and Ms. Boozang stated they assumed that option (#1) would merge MinnesotaCare back into the individual market but noted the need for actuarial support.
	+ The workgroup agreed that this was an important distinction and requires future conversations, particularly around benefit design, which products to subsidize, and global spend.
	+ The workgroup was reminded that the Barriers to Access workgroup has discussed benefit design.
* Ms. Blewett suggested tabling two additional options for aligning insurance affordability programs—1) transition to single payer program model and 2) consolidate all programs in private Marketplace. The workgroup agreed with Ms. Blewett’s suggestion to focus on the more immediate options and recommend the Legislature establish a separate workgroup to investigate others.
* Mr. Peter Nelson suggested the group have a future conversation about affordable coverage models and the overall direction of health care based on an article he shared with the group.

*Recommendation for Further Consideration by Barriers Work Group: Develop Minnesota Affordability Scale** Ms. Boozang reviewed the Barriers Workgroup’s potential recommendation to establish a Minnesota-tailored health coverage affordability scale to guide policy, program, and financing decisions with regard to Minnesota’s coverage continuum. She presented a chart detailing Minnesota’s current affordability levels, illustrating an opportunity to smooth coverage for people at 200% FPL. The workgroup found the chart very helpful and concluded the need to address the affordability cliff remains, whether MinnesotaCare merges with the public or private market. Ms. Boozang also confirmed that there is no Maximum Out-of-Pocket cap in MinnesotaCare.

*Recommendation for Further Consideration by Barriers Workgroup: Address High Deductible QHP Products* * Ms. Boozang reviewed the recommendation to explore options to address high deductibles in QHP products given very limited options in 2015. One workgroup member suggested that 2016 offerings are more expansive and Manatt agreed to review.
* Ms. Boozang suggests narrowing field further during future conversations.
* These recommendations will be presented to the Task Force on October 23, 2015.
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| **Review Preliminary Recommendations for MNsure/Marketplace** | Lynn Blewett/Manatt | * Mr. Ario presented preliminary recommendations for MNsure/Marketplace.

*Strategy for 2016** For 2016, the workgroup agreed with the recommendation to stay the course on MNsure’s current IT improvement plan through 2016 open enrollment.

*Strategy for 2017** Mr. Ario presented a strategy for 2017 to establish a framework for evaluating MNsure following the 2016 open enrollment period. He highlighted factors to include in the evaluation framework and emphasized the importance of defining consumer experience as well as benchmarks to ultimately compare MNsure to alternative models.
* Ms. Blewett agreed with the framework as a good starting point but asked how specific the workgroup should get in establishing this framework process and what the benchmarks would be.
	+ Mr. Ario suggested limiting the recommendation’s specificity at this time.
	+ Ms. Shelia Kiscaden stated that this debate is philosophical rather than based on client experience and requires weighing additional criteria.
	+ Ms. Dannette Coleman suggested that the workgroup consider what the State’s goals are for the marketplace.
* The workgroup confirmed Minnesota’s discussions with the federal government to extend its Marketplace funding through CY2016 and agreed no new federal funding would be available.
* Commissioner Jesson asked how the workgroup should compare MNsure to alternative models and suggested the evaluation framework analyze costs and IT timelines. Ms. Boozang agreed and suggested more data points would be available after the 2016 open enrollment period.

*IT Governance** Mr. Ario reviewed the IT Governance recommendation to codify the current IT executive steering committee structure for overseeing the IT modernization plan, including MNsure’s IT system. The workgroup debated the need to delineate this recommendation since it was proposed by the Office of the Legislative Auditor. Ultimately, the workgroup agreed to keep this recommendation and codify it because of the committee’s success to date.
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| **Options and Considerations to Promote Market Stability** | Department of CommerceManatt | * *See presentation*
* Mr. Ario provided introduced the workgroup to the goal and importance of market stability. Mr. Ario stated that of the ACA’s three premium stability programs, two are ending after 2016 and suggested that Minnesota craft its own premium stability strategy.
* Commissioner Mike Rothman provided the workgroup with an overview of Minnesota’s state rate review process, individual market enrollment trend, and 2015 rate comparison. He noted that of the 300,000 people in the individual marketplace, 20% are enrolled in MNsure.
	+ The workgroup discussed a lack of data on how many people enrolled in non-QHP coverage would be eligible for APTCs. Commissioner Rothman agreed that this is a very important question and recommended modeling as a priority.
* Commissioner Rothman provided an overview of market stability issues and delved into the 3 Rs, the federal mechanisms intended to support states’ transition under the ACA. He explained that the 3 Rs have not met expectations and created uncertainty leading to pricing instability.
	+ The workgroup discussed the difference between traditional reinsurance programs and reinsurance under the ACA, noting that with reinsurance under the ACA, there is a subsidy flowing into the individual market that keeps overall rates down.
* Commissioner Jesson asked when the current volatility shows signs of tapering off. Commissioner Rothman explained that there have been red flags indicating the current health care landscape under the ACA differs greatly from expectations and requires additional modeling. Specifically, more people enrolled in Medicaid and MinnesotaCare than MNsure and higher utilization among the previously uninsured are both impacting costs. Mr. Ario explained that nationally, things are moving slower towards stability than expected, driven, in part, by not knowing the number of enrollees who will ultimately enroll in the individual marketplace. Commissioner Rothman explained that MinnesotaCare’s implementation impacted MNsure’s enrollment and that the individual market enrolled less healthy people than anticipated. He reported that Commerce is analyzing data to answer these questions. The workgroup had a robust discussion about instability in the marketplace

*Action Steps** Commissioner Rothman presented action steps across four areas that Minnesota should consider to stabilize the market. These include: 1) implementing state price stability mechanisms; 2) reforming the State’s insurers’ reserves program by adding corridor and cap controls to prevent excess reserves; 3) improving price transparency and tackling cost drivers; and 4) studying the impact of merging markets. Of note, Commissioner Rothman detailed the convergence of rates between individual and small group markets.
	+ A workgroup member raised a question about why the small group rates do not reflect the fact that this population has a healthier profile compared to the individual market. Commissioner Rothman explained that MLR is a better benchmark than rates for making this comparison. He also noted potential tax consequences to companies and individuals that result from merging markets and recommended convening an expert group to model these questions.
	+ Stefan Gildemeister informed the workgroup of the DOH’s current work to model federal risk adjustment for Minnesota, adding a reinsurance corridor to analyze and study how the Basic Health Program is subsidizing the individual market.
* Ms. Blewett suggested that some of Commissioner Rothman’s recommendations may fall into other workgroups. Senator Tony Lourey suggested that the workgroup’s scope is already broad and should not be expanded but instead the workgroup recommend exploring this topic in the future.
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| **Public Comment** | Lynn Blewett | None  |
| **Wrap Up & Next Steps** | Lynn Blewett/Manatt | * Ms. Blewett confirmed the next workgroup meeting would be on November 6th.
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