

New Mexico Health Insurance Exchange Work Group Minutes

Work Group	Employer Participation	Date	1/29/2013
Facilitator	Mike Wallace	Time	11:00 a.m. MT
Location	Conference Call / In-Person	Scribe	Cicero Group

Agenda Item
 Discussion Item
 Conclusion
 Action Item

Attendees			
No.	Name	No.	Name
1.	Mike Wallace	6.	Lori Monfileto
2.	Sonny Espinosa	7.	Nancy Sanchez
3.	Kathryn Toone, <i>Leavitt Partners</i>	8.	Charlotte Roybal
4.	Don Blackburn	9.	Marlene Baca, Lovelace
5.	Jeff Dye	10.	Stephanie Wright, <i>Cicero Group</i>

Agenda Item 1: Introduction

Name: Mike Wallace

DISCUSSION ITEM 1 Welcome and Review of SHOP Exchange

Mr. Wallace introduced himself, welcomed the members and conducted a roll call. He reminded Work Group members that resolutions decided at this meeting would be compiled and presented to the Advisory Task Force as group recommendations.

Mr. Wallace then presented minutes from the prior meeting for approval. Minutes were approved unanimously with the following amendments:

- **Agenda Item 3 Discussion Item 4:** Page three paragraph five, changed references regarding frontend/backend adjustments to indicate carriers plan only backend risk adjustments.
- **Agenda Item 4 Discussion Item 2:** Removed reference to hesitancy to make recommendation because of lack of underwriting expertise. Changed wording to: *Mr. Wallace felt that this was a confusing question. Added the closing sentence as requested: The group concurred that portability would be obtainable regardless of critical mass.*

Agenda Item 2: Small Business Participation

Name: Mike Wallace

DISCUSSION ITEM 1 Should There Be Participation Requirements for Employers in the Exchange?

Mr. Wallace reviewed the prior findings of the group regarding participation requirements. Members had agreed that the Division of Insurance is well-equipped to determine minimum

New Mexico Health Insurance Exchange Work Group Minutes

participation requirements, and the recommendation stands that they continue as the party responsible for decisions in this regard. The recommendation was unanimously approved.

DISCUSSION ITEM 2

What Can the Exchange Offer That Will Be Of Most Value to Small Businesses?

Mr. Wallace reviewed the advantages for small employers joining the Exchange, as previously discussed:

- 1) The Exchange offers plan affordability for small employers.
- 2) The Exchange offers simplicity and relieves much of the administrative burden.
- 3) The educational function of the Exchange will be an advantage to both employers and employees.

The recommendation that these advantages be stressed in outreach to small businesses passed unanimously. The group also recommends that the Exchange implement a strategic plan to conduct an effective outreach program.

DISCUSSION ITEM 3

Should the Definition of Small Business be Increased from <50 to <100 at 2014?

Mr. Wallace clarified that federal law mandates the change in definition for small businesses from less than 50 to less than 100 employees in 2016. A member pointed out that while the group might examine the option of earlier implementation, she felt there was insufficient data on the effect of such a change to accurately determine the benefits. She felt the Exchange ran the risk of over-legislating carriers without being fully aware of the implications should the change in definition occur earlier.

Advantages:

- 1) Larger risk pool
- 2) Additional plan portability

Disadvantages:

- 1) More groups affected by an untested system
- 2) Greater uncertainty and risk, and resulting higher costs
- 3) Difficulty in passing legislation
- 4) Unknown whether those currently defined as large employers whose classification would be affected by the change may be adversely impacted
- 5) Greater complexity and burden on the market as it adjusts to Exchange implementation

After decision, the group agreed to recommend that the Exchange expedite a change in policy of defining small business as 1-50 (instead of 2-50, as current New Mexico state law states). However, they recommend that the Exchange wait for the 2016 federal deadline before defining small businesses as those with 100 employees or less.

New Mexico Health Insurance Exchange Work Group Minutes

DISCUSSION ITEM 4	How Can Adverse Selection in the SHOP Exchange Be Minimized?
<p>Mr. Wallace introduced the topic of adverse selection, and reviewed one method suggested by Mr. Eric Miller, an actuary from Lovelace who was present in a prior meeting. Mr. Miller had explained that the Exchange might require small employers to select a single carrier and allow the employees to select from several offerings by that carrier. After discussion, members concluded that this might be submitted as one example of steps that might be taken to minimize adverse selection, but not as a formal recommendation.</p>	
DISCUSSION ITEM 5	Should Insurers be Required to Participate in both the Individual and SHOP Exchanges?
<p>Mr. Wallace reviewed the pros and cons of requiring insurers to participate in both the Individual and SHOP Exchanges. In a prior discussion, participants had determined that the main advantage was plan portability, but acknowledged that it curtailed the creativity of insurers to tailor products to each market. There was also the possibility of this complicating the receipt of subsidies by eligible individuals.</p> <p>Upon examination, members resolved to recommend that the Exchange require insurers to offer a number of plans identical in both Exchanges, but to also allow carriers to offer additional plans that meet unique market demands. The recommendation was unanimously agreed upon.</p>	

Agenda Item 3: Defined Contribution

Name: Mike Wallace

DISCUSSION ITEM 1	Will Implementing a Defined Contribution Model Attract Employers Who Currently Do Not Offer Insurance?
<p>Mr. Wallace reviewed the definition of defined contributions as a dollar limit for employer contribution towards the employee's premium of choice. He described it as a method for streamlining administration and limiting employer liability, which also allows employees maximum choice flexibility, and encourages them to be more vested in their own health plan. Members agreed that this was to be recommended as an incentive to join the SHOP Exchange.</p>	
DISCUSSION ITEM 2	Is There Sufficient Demand To Achieve Plan Portability?
<p>Mr. Wallace reiterated that the primer question was confusing, and that plan portability would exist despite the critical mass suggested as necessary in the discussion question. Members felt that there will be sufficient enrollment within the Exchange to allow plan portability.</p>	
DISCUSSION ITEM 3	Is there Value in Premium Aggregation for Employers?
<p>Mr. Wallace reviewed the basics of premium aggregation: that all methods of premium payment – employers, employees, subsidies, etc. – will be combined into one payment and sent to the carrier. He explained that some carriers currently aggregate premiums for billing purposes, and some employers do it as well, but it is mandated that this functionality be built into the Exchange platform.</p> <p>Members felt that creating a recommendation as to the format or provider of this service was not</p>	

New Mexico Health Insurance Exchange Work Group Minutes

necessary. They recommended that the Exchange choose the most efficient model for the reduction of administrative burden on the small employer. In later discussion, participants acknowledged that requiring this of carriers will add to carrier costs.

DISCUSSION ITEM 4

How Should Actuarial Value of Plan Choice Work with Defined Contribution?

Mr. Wallace described the next topic for discussion, asking the members how actuarial value of plan choice should work with defined contributions. He described the scenario of possibly requiring employers to offer at least one plan each at the bronze (60% coverage), silver (70%) and gold (80%) levels, to allow employees to select a plan that best fits their needs.

A member asked how this might relate to participation requirements. Mr. Wallace explained that participation levels were not dependent on all employees selecting the same plan, but refers to the total number of employees participating in health plans by a single carrier, regardless of metal level. Members discussed the challenges it may present to the goal of administrative simplicity, should multiple metal level plans be required of employers.

Ms. Baca referred to previous comments made by Mr. Miller, specifying that the more limited the plan offerings, the more risk is reduced. She explained that risk reduction tends to both minimize adverse selection and lower premium costs.

The group unanimously recommended that the Exchange require employers to offer at least one additional metal level, above the federally required silver level.

CONCLUSION:

Name: Mike Wallace

Mr. Wallace explained that with the resolutions reached in the three meetings to date, the charter of this Work Group had been completed, and there would not be a fourth meeting as originally scheduled. He informed members that he would summarize these recommendations and present them to the Advisory Task Force. He thanked the members for their participation and adjourned the meeting.