Arkansas Health Benefits Planning Exchange

Steering Committee Meeting	July 12, 2011	Arkansas Insurance Department Hearing Room	3:00PM – 5:00PM

Members Present:	***Staff:***	***Members Absent:***
Fred Bean David Boling Elizabeth Burak Ed Choate Michael Crump David Deere Representative Barry Hyde Dr. Cal Kellogg Dr. Drew Kumpuris Representative David Meeks Ray Scott Annabelle Imber Tuck Dr. John Wayne Kenny Whitlock Dawn Zekis	Cindy Crone Bruce Donaldson Bob Alexander (Rate Review) ***Consultants:*** J.P. Peters - First Data Dr. Lars Powell – Powell and Associates Jerry Wilson – Meeting Facilitator ***Guests:*** Don Adams Hovis Bentley Austin Gaines Derrick Smith	Patty Barker Jon Woods Frank Scott Joni Jones

Meeting Summary:

Welcome and Introductions: Facilitator Jerry Wilson opened the meeting and highlighted time limits as printed on Agenda. Meeting participants and visitors introduced themselves. David Sodergren, First Data Project Manager, was present by phone, replacing Jim Glick who was delayed in an airport.

Meeting Summary from June 28, 2011 was approved as printed and will be posted on website.

Updates

- Community Meetings and Survey - Dr. John Wayne of UAMS College of Public Health provided update on community meetings being held across the state. All but one have been completed. Approximately 400 people have signed in for all meetings so far, however not all that attend sign in. The summary report will be complete by the end of July.

  There is a "live" web-based Insurance Exchange community survey prepared by UAMS. The link is http://arexchange2011.questionpro.com or the survey may be accessed from the Arkansas Insurance Department Web Site at www.hbe.arkansas.gov. E-mails have been sent to Steering Committee and Workgroup members and to all who signed in at Community Meetings. The survey is confidential. Please distribute to everyone you know—include list servs; we are trying to get wide distribution. The survey will be open until August 25; encourage participation by July 25 for maximum impact.

- **First Data Activities -** David Sodergren reported that key informant interviews are in process. There were 11 interviews last week and 10-15 more are planned, with anticipated wrap-up by the end of the week. Governance survey results have been released and will be discussed in the workgroups next week. July workgroup discussions will focus on Outreach/Education (AFMC lead) and August discussions will focus on marketplace/financial modeling (Dr. Lars Powell lead).

- **Workgroups** - no updates or discussion.

- **Self Chartered Health Care Reform Group –** Dr. Cal Kellogg reported the group will meet on July 19th and will be discussing a potential public message campaign highlighting the importance of a State-based Insurance Exchange versus a Federally operated Exchange in Arkansas. They will be working to identify

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financial resources to support that effort. The group will identify key messages and coordinate with key decision-makers to develop an agreed upon and consistent message and plan.

CCIIO - (handout) Cindy Crone reported that the Arkansas project will be assigned a new project officer and CCIIO has named Amanda Cowley as new leader over all Exchange planning projects. About 350 pages of proposed Federal Regulations for the Exchange were released yesterday (July 11) in two parts. The website links were provided. The new regs stress flexibility and federal-state partnerships in implementation. Two dates remain firm: 1) There will be a DHHS-approved Exchange operating in each state by January 1, 2014; and 2) there will be no federal Exchange development funds after December 31, 2014. The States and Federal government can partner on certain components so that states can be operational by January 1, 2014. A one-time *conditional approval* will be allowed for States that have not yet achieved full DHHS certification by January 1, 2013 but plan to do so and to enroll customers by October 2013. Following this date, States may transition between federally or state-operated Exchanges with one full year prior approval and the meeting of certification standards the same as for January 1, 2013 approval. A key point is that if we do not proceed with State Exchange development at this time, there will be no federal dollars available to help with Exchange establishment if we later decide to implement a State Exchange. Discussion included a question about the political implications if Arkansas converts from a Federal Exchange to State Exchange after 2014. Some commented that it doesn't matter, as we don't have funding to erect an Exchange or look that far into the future.

Arkansas will submit a quarterly progress report to CCIIO this Friday. In it we are requesting a waiver on the June 2012 final deadline for seeking Level Two Establishment funding since our legislature doesn't meet until January 2013. We do not know whether that request will be approved. We also asked for coordinated Federal guidance from CMS and ONC to Arkansas Exchange, Arkansas Medicaid, and Arkansas Health Information Technology efforts so that the three State entities would get the same messages related to rules alignment, etc. Finally, we plan to request a budget revision and "no cost" extension of current year funding through December 2011 which would get us through the fall stakeholder summit and public hearings. We plan to request approval to re-budget some funds to assist with the educational effort about Exchanges, particularly targeted to small businesses.

Meeting participants noted that the word "competitive" was used many times in the proposed Federal regulations released on July 11. There is intent to create a competitive marketplace. Also, the Federal government is stressing flexibility and partnerships with States in erecting State-operated Exchanges. It is emphasized that these regulations are not final; there is a 75 day comment period and we need to provide comments from Arkansas. The Feds are asking lots of questions and want us to provide many answers.

- **Governance Results -** Dave Sodergren briefly summarized results for all groups combined and also by each workgroup. Though the response timeframe was short, First Data is happy with response rate of 30% across all workgroups. There was some consistency across the responses. A majority of respondents favor a "public trust" model. Individual comments were grouped based on governance choices made. Some more points:
  - Different workgroups had stronger leanings toward a different governance model, for example IT and State Agency respondents leaned more toward a government model.
  - Most groups said the Exchange should be formally connected with the Insurance Department.
  - Though (30%) response rate is acceptable for the time given, we need to open up the discussion to gather more information in order to make a recommendation.
  - If Public Trust model is chosen, the expectation is that this model would have the transparency that government offers but still have more flexibility in hiring and procurement activities. It's kind of a hybrid of the two.
  - We can't say with 100% confidence that the Public Trust model offers those options. We need to know the answer with some degree of certainty.
  - The survey sent out by UAMS also offered the Public Trust model as a governance option.

- Bob Alexander (AID attorney) joined the meeting to address the Public Trust Option issue- he stated we have a quasi-government entity in AR and it is Liquidation Division at AID. Liquidation is funded by Insurance companies and doesn't comply with State purchasing nor hiring practices. The head of Liquidation is appointed by the Insurance Commissioner. This model is very similar to what was introduced in the Legislature for the Arkansas Exchange earlier this year, but not voted on.
- Question to Bob - Do we know for certain that a Public Trust model would be exempt from State hiring practices and procurement? Answer: The terminology 'Public Trust' has never been used in Arkansas to describe an entity. There is no current definition of that term here, though there is in Oklahoma. There is no statue that has ever created a 'Public Trust' in Arkansas. In the Survey "public trust" was defined very similarly to a quasi-governmental entity. However, it is believed that a "public trust" entity could be established by legislation which would also identify the rules and rules exemption (such as procurement). Bob was asked to look into this and also to identify any current entities that meet the quasi-governmental model..

- **Education Campaign-** We plan to ask CCIIO for approval to reallocate existing grant funds to support a public education effort to help people understand "what an exchange is". Based on prior discussion, this group thinks that targeting small businesses would be best. This short-term educational effort would not be funded at a very high dollar; a more comprehensive campaign would come later. Further, this education campaign would be different than the planned campaign by the Self-Chartered Workgroup (see above). Ideas discussed included:
  - Massachusetts did a public education campaign that we can look at when we construct consumer outreach plan—but that's not where we are yet. We are looking to educate the public about Exchanges in general… just the basics.
  - Since we don't have a lot of money, we need to get organizations "in our room" and deliver messages that they can then take to their constituencies…and get the message out that way.
  - We need to still offer a polished, tight presentation…that will cost *some* money, we can do both.
  - As part of our background planning effort, First Data talking with other states and can obtain information about outreach and public education.
  - Our education needs to also inform legislators; if legislators feel they can't vote for something that will benefit their constituents, then we won't get anywhere. We need to apply our resources to get to the people that can inform and influence them.
  - Keep in mind that Legislative Committees' composition will likely change after the next election.
  - If you can get to major grass roots organizations--like Americans for Prosperity-- they have a big influence in this state. If you can bring them to understand that the Exchange will be in their interest, then you will get Republican legislators voting for this. You won't have to spend too much in funds.
  - Another ally can be Producers that have clients with many employees. The employers can help educate their employees without spending much money.
  - When the Exchange enabling legislation came out of Committee this year, the reason it didn't go to the House floor was because a poll of the House members showed that only 38 out of 100 would vote for it….so you had at least 18 Democrats that weren't ready to vote for it.
  - Do we go to community groups with a plan, or go and ask for a plan of how to get an Exchange for Arkansas?
  - Although the 'Exchange' is a conservative/Republican idea, people need to know more about what the Exchange is before they are going to endorse it.
  - We need to get support from both sides of the aisle. We had too much constituent opposition because everybody connects the Health Benefits Exchange with Obamacare. We need to 'decouple' Obamacare from the Exchange. But it looks like to "decouple" would be impossible. The compliance issues of ACA required of the Exchange automatically couples it. Go with a free market approach.
  - We don't have much time. We need to go out with something, and educate the public that the Exchange is not Obamacare, even though some components are.
  - We need to keep planning and also get the information out. In recent community meetings we weren't able to let the public know specifics about the Exchange because we don't know what our Exchange will look like. It was frustrating for the public that came to those meetings.

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- We need consistency in our messages-- consistent points regardless of what group is gathered. We need to inform and educate the public, but this can't be done by the Insurance Department or insurance industry because of mistrust.

- **Demographic/Marketplace Study.** Dr. Lars Powell, a background research subcontractor of First Data, presented his plan for Exchange planning data collection and analysis via a Powerpoint presentation (attached). He is planning to use health insurance micro-simulation modeling to look at observed behaviors of real people superimposed on public survey data of Arkansans or samples demographically similar to Arkansans. Data will be assembled to represent 30,000 Arkansans---selected to represent the 3 million Arkansas residents—to estimate how much people spend on health insurance and how their purchasing behavior would change as premium prices go up or down. He would use that elasticity effect to predict how a subsidy would affect Arkansan purchases after 2014. At present, Dr. Powell plans to go back to 2004. If we see something that doesn't pass the "sniff test", then we can go back and change the testing to more accurately reflect the characteristics of the Arkansas population. If anyone has ideas of specific scenarios for study, or any additional data sources beyond those outlined in the presentation, let Dr. Powell know so he can best reflect the Arkansas population in his statistical projections. We may have to make some assumptions about the final Exchange regulations, as that will affect outcomes, and most regulations will not be finalized before we perform our study.

- **Future Work Groups Agendas**
  - We need to have a brief discussion of First Data governance survey results in July. If we are going to use the *Public Trust* term, we need to define it before the meetings. We will request AID staff member Bob Alexander to research.
  - AFMC staff will attend each workgroup meeting to address Exchange Outreach and Education.

- **Further Discussion**
  - We need to provide updates and information to insurance producers and agents at all their different meetings. It was asked whether Carriers could provide resources (such as meeting space or refreshments) for educational sessions in all corners of the State.

Next Meeting is July 26th from 3:00 – 5:00 p.m., tentatively scheduled for the AID Hearing Room**.**

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