

Healthcare Coverage Reform Initiative

Advisory Committee Meeting Minutes

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Tuesday, April 17, 2008

9:00 a.m. to 4:30 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, Brian Keaton, Cathy Levine, Julia DiRossi, Ty Pine, Nick Lashutka, Shawn Frick, Jerry Friedman, Ken Statz, Cynthia Burnell, Teresa Long, Steve Millard, Jim Castle, Kelly McGivern, Kathleen Gmeiner, Vuka Stricevic, George Dunigan, Margie Frazier, Col Owens, Ron Bridges, Ted Fisher, John Burant, Bill Hayes, Katherine Kuck, Cristal Thomas, Christina Williams, Toya Johnson (Sandy Williams), (Richard Stoff), Steve Wall, Dave Dillon, Dave Dorsky, Linda Woggon, William Fitzgibbon, Ryan Biles, Kathleen Crampton, Bob Krausen, Ernest Boyd, Justin Nigro (Shirley Smith), Jessica Hart, Mary Amos, Christa Colasante, Charlie Solley (Sen R Caucus), Heidi Welch, Chris Whistler, Doug Anderson, Alice Faryna, Bob Krasen, Malika Bartlett, Alan Furan, Adam Rossbach, Shannon Ginther, Kevin Tyler, Anne Jewel, Marjorie Ellis, and Suparna Bhaskaran.

1. Introductions and welcome by Steve Wall. Steve highlighted the day's agenda. Doug Anderson then said that the goal for today is for the Advisory Committee to work through a series of questions developed by the SCI Team to determine where one can find consensus and disagreement.
2. Bob Carey, Director of Planning and Development, from the Massachusetts Connector Board was present at the meeting to give a brief presentation about recent developments in Massachusetts and take questions in regard to the Connector.

Q: How is MA dealing with the increased demand?

BC: We have had significant demand on physicians. However, traditionally MA has had a lot of physicians and healthcare providers in addition we have had higher than average rates of insurance.

Q: What has the take up been like?

BC: MA did a very aggressive outreach. On, July 1, 2007 the individual mandate and we saw tremendous growth in take up. In fact, we saw our numbers triple. After the mandate took effect we began to see younger people getting coverage. Initially the sicker and/or older people were signing up. The state said that there were 350,000 uninsured, and the feds said that we had 600,000 uninsured. The feds were right. We built our system upon ESI, not to undermine it. We saw a big uptake in non-group commercial insurance. The

newly insured were 100, 000; about 55,000 were eligible for existing Medicaid. Our outreach was directed at both groups: via Community and Choice Care.

Q: Do subsidies flow through the connector?

BC: Not all of the subsidies flow through the Connector. 50% of subsidies come through the feds and 5% come through the state.

Q: Can you talk a little bit about the structure and functions of the MA Connector?

BC: The Commonwealth Connector serves in four capacities which include:

- (1) Programmatic functions (via Community Care, 4 Medicaid Managed Care Companies and Choice Care);
- (2) Broker: for 6 carriers and 4 plans;
- (3) Regulator: sets thresholds of coverage, benefit packages, affordability schedules, premium schedule, appeals process etc; and
- (4) Information source for individuals, employers, hospitals, insurers etc.

3. Following Bob Carey's presentation the Advisory Committee began discussing the questions developed by the SCI Team. The handout with the questions is available on the Healthcare Coverage Reform website. The Advisory Committee was asked to think about the questions in conjunction with the goals that were presented by Governor Strickland at the beginning of this process. The goals were to:

- Provide access to quality, affordable health insurance for every Ohio child and reduce the number of total uninsured Ohioans by 500,000 by 2011.
- Increase the number of small employers that are able to offer coverage to their workers.

The following documents the collective responses of the Advisory Committee to questions posed at its April 17, 2008 meeting. Where "yes" or "no" is noted as a response, the Advisory Committee was able to reach consensus as to the question. Where "reactions are mixed" is noted, some advisory committee members supported the concept and others opposed the concept. Comments from Advisory Committee members are also noted.

Questions for Discussion

1. Do we agree that the State of Ohio should get involved in extending coverage to the uninsured?

Response: Yes.

One member said that getting the state involved in extending coverage will mean different things to different people.

2. Do we agree that the focus of any coverage expansion should be on:
 - a. Lower income Ohioans:

Response: Yes.

- b. Ohioans with health conditions:

Response: Yes.

- c. Small employers:

Response: Yes.

- d. Only people uninsured for a period of time:

Response: Reactions were mixed.

One person mentioned that there needs to be some provision for people who lose their job and health insurance. Another person said that “Only” should be removed.

- e. Anyone else?

Response: A member asked to include a high risk pool. Another member responded by saying that the high risk pool is the same as option (2)(b).

- 3. Do we agree that lower income Ohioans need help to purchase health insurance and that the State should provide low income subsidies?

Response: Yes.

A member asked how this would work. Another member said that subsidies should be available in the private market. The subsidies should follow the person.

- 4. Do we agree that portability of coverage should be a priority in this reform initiative?

Response: Yes.

One member said that “priority” should be replaced by “should be a component of.” Another member said that portability should be coupled with affordability.

- 5. Do we agree that uninsured Ohioans should not be denied access to health insurance coverage because of health conditions?

Response: Yes.

One member gave a caveat/clarification to her response by saying she only agreed to providing people with a guaranteed point of access to coverage.

If so,

- a. Do we agree that Ohio should require that health insurance carriers offer coverage to Ohioans on a guaranteed issuance basis regardless of their health status?

Response: Yes.

One audience member said that a “yes” should be paired with an individual mandate. A committee member said that any mandate needed to be paired with guaranteed issuance of coverage and that people who do not have access to affordable coverage should not be subject to the mandate.

- b. If we move to a system where coverage is issued on a guaranteed basis, should we recommend rules that discourage people from waiting until they are sick to purchase coverage?

Response: Yes.

- c. Should we prevent carriers from issuing riders that permanently exclude coverage for pre-existing conditions?

Response: Yes.

A member said that if insurers have to guarantee issue coverage they will have to deal with higher prices.

- 6. In the individual market, should we change the rating rules to make coverage more affordable for higher risk individuals or should we leave them the same?

Response: Yes to changing the rating rules to make coverage more affordable for high risk individuals.

- a. If we change the rating rules, should place lower limits on rates charged to higher risk individuals?

Response: Yes.

- b. Should we move to:

- i. a 5 to 1 rating variance for all rating factors?
- ii. a 2 to 1 rating variance for all rating factors?

Response: Reactions were mixed.

One member said that she leans towards a 5:1 rating and that 2:1 was too narrow. Other members opposed narrowing the rating bands for the entire market because it will raise rates and cause disruption. Some members thought that the focus should instead be on lowering rates for high risk individuals. Another member objected that these were the only options.

- 7. Should Ohioans be required to purchase health insurance coverage if affordable coverage is available to them?

Response: Yes.

A member added that individuals should not be penalized if coverage is not genuinely affordable.

8. Should employers be asked to contribute to the cost of health insurance coverage for their workers?

Response: The question was clarified to read that employers be “required” to contribute to the cost of coverage. Reactions were mixed, with some members supporting the concept and other members not supporting the concept.

One member said that employers should not be required to offer coverage to workers, but they should be required to contribute something toward the cost. Another member said that we should incentivize small employers instead of undermining them.

9. Should employers be asked to establish Section 125 plans so that workers can buy health insurance coverage on a pre-tax basis if they pay for it themselves?

Response: The question was clarified to read that employers be “required” to establish Section 125 plans for workers. The response was a yes by consensus.

10. In Ohio’s small group market, should we change the rating rules or should we leave them the same?

Response: Reactions were mixed.

One member said that the rules were just recently changed so there really isn’t any need. She added that there are protections in place for the individual in small groups, which limits the ability of a carrier to raise rates significantly from one year to the next. Another member said that volatility is a big issue for small groups and that we need something more predictable for small groups. He also added that the segmentation of the market complicates this. Another member said that small groups will be harmed if the rating bands are compressed and caution should be used before the group decides to do this. Another member requested the Milliman study commissioned by ODI. Another member asked if reinsurance would mitigate the cost.

- a. If we change the rating rules, should we place lower limits on the rates charged to small businesses with higher risk employees.

Response: Reactions were mixed.

- b. Should we move to:

i. a 5 to 1 rating variance for all rating factors?

ii. a 2 to 1 rating variance for all rating factors?

Response: Reactions were mixed.

11. Should we combine the individual and small group markets?

Response: Reactions were mixed.

One member said that this merger would kill Ohio's health insurance marketplace and that small groups should not be subsidizing individuals. Other members supported the concept of a merger. It was noted that Dave Dillon had completed some modeling work on a scenario that did not involve a merger of the markets and this information would be distributed soon. Some members reserved judgment until they received this new information.

12. Should we combine the individual and small group markets if we create a mechanism so that average rates do not increase for small businesses?

Response: Reactions were mixed about merging the markets.

13. In terms of funding,

a. Do you agree that Medicaid should be a source of funding?

i. If so, should we tap the following funding sources:

1. Medicaid waiver
2. Medicaid expansion
3. Redirection of HCAP funds

Response: Some members felt that Medicaid expansion was the cheapest way to do expand coverage to the uninsured. Others felt that there would be problems with provider reimbursement and primary care provider scarcity. Some said that a Medicaid expansion was the lesser of the three evils, when compared to a waiver or redirection of HCAP funds. Another member felt that a Medicaid waiver and redirection of HCAP funds were not a new source of funding, just redirection. Another member felt that redirection of HCAP funds would harm hospital financing and is not just used for uncompensated care.

b. Should we look to those involved in the health care system to help fund the cost of coverage?

i. If so, should we look to the following to contribute to the cost of coverage:

1. Hospitals
2. Insurers
3. Providers
4. Employers
5. Individuals
6. All of the above should share

Response: The Committee members supported a broad based system of funding. Some suggested that having hospitals or providers fund any coverage expansion was unacceptable and would do more harm than good. Col Owens distributed a worksheet that analyzed funding in terms of the relative size of hospitals, providers and employers, calling on such groups to contribute to reform based on what each group contributes to Ohio's GDP. John Burant said that all stakeholder assessments should be on the table for the SCI Team to consider.

c. Should we be looking at other funding sources, such as:

i. Sin taxes:

Response: Reactions were mixed.

Some noted that sin taxes were a bad source of revenue because they will not keep pace with health care inflation. Others objected because sin taxes are regressive, causing lower income people to pay a greater percentage of their income to the tax. Others noted that sin taxes may improve people's health.

ii. Other?

Response: Luxury and casino taxes were mentioned. Col Owens provided a handout to the Advisory Committee ("Approach to Allocation of Stakeholder Assessments.")

14. Where possible, should the existing Medicaid program (CFC) be expanded to higher income levels to coverage more Ohioans?

Response: Yes.

15. Should Ohio focus on getting people currently eligible for Medicaid covered by Medicaid?

Response: Yes.

16. With respect to a program to expand coverage to the uninsured,

a. Should the state take a role in making sure the benefits include coverage for preventive care, primary care and chronic care management?

Response: Yes.

i. If so, should there be low cost sharing for preventative care, primary care and chronic care management.

Response: Yes.

- b. Should the state take a role in making sure there are incentives for healthy lifestyles and compliance with prevention and care management recommendations?

Response: Yes.

Several members gave a caveat/clarification to their responses, saying they did not want to see penalties imposed on members for failure to abide by rules. Another member mentioned that one person's incentive could be construed as a penalty for someone who does not comply, and that care must be taken in establishing rules and rewards.

- c. Should the state get involved in provider reimbursement rates with respect to coverage expansion programs?

Response: Members generally thought it might be okay for the state to get involved, but their support would depend on how the state got involved.

- d. Do you agree that low income Ohioans should have cost sharing requirements appropriate to their income?

Response: Yes.

- 17. Should the State of Ohio take a proactive role in reaching out to uninsured Ohioans to help get them health insurance coverage?

Response: Yes.

One member felt that the State should not compete with the private sector. Another said that the State is not the best delivery mechanism for marketing. Others felt that it would be okay for the State to manage these functions. One member felt that insurance agents must be involved in enrolling people.

- a. If so, should the State:

- i. Educate and inform Ohioans about their health insurance options?

Response: Yes.

- ii. Conduct marketing and outreach?

Response: Yes.

- iii. Serve as a resource to consumers?

Response: Yes.

- iv. Provide information about available plans and prices?

Response: Yes.

- v. Help Ohioans enroll in coverage?

Response: Reactions were mixed.

One member said that insurance agents should be involved in enrolling people in coverage and that the state should not compete against the private market.

- vi. Determine eligibility for low income any subsidies?

Responses: Yes.

- vii. Establish standards for plans marketed or sold with state involvement?

Response: Yes.

- viii. Set premium rates for coverage sold with state involvement?

Response: Reactions were mixed.

There was disagreement about the extent of the state's involvement.

- ix. Allow any carrier willing to meet established standards to offer coverage through a state program to cover the uninsured – or – limit involvement to companies that have successfully bid to offer coverage through the program (similar to the Medicaid Managed Care program)?

Response: Reactions were mixed.

There was disagreement about the extent of the state's involvement.

- b. Should a new organization be established with the specific purpose of reaching out to Ohioans to help them get covered? If so,

Response: Reactions were mixed.

Some said yes to the question. One member asked whether the Department of Insurance could fill this role. Another member said that more centralization and coordination helps consumers. Other members pointed out that a new organization will need more resources. An audience member asked people to check out Oklahoma's O-EPIC Program, which is sort of a connector-lite concept.

- i. Should the new organization be supported by state funding?

Responses: Yes. It was generally agreed that state funding for outreach was a good idea.

- ii. Should the new organization be a purely private organization as opposed to an organization with state involvement and oversight?

Response: Reactions were mixed. Some members thought the functions of a connector could be performed by a private organization. Others thought the state should outsource such functions.

- 18. Should the State establish a reinsurance program, funded with state dollars, to reduce health insurance rates?

Response: It was generally agreed that reinsurance could be an effective mechanism to get more affordable coverage to the uninsured. Some members said that they would like more data on reinsurance. Some members said that this question would be clearer if it said “publicly funded” instead of “funded with state dollars.”

- a. If so, should the reinsurance program be targeted at:
 - i. Only uninsured Ohioans (working and not working)? or
 - ii. Small businesses that currently offer coverage?
 - iii. Individuals that are currently insured?

Response: Reactions to these categories were mixed.

- 19. Do you believe affordable and access can be improved by:

- a. Fair cost sharing?

Response: Yes.

- b. Reasonable provider reimbursement rates?

Response: Yes.

- c. Subsidies to lower income Ohioans?

Response: Yes.

- d. Tax credits?

Response: Reactions were mixed.

One member said that tax credits often are not enough for low income people to pay for the full cost of health insurance, saying: “It’s like a 10 foot rope for a 40 foot hole.”

- e. Guaranteed issuance of coverage?

Response: Reactions were the same as the reactions to the earlier question on guaranteed issue.

20. Should the state attempt to address other issues that may help to make any coverage expansion program sustainable?

- a. If so, should the state take an active role in addressing:

- i. Provider access issues?

Response: Yes.

- ii. Medical home models for delivering care?

Response: Yes.

- iii. Increased funding for community health centers?

Response: Yes.

- iv. Health information technology?

Response: Yes.

- v. Health care quality and outcomes?

Response: Yes.

- vi. Transparency?

Response: Yes.

- vii. Other?

Response: A member suggested reading Karen Davis' report (and attending her presentation) and reading the BRT's report.

Another member suggested that the SCI Team use: (1) a multi-stakeholder approach (2) use the information on the chartered value exchanges (from the Health and Human Services website) and (3) attend the June 24 Medical Home discussion sponsored by Access Health Columbus. Another member asked if the Advisory Committee would be discussing the new data from Dave Dillon—Doug said that he would send it out on email.

4. Meeting adjourned at 4:30 pm.

5. Next meeting will be on Thursday May 29, 2008.