



Consumer and Small Employer Advisory Committee Meeting Minutes

Tuesday, February 26, 2019, 2:30 – 5 p.m.
UCare, 500 NE Stinson Blvd, Minneapolis, MN 55413

Members in attendance: Matthew Steffens – Chair, Grace Aysta (via phone), Leigh Grauman (via phone), Richard Klick, Kate Onyeneho, Jamie Rancour (via phone), Denise Robinson (via phone)

Members not in attendance: Matthew Flory, Kim Johnson, Ann McIntosh, Kathleen Saari

Staff in attendance: Christina Wessel – Senior Director of Partner and Board Relations (via phone), Aaron Sinner – Board and Federal Relations Director, Xee Yang – Legal Analyst

Guests in attendance: Senator Kathy Sheran – MNsure Board Vice-Chair

Meeting Topics

Welcome & Roll Call (Attendance)

Matthew Steffens, Chair

Matt Steffens, chair, called the meeting to order at 2:30 p.m. Aaron Sinner, MNsure staff, took attendance. Matt reviewed MNsure’s purpose:

The purpose of MNsure is to ensure that every Minnesota resident and small business, regardless of health status, can easily find, choose, and purchase a health insurance product that they value and does not consume a disproportionate share of their income.

Aaron also informed all members that former state senator Kathy Sheran, MNsure board vice-chair, was attending the meeting today. Senator Sheran extended her words of appreciation to the committee.

Approval of January Meeting Minutes

CSEAC Members

MOTION: Dick Klick moved to approve the draft January 22, 2019, meeting minutes. Jamie Rancour seconded. All were in favor and the minutes were approved.

MNsure Updates

Aaron Sinner, Board and Federal Relations Director

Legislative Update

Aaron updated committee members on the Governor's budget proposal. He noted under current law, reinsurance will expire at the end of 2019. The Governor's proposal includes three elements to serve individual market consumers and replace reinsurance:

- 1) Beginning plan year 2020, a 20% premium subsidy reduction for MNsure enrollees not receiving federal advance premium tax credits (APTC).
- 2) Beginning plan year 2021, a state-based tax credit similar to federal APTC, but targeted to Minnesotans who make over 400% of the federal poverty level and are thus ineligible for APTC. It would hold their premium costs to no more than about 10% of their income.
- 3) Beginning plan year 2023, a ONECare program, allowing Minnesotans to buy into an unsubsidized MinnesotaCare product that would be offered in two ways. First, a platinum-level product available across the state, and second, an offering of a silver and a gold plan in Minnesota counties where there are no individual market private plans offered or where the only private plans offered have enrollment capacity limits.

Aaron noted that there are also bills in the legislature to extend reinsurance or to take other approaches to individual market stabilization.

Matt asked Aaron about the reaction to the Governor's proposal. Aaron stated that in general, most of the public conversation had focused on the Governor's proposal around a gas tax increase to fund transportation infrastructure.

Matt asked about concerns around the lack of platinum products available to anyone within the state. Aaron stated that there have been no platinum products offered through MNsure since the 2015 plan year. He noted platinum products are most beneficial to consumers who have higher health care costs.

Open Enrollment Updates

Aaron provided the committee with updates related to the open enrollment period. The final count of QHP sign-ups was 123,334 enrollments. He noted that early each month, insurance carriers inform MNsure regarding the number of active enrollees who have paid their premiums. This year, for the month of January, the early February report reflected just over 99,000 effectuated enrollments. In 2018, the early February report for the month of January showed 93,000 effectuated enrollments, which was adjusted to a January effectuation count of 98,000 by the end of the year. Traditionally, the number of active enrollments increase from January to February, but February effectuation counts are not yet available.

Aaron noted that MNsure is working to close the gap on pending life event changes (LECs). Dick stated that there seems to be some disconnect this year with LEC updates and appeals he has for this year. He asked Christina Wessel, MNsure staff, what kind of changes were done this year. Christina explained that the resolution review team (RRT) process was in place this year and has dropped the appeals number significantly. Matt asked for clarification on the underlying issues that would qualify a case to be referred to RRT. Christina indicated that the

issues tend to focus on consumer issues related to coverage effective date and termination date. She added that MNsure Contact Center representatives are trained to identify the kind of issues that should be referred to the RRT. Dick noted few appeals cases that he has submitted for some clients which did not involve the underlying issues that could be resolved through RRT review. Leigh Grauman provided positive feedback on the experience of RRT for cases that her agency encountered. Kate Onyeneho asked who works on the RRT. Christina responded that representatives from the MNsure legal team work on the RRT.

Dick asked Aaron and Christina if there is a possibility for MNsure to send a cover letter along with consumer notices to help summarize what the consumer has to do from the notice. Aaron explained that MNsure must use the federal government's template and ask the federal government to approve changes from that template. He noted there are a few IT projects in 2019 to improve some issues related to notices. Kate suggested translation of notices into other languages to be accessible to consumers. She also raised issue of utilizing MNsure navigator/broker and resources to their maximum potential. Aaron stated MNsure work on the messages and rely on assisters to help serve underserved communities.

Board Member Proposal Regarding "Active Selector" Authority and "Co-pay-Only" Plans

Aaron reported that a MNsure board member had requested that the committee review a proposal MNsure had received related to "co-pay-only" plan design. This proposal started in December when MNsure staff met with representatives from the Patient Advocacy Coalition and discussed what kind of regulatory tools MNsure has in promoting the offering of co-pay-only plans. MNsure has a regulatory tool called active selector authority, which is the authority to set standards around the types of plans offered through the exchange. However, MNsure has never exercised its active selector authority before.

Aaron suggested four questions for committee input:

- 1) Should MNsure explore using its active selector authority?
- 2) Does promotion of co-pay-only plans merit use of active selector authority?
- 3) If MNsure were to use active selector authority to promote co-pay-only plans, what would be the best way to structure such a regulation?
- 4) Is this the most pressing use of MNsure's active selector authority, or are there other potential uses MNsure should explore instead of or in addition to the promotion of co-pay-only plans?

Senator Sheran clarified that the main goal of this proposal is for the committee to determine and recommend whether MNsure should exercise its active selector authority in furtherance of promoting co-pay-only plans. She suggested focusing on the first three questions.

Aaron explained that active selector authority could be used to set product certification standards around the type of plans offered through MNsure. Currently, MNsure's certification standards default to any products a carrier elects to offer through the exchange that meets

Minnesota and federal QHP standards. If MNSure were to use active selector to set additional certification standards, it could do it in several ways. Examples include:

- Require products with certain benefits; for example, requiring all plans offered through MNSure include autism coverage.
- Require the offering of products with certain benefits; for example, requiring all carriers participating in MNSure offer at least one plan that includes autism coverage in each service area where they participate.
- Require participating carriers to offer products in certain ways; for example, requiring all carriers participating in MNSure to offer at least one plan in each county throughout the state.
- Require participating carriers to meet certain conditions; for example, requiring all carriers participating in MNSure to pay a certain minimum broker commission.

Aaron noted that an important point to understand is that MNSure can create certification standards for plans offered through the exchange, but cannot mandate participation in MNSure. Therefore, when considering utilization of active selector, it is important to consider whether the proposed benefit will increase offerings that meet the certification standard, or simply drive carriers off the exchange.

Aaron also noted that the rulemaking process may take about 8-12 months to finalize a regulation.

Matt asked if use of active selector would need to be approved by legislature and the Department of Commerce. Aaron clarified that MNSure has active selector authority via its enabling legislation, and so no additional approval from the legislature or the Department of Commerce would be necessary. However, MNSure could only use active selector authority to add certification standards that apply in addition to the Department of Commerce's standards prescribed in state law.

Next, Aaron explained co-pay-only plan design. He explained that co-pay-only plans are designed with fixed dollar prescription co-pays and no prescription drug deductible or co-insurance requirements. These plans are designed so that total out-of-pocket costs are unchanged between a co-pay-only plan and other plan designs. However, the co-pay-only plan would benefit individuals and families with high-cost prescription drugs by smoothing the cost of coverage throughout the year. Aaron explained that with a deductible and co-insurance plan design, consumers pay their prescription drug bills in full up to the deductible amount. Then after hitting their deductible, they pay a co-insurance amount where they cover a percentage of the cost of their care until they reach their maximum out-of-pocket limit. This can be difficult for individuals or families with high medical costs to budget for, since they might hit their maximum out-of-pocket early in the year. Co-pay-only plans are designed to help spread out the cost for the individual and family.

Senator Sheran clarified that the Patient Advocacy Coalition is an organization that represents patients and asked that MNsure look at promoting co-pay-only plans. She asked Aaron why co-pay-only plans are not available and who is hurt by the offering of co-pay-only plans. Aaron stated that one carrier does offer some co-pay-only plans through the MNsure exchange; however, he is unsure if they are available across the state. Aaron noted a carrier might not want to offer co-pay-only plans because they might attract sicker enrollees, who benefit most from the plan design. He noted that the risk adjustment formula should correct for this, but might not do so perfectly.

Dick asked if co-pay-only plans were similar to high-risk pools that had existed before the Affordable Care Act. Aaron clarified that co-pay-only plans are a private plan offering with a particular structure that would benefit enrollees with high prescription drug costs, but that would be available to all MNsure shoppers and which no one would be required to enroll in.

Denise Robinson asked if co-pay-only plans are just targeted to prescription drugs or if they also cover specialty visits. Aaron stated he understood the main target to be high-cost prescription drugs, since their costs are more regular and tend to occur throughout the year.

Senator Sheran asked why MNsure would need to use its active selector authority to mandate co-pay-only plan offerings when a carrier is already offering these through MNsure. Aaron noted a regulation would increase the number of carriers offering these plans, which might lead to their availability across different networks, as well as guarantee that the plans continue to be offered.

Aaron talked about two states, Colorado and Montana, which have promulgated regulations related to co-pay-only plans. In Colorado, this started with a non-binding bulletin in January 2015 that was then codified in June 2018 as a state regulatory rule. At least 25% of plans that an insurer offers in each area must have co-pays for prescription drugs rather than co-insurance and at least one of these plans must provide benefits with no prescription drug deductible. The guidance applies separately to all metal levels, except for catastrophic plans and high-deductible health plans with health savings accounts. Insurers also cannot place all or most drugs that treat a condition on the metal level with the highest co-pay and the co-pay cannot exceed 1/12 of the annual maximum out-of-pocket limit.

In Montana, an advisory memorandum was issued in March 2015 to encourage co-pay-only plans. Insurers must offer at least one co-pay-only plan with no prescription drug deductible in each rating area.

Denise stated that the cost of prescription drugs in general is high and asked if MNsure's active selector authority could be used to reduce prescription drug costs rather than simply spread those costs as with a co-pay-only plan design. Aaron noted that because active selector is regulatory authority that affects insurance companies but not pharmaceutical companies, any attempts to reduce total pharmaceutical out-of-pocket costs would likely shift those costs into higher premiums. He noted, however, that there may be creative designs out there.

Senator Sheran clarified that there is a baseline for insurance products which MNsure can add to via its active selector authority, but cannot require less than the baseline. MNsure has the

authority to tell carriers that if they want to sell products through the exchange, they would have to meet the general required standards and additionally any standards from MNsure.

Dick asked if MNsure would be collecting additional funds through a co-pay-only plan design. Matt explained this wouldn't lead to any additional money collected, but rather would spread out-of-pocket costs from a concentration in two months to the same amount of out-of-pocket cost spread over twelve months. He noted one risk to the insurer was that the patient with high medical costs would need to remain alive for the full 12 months in order for plan design to be revenue neutral. Senator Sheran noted that the individual would also need to remain in the insurance product for the full year without dropping coverage.

Senator Sheran noted related questions are whether the plan design is good for some consumers and whether the plan design is a good offering for carriers, but the central question is whether MNsure should require carriers to offer plans of this type in order to be able to participate in the exchange.

Matt noted he thought spreading the cost across more months might increase premiums, since carriers might not be able to collect co-pays in later months if the individual were to pass away. He also commented that using active selector on this front could prompt carriers to review their formularies, which might move them toward more cost-effective or generic drugs, or alternatively to leave the exchange.

Matt asked if MNsure's active selector authority was related only to QHPs. Aaron clarified that active selector could apply to any products offered through MNsure, but that MNsure was prohibited by state statute from product offerings other than QHPs and qualified dental plans.

Public Comment

Dana Bacon from the Leukemia and Lymphoma Society noted that the idea of co-pay-only plans is to help smooth prescription drug payments that can otherwise all occur at the beginning of the year. He mentioned a Milliman study that shows that the month by month out-of-pocket expenses for those with chronic conditions have a tremendous spike in the month of January and February. He also mentioned that some consumers are not aware of the co-pay-only plans available. He suggested that outreach and plan awareness would be a benefit for the consumers because some carriers do not label the plans clearly enough to help consumers make the right plan selection.

Timeliness of Process/Appeals/Reviews

Dick raised that in addition to the cover letter idea he had raised earlier, he wanted to raise the issue of written follow-up provided to navigators. He noted brokers do not receive written feedback from the Broker Service Line.

Dick also shared information he had learned from a National Association of Health Underwriters presentation regarding the intermingling of many companies as part of the process of making a health insurance product.

Old Business

Matt asked Aaron if the board wanted a presentation to explain QSEHRAs, or if they were interested in a recommendation on the topic. Aaron clarified that a board member had expressed interest in what the CSEAC might recommend MNsure do in relation to QSEHRAs.

Adjourn

MOTION: Kate moved to adjourn. Dick seconded. There were no objections and the meeting adjourned at 5 p.m.