

## **CT Health Care Reform Advisory Board**

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### **Minutes of April 6, 2010 Meeting**

**Members Present:** Deputy Commissioner Cristine Vogel (Chair), Department of Public Health (DPH); Cathy Bartell, MHA; Robert Dakers, Office of Policy and Management (OPM); Mark Schaefer, Department of Social Services (DSS); Commissioner Thomas Sullivan, State Insurance Department (SID); Alexandra Thomas, Aetna; Rick Willard, Leadership Council of the National Federation of Independent Businesses; Tom Woodruff, Office of the State Comptroller; Lenny Winkler, LPN.

**Members Absent:** James Cox-Chapman, M.D., ProHealth Physicians, MSO, Inc.; Christopher Dadlez, Saint Francis Hospital and Medical Center; Commissioner Robert Galvin, M.D., M.P.H., M.B.A.; Carole Noujaim.

**Guests:** Eric George, Philip Vogel and Ken Comeau, Connecticut Business and Industry Association (CBIA).

#### **Review and Approval of Minutes**

Deputy Commissioner Cristine Vogel called the meeting to order at 9:00AM.

A motion was made to accept the minutes of the February 16, 2010. The motion was seconded and passed unanimously by the Advisory Board members.

#### **Discussion of Timeline for Recommendations**

Deputy Commissioner Vogel reminded the Advisory Board members that their final report to the Governor and General Assembly is due on January 1, 2011. Board members were asked if they want to speed up the deadline and deliver the report at an earlier date. Board members were encouraged to listen to the reports today, get an idea of the amount of work they need to get done and decide about the timeline at the end of the meeting.

#### **Presentation – Health Insurance Exchanges**

Eric George, Philip Vogel and Ken Comeau made a presentation on CBIA Health Connections, a private health insurance exchange (see handout). They provided information on who they are, why they are successful, rating rules in Connecticut, what they do and considerations. CBIA Health Connections began in January 1995, operates only in the small group choice market place and functions as both the exchange and the administrator. On average, the small

businesses they serve have 6 to 10 employees and values the services of a benefits expert and broker.

Comments and questions for the CBIA representatives:

- Deputy Commissioner Vogel provided a handout on health insurance exchanges as described in the federal health care reform law.
- Alexander Thomas: What is the most popular plan through CBIA and the actuarial value? A: Does not have this information. Need to know the benchmark. The federal government is using HSAs for the benchmark.
- Tom Woodruff: Do you have the ability to negotiate for your members? A: All small group market is rated the same with set pricing. As a result there is a more stable marketplace in Connecticut.
- Tom Woodruff: Going forward, what would you want if you were the exchange? A: Try to set the whole marketplace. The principle way we will need to move forward and control costs will have to do with wellness and personal responsibility.
- Cathy Bartell: Several years ago CBIA offered to administer COBRA for small employers, which was a great service for small business administrators. A: CBIA provides this service since small businesses does not have the time or expertise.
- Deputy Commissioner Vogel: How would an exchange maintain sustainability? A: Under the new law, an exchange must be self sustaining by 2015. There will need to be some administrative fees.
- Tom Woodruff: With the level of services you are currently providing, what are your fees? A: That is proprietary information.
- Deputy Commissioner Vogel: Financial sustainability will be a topic for the Advisory Board to address. There are many design considerations that will impact costs.
- Deputy Commissioner Vogel: What are your thoughts about putting the individual and small group markets together? There is also the out-of-exchange market. A: With regard to combining the individual and small group markets, you need to determine whether there are enough economies of scale. With regard to the out of exchange market, Massachusetts has been very successful with regard to the subsidy and individual markets and less so in the small group market. In the group market, companies are basically happy where they are and small companies are not buying in the rich benefit plans like may be offered in an exchange.
- Bob Dakers: In the new exchanges, would the employer choose the level (i.e. Bronze) and the employee choose the plan? A: Cannot comment. In CBIA the employees can choose both the plan and the level and the employer chooses the contribution.
- Bob Dakers: How do you choose plans? A: We sent out a request for proposal. Over time there have been adjustments that reflect changing needs.
- Deputy Commissioner Vogel: Under the new law, will plans operating outside the exchange be responsible for identifying whether individuals qualify for subsidies or public programs? A: I don't expect that CBIA would do anything in that realm. The challenge is to predict what the rules and regulations will require.
- Deputy Commissioner Vogel: Is there an incentive for a small employer to avoid the exchange to avoid any penalties? A: There are no penalties for small employers who do not provide health insurance.

- Lenny Winkler: What are your feelings about state mandates? A: I don't think that the federal law will change the state insurance mandates. It's more of a general guideline. In Connecticut we have an aggressive cadre of mandates and I don't expect them to go away.
- Rick Willard: Is it possible for small employers to decide not to provide insurance and send their employees to the exchange? A: Yes, but providing health insurance benefits is the Connecticut way of doing business.
- Rich Willard: In Massachusetts they are faced with lowering benefits and cost controls. How do we avoid this in Connecticut? A: Health care reform is not going to reduce our costs right now. Efforts to provide incentives for wellness will help control costs as will control of the cost shift from public to private payers and medical malpractice reform.

### **Department of Insurance Update on Health Care Reform**

Commissioner Thomas Sullivan provided an update of health care reform. He noted that the success of implementation of this reform will hinge on communication and he intends to share information that comes from the federal government and the National Association Insurance Commissioners (NAIC) with the Board. Two handouts were distributed: a two page timeline on implementation requirements related to insurance from NAIC and a power point presentation entitled: Health Care Reform Enacted.

Questions for Commissioner Sullivan:

- Connecticut has already increased the age at which parents can cover their children under their own plans to 26. However, many young adults who would have qualified under Connecticut law do not qualify in the federal tax code as a dependent. The result is that there is a tax on these benefits. Consequently, there has not been much participation. A: Now that this has been dealt with under the new federal law, we should expect more participation. The new law goes into effect on September 23, 2010.
- Deputy Commissioner Vogel: Since Connecticut has a well developed health insurance rate review process, will the federal requirements have an impact on us? A: The intent of the federal law is to have all 50 states operating rate review in a standard fashion. Connecticut is in a better position than many states.
- Bob Dakers: If a health insurance plan meets the medical loss ratio, but is deemed to be charging unreasonable rates, can we assume that the issue is what the providers are charging? A: Effectively setting up an all payer system will help us understand what is happening in the market place.
- Deputy Commissioner Vogel: Is the requirement for a state ombudsman something different that Connecticut's Healthcare Advocate? A: The federal provision does not limit what a state can do.

### **Other Business**

Deputy Commissioner Vogel provided a brief update on the two subcommittees that met last week: Business and Exchange (Chair: Rick Willard) and Health Care System Reform (Co-Chairs: Dr. James Cox-Chapman and Christopher Dadlez). She also noted that the DSS is

working hard on health care reform implementation issues and asked Mark Schaefer to make a presentation at the next Advisory Board meeting on the Medicaid expansion and Charter Oak.

Two handouts from the Connecticut Hospital Association were distributed, with the first showing the breakdown of uninsured population in Connecticut by age and federal poverty level (FPL), and the second showing a projected distribution of insurance status in Connecticut in 2014, post-health care reform. It was noted that the projections assume that current Medicaid recipients above 133% FPL would go into the exchange with subsidies.

### **Next Meeting Dates**

A meeting will be scheduled in May to hear about Medicaid and Charter Oak.

On May 20<sup>th</sup>, a meeting is scheduled to hear reports from the two subcommittees.

The meeting was adjourned at 11:00 AM.