

New Mexico Health Insurance Exchange Work Group Minutes

Work Group	Legislative	Date	10/16/2012
Facilitator	Milton Sanchez	Time	9:00 a.m. MT
Location	Conference Call / In-Person	Scribe	Cicero Group

Agenda Item

Discussion Item

Conclusion

Action Item

Attendees			
No.	Name	No.	Name
1.	Milton Sanchez (<i>Human Services Department</i>)	8.	Senator Munoz
2.	Jonni Pool (<i>Human Services Department</i>)	9.	Representative Stewart
3.	Kathryn Toone (<i>Leavitt Partners</i>)	10.	Representative O'Neill
4.	Senator Lopez	11.	Representative Taylor
5.	Senator Ortiz y Pino	12.	Representative Hall
6.	Senator Feldman	13.	Mike Nuñez (<i>Health Insurance Alliance</i>)
7.	Senator Beffort	14.	Dan Case (<i>Cicero Group</i>)

Agenda Item 1: Introduction

Name: Milton Sanchez

DISCUSSION ITEM 1

Approval of Prior Meeting Minutes

Minutes were approved as amended (revisions can be found at the end of the document). During the discussion, the following items arose:

- Senator Feldman requested that copies of the Affordable Care Act (ACA) requirements and a list of the current Health Insurance Alliance board be provided in advance for discussion at the next meeting.
- The legality and sufficiency of transitioning the current Alliance board into the Exchange board was discussed and the original intent of this board to perhaps fulfill SHOP requirements and potential insufficiency for Individual plans.
- The various healthcare approaches of other states addressing the ACA, and various legal requirements and cost concerns were discussed.
- The importance of prioritizing decisions to efficiently address all issues prior to the federal deadline was mentioned.

DISCUSSION ITEM 2

Discussion of Frequently Asked Questions

1. *Are we going to have an Exchange?* Yes, the governor has clearly mandated a state-based

Exchange.

2. *Will small employers be penalized for not offering insurance?* No. Federal subsidies and incentives will be provided to individual employees to enroll, who will be required to participate. Tax credits are currently mandated for two years, but there is no plan to change federal funding of individual subsidies. The existing 36 New Mexico state health insurance mandates have been "grandfathered" in as eligible for coverage, but future mandates will not be covered by federal funding, and the state will be liable for these costs. Various state budgetary concerns were discussed.
3. *How much will the penalty be?* Nothing for small employers; however, large employers who do not offer coverage, or offer coverage not meeting Essential Benefits minimum standards, will be required to upgrade to a Qualified Health Plan or external equivalent, or pay \$2,000 per FTE (full-time equivalent) employee. Individuals will be penalized for non-participation at 1% of income or \$95, whichever is higher. See FAQs for greater detail.
4. *How does the tax credit for small employers work?* This credit will decrease and eventually be eliminated.
5. *How will nonprofit corporations be subsidized?* Subsidies will be realized through reduction in income or Medicare tax.
6. *How are premiums capped in the individual plan?* Premium caps will be determined by individual income as compared to the federal poverty level (FPL). The premium for an individual at or below the FPL will be \$19.
7. *Is there a cap on out-of-pocket expenses?* Yes, out-of-pocket (deductible, coinsurance, etc.) will also be capped.
8. *What is the duration of the Small Business Tax Credit?* As of 2010, employers may claim the credit for any two consecutive years starting in 2014, and then it would end.
9. *What will happen to employers with a large seasonal employee flux?* There is a calculation made in the federal guidelines to adjust for seasonal employees.
10. *What will happen to brokers?* There is no intent within the Exchange to discontinue the use of or incentivize brokers. It was noted that Utah has been operating a state insurance exchange since 2009, and over 95% of participating businesses continue to use a broker.
11. *Has actuarial analysis been performed on the health plans?* The Kaiser Foundation did a

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national 2011 study to determine a typical plan premium under the ACA. While this cannot be specifically applied to New Mexico demographics and assumptions must be made, this study suggests that with appropriate cost-sharing, deductibles are estimated at approximately \$5,000 per annum per individual policy. Senator Feldman inquired whether the current \$34 million dollar federal grant for Exchange implementation would cover the costs of New Mexico actuarial analysis. Mr. Sanchez replied that precise actuarial data may not affect initial design and implementation of the Exchange within the first year, so the data may not be immediately necessary.

The necessity and feasibility of gathering local actuarial data in a timely manner were discussed. Individual plan coverage minimums, catastrophic coverage, and the importance of consistency among levels of benefits offered both inside and outside the Exchange were also discussed and clarified. Mr. Sanchez agreed to provide further information for consideration prior to the next meeting on the following topics: catastrophic coverage, SHSA, and the matching of Essential Health Benefits standards for both Exchange and non-Exchange plans. The Work Group was reminded that discussion should focus on establishing the needs of an in-Exchange policy, particularly in consideration of strict deadlines, prior to addressing non-Exchange benefits.

Agenda Item 2: Health Insurance Alliance Presentation

Name: Mike Nuñez

DISCUSSION ITEM 1

Purpose and Mission of HIA

Mr. Nuñez presented the Group with a brief overview of the current charter and history of the HIA and the products and services it offers. This included:

- A description of a current HMO program
- Premium structure
- Numbers covered
- Recovery of expenses
- Chamber memberships
- Relationship with and certification of brokers
- Outreach and social media, enrollment
- Business and individual coverage
- The departments and carriers with which the HIA interfaces
- Eligibility, enrollment and renewals
- Software interfaces
- That the HIA does not currently work with Medicaid

DISCUSSION ITEM 2

Work Group Questions for Mike Nuñez/HIA

1. *What is the governance structure of the HIA?* Currently the 14-member governing board includes two actuaries, five carriers, underwriters, financiers, CFOs, a broker, a nonprofit

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representative, and a physician. Rate setting will be done using the rate-review process of the Department of Insurance (DOI). The Group was invited to attend HIA board meetings and to examine the marketing and financial aspects of the Alliance.

2. *How prepared is the HIA to adapt to the influx of enrollment expected by Exchange implementation?* The concern of some major carriers leaving the industry or the state was discussed, along with the likelihood of competitive issues in establishing premium costs. The probable makeup of the expected influx of customers was discussed, and Mr. Nuñez expressed confidence in the HIA to meet the challenge of the Exchange transition.
3. *Are HIA meetings subject to the open meetings act?* Yes.
4. *Do you have technically oriented people on the board?* Not specifically.
5. *What is your marketing budget and do you contract with an agency, and how do you intend to expand this to reach all New Mexicans?* The budget is about \$180,000, and the HIA contracts marketing to Griffin and Associates. A new online campaign, began in 2011, has reduced call volume by 25%. Expanding these efforts to reach the expected 150,000 new customers and businesses to fall in line with the <1% of total budget currently being used was discussed. Mr. Nuñez is in charge of the HIA outreach effort, and shared the HIA's planned efforts to accomplish this, and received a list of outreach recommendations used by other states provided by Senator Feldman, who stressed that outreach to the younger generation was crucial.

Agenda Item 3: Presentation of Preliminary Findings to Task Force

Name: Milton Sanchez

DISCUSSION ITEM 1

Where Should Regulatory Authority Reside?

The Work Group was asked to nominate a representative to attend the Task Force meeting on October 24th. This representative is to present preliminary findings and questions needing clarification. There was discussion of Senator Feldman representing the Group, although no decision was finalized. Mr. Sanchez agreed to provide information on the template for this presentation to the Group. The meeting was adjourned.

Addendum to 10/2/2012 Meeting Minutes

The following comments were added prior to minutes approval:

Senator Feldman requested that the following items be added to the record:

- She had mentioned her concern that the Group was not asked to address changing the charter of the Health Insurance Alliance to permit governance of the Exchange, particularly regarding the ability to compel compliance with federal legislation by November 16th, or alternately, if legislation would be required.
- Senator Feldman had also asked for additional actuarial analysis, and noted that this data from three additional firms had been made available for discussion.
- Senator Feldman also wants the composition of the Board of Directors and rules of governance for the Alliance examined to make sure it complies with federal requirements. She requests that copies of the ACA (Affordable Care Act) requirements and a list of the current Health Insurance Alliance board provided for discussion at the next meeting. Mr. Sanchez indicated these would be provided in advance of the next meeting. The legality and sufficiency of the current Alliance board in contrast to Exchange board was discussed.
- Senator Feldman also wants verification that the state has the regulatory and operational authority necessary to operate the Exchange, in the form of an Executive Order or Memorandum of Understanding. Mr. Sanchez understands that under current legislation the Alliance was sufficiently covered as a vehicle for federal approval. Senator Feldman requests supporting documentation for the next meeting, and pointed out that the Alliance had been set up originally as a tool for businesses rather than individuals, and requests further study.