

# Healthcare Coverage Reform Initiative

## Advisory Committee Meeting Minutes

Tuesday, January 22, 2008

9:00 a.m. to 3:30 p.m.

Lazarus Government Center, Room C621 A&B, 6th Floor  
Ohio Department of Job & Family Services (ODJFS)  
50 W. Town Street, Columbus, OH 43215

### Attendees:

Brent Mulgrew, Shawn Frick, Jerry Friedman, Ken Statz, Cynthia Burnell, Carol Roe, Brian Keaton, Beth Bickford (for Teresa Long), Steve Millard, Roger Geiger, Jim Castle, Kelly McGivern, Nancy Enright, Kathleen Gmeiner, Vuka Stricevic, George Dunigan, Nick Lashutka, Margie Frazier, Col Owens, Ron Bridges, Ted Fisher, John Burant, Bill Hayes, Katherine Kuck, Cristal Thomas, Marianne Steger, Steve Wall, Dave Dillon, Dave Dorsky, Chris Whistler, Linda Woggon, William Fitzgibbon, Cynthia Burnell, Jeff Biehl, Holly Saelens, Elise Geig, Ryan Biles, Kathleen Crampton, Toya Johnson, Missy Cradock, Shirley Smith, Ivy Chen, Amy Rohling-McGee, Janetta King, Bob McCollins, Chuck Phillips, Keith Shoemaker, Lisa Dodge, Todd Celman, Doug Anderson, Malika Bartlett, Alan Furan, Sarah Curtin, Kevin Tyler, Anne Jewel, Marjorie Ellis, Sandra Williams, and Suparna Bhaskaran.

1. Introductions and welcome by Doug Anderson. Doug highlighted the day's agenda. He informed the committee that most of day's schedule will be Dave Dillon's presentation of a portion of the actuarial study. Doug encouraged the committee to attend follow-up brown-bag sessions at the Department with Alan Furan and himself so that committee member questions/concerns can be discussed and relayed to Dave Dillon. Doug also announced the dates of future Advisory Committee Meetings and added that there would be two other short presentations from staff members from Medicaid and ODI.
2. Marjorie Ellis from ODI introduced the CHAT Program (Choosing Health Plans All Together). CHAT is a computer-based program where groups design a basic benefit package that will be a health plan that covers uninsured populations with one-third less funds than typical employer-based coverage. Marjorie's presentation will be available on the website.
3. Doug Anderson introduced Dave Dillon and provided a context for his report. Doug pointed out that the first part of Dave's presentation is the actuarial part that focuses on rates, insurance and costs regarding various scenarios. Doug stressed that Dave has modeled certain defined scenarios, and that these scenarios are not set in stone, but that the information gathered about the impacts of these scenarios serve as a good starting point for developing reforms tailored to Ohio.

4. Dave Dillon presented on the “Issues for a Merged Individual and Small Group Market.” This presentation will be available on the website. Dave pointed out that in the 9 scenarios modeled, he was not following any order of preference in the numbering. Also, he and Doug had spoken with two actuaries involved in the Massachusetts Connector Program and that their feedback was integrated into his analysis. Dave also added that Ohio was different from Massachusetts and other states in that the insurance industry has very little regulation. In response to questions, Dave noted that Ohio’s soft regulation has resulted in too many carriers in the market. Dave thought that stronger regulation may cause some carriers to leave the market.
  
5. Dave Dillon provided the Advisory Committee with two handouts: “Summary of Healthcare Reform Scenarios” and a handout that showed the benefit plans being modeled. These handouts will be available on the initiative’s website. Dave then presented the results of his actuarial modeling work, as reflected in the “Summary of Healthcare Reform Scenarios.” Dave explained that Scenarios 1 to 6 reflect the exchange or connector model with variations. Scenarios 7 & 8 are reinsurance plans that are based on the Healthy NY program. Scenario 9 is based on a proposal that COSE has been working on. The Coverage and cost estimates do not take into account administrative costs or marketing costs. In response to questions, Dave explained that Ohio’s current small group market rates can vary by a factor of 1 to 17 because of the wide latitude carriers are given to rate small business based on age, gender and health status. Dave explained that in Massachusetts the allowable rating variation is limited to 2 to 1. Dave explained that the age and gender rating characteristics account for most of the variation. These two rating characteristics alone may account for rates that may be 8 times greater for unhealthy groups as compared to healthy groups. Groups size and geographic location may also impact rates but on a much smaller scale. In terms of modeling the reforms, Dave assumed a 12% annual trend from the 2006 data provided to him by carriers in Ohio. Dave also assumed that providers would be reimbursed at no more than 115% of the Medicare reimbursement rate. In some of the scenarios, Dave assumed an individual mandate, but also assumed in a low end penalty. In his final report, Dave will note all of the various modeling assumptions. In response to a question, Dave said that if rates going up for small businesses, they would tend to drop coverage in greater numbers. Dave also said discussed the fact that the Massachusetts connector appears to be having affordability issues because of rich benefit packages.

Dave Dillon then discusses the Benefit Design Sheet, which was a handout. Dave explained that the catastrophic plan is a typical insurance plan and that the preventative plan has lower front end costs but more limited catastrophic coverage. The catastrophic and preventative plans are actuarially equivalent and were used to model scenarios 1 through 8. The preventative package is similar to that offered in Vermont’s new coverage program. The limited catastrophic plan

was used to model scenario 9 only. Dave explained that in the scenarios where consumers have a choice between the catastrophic and preventative plans, take up will differ by health status and income. Dave explained that mental illness is covered by the plans, and is treated the same as any physical illness in terms of coverage. Dave also said that the benefit packages would not apply to self-insured private employers that offer ERISA plans.

Lunch Break: noon to 1 pm

6. Following the lunch break Dave Dorsky gave a short presentation entitled: "Estimated Cost for Healthy Families Medicaid Expansion." The purpose of the presentation was to give cost estimates of raising Medicaid eligibility for categorically eligible Medicaid populations up to 150% of the Federal Poverty Level. Dave explained the expansion would not cover childless adults.

Following Dave Dorsky's presentation, Dave Dillon resumed his presentation on the results of the actuarial study. In response to a question, Dave explained that even with an individual mandate, not everyone in Ohio will be covered by insurance. Between 2.5% and 5% of Ohioans will remain uninsured. Dave then spent some more time describing the reform scenarios. He explained that scenarios 7 and 8 assume no changes to the small group market rules. In response to questions about the state sponsored reinsurance program modeled in scenarios 7 and 8, Dave explained that state would be taking on a layer of risk through reinsurance. He noted that the state could mitigate its risk by purchasing reinsurance for itself. Dave also said that if chronic care management were added as a benefit, rates would increase in the first year. In terms of the benefit packages, Dave said the benefit packages he used for modeling were only a starting point, and that the group will need to decide the types of benefit plans they want to provide to the uninsured. Dave also said that he can do some more modeling work and can blend some of the reform scenarios to see how they work together. Dave also said that the benefit packages he modeled assumed that chronic care management programs incorporated into coverage are well run.

7. Prior to the close of the meeting, Doug encouraged the Advisory Committee to sign up for the Brown Bag Sessions and the CHAT training program.
8. Meeting adjourned at 3:30 pm