



# MNsure Joint Advisory Committee Meeting Minutes

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**March 24, 2016, 2:30 – 5:00 p.m.**

**UCare, 500 Stinson Boulevard NE, Minneapolis, MN 55413**

**Consumer and Small Employer Advisory Committee members in attendance:** Gladys Chuy – Chair, Jin Lee Palen – Vice Chair, Mary Ellen Becker, Nancy Breyemeier, Amy Chatelaine, Bentley Graves, David Hilden, Kim Johnson (via phone), Ann McIntosh (via phone), Kate Onyeneho, Robert Robbins, Hussein Sheikh

**Health Industry Advisory Committee members in attendance:** Jonathan Watson – Chair, Ghita Worcester – Vice Chair, Kenneth Bence, Kyle Bozentko (via phone), David Dziuk, Forrest Flint, Carl Floren (via phone), Matthew Flory, Harlan Johnson (via phone), Andy McCoy, Reuben Moore (via phone), Chris Rofidal, Charles Sawyer

**Consumer and Small Employer Advisory Committee members not in attendance:** Richard Klick, Alexandra Zoellner

**Health Industry Advisory Committee members not in attendance:** Christopher Johnson, Heidi Mathson

**Board Members:** Kathryn Duevel – HIAC Board Liaison, Martha Eaves – CSEAC Board Liaison, Tom Forsythe – Board Member

**Staff in attendance:** Aaron Sinner – Board and Federal Relations Director

## Meeting Topics

### Welcome/Call to Order

*Jonathan Watson, HIAC Chair*

*Gladys Chuy, CSEAC Chair*

The meeting was called to order at 2:35 p.m. by Jonathan Watson, Chair of the Health Industry Advisory Committee. Jonathan and Gladys Chuy, Chair of the Consumer Small Employer Advisory Committee, introduced themselves. All Advisory Committee members introduced themselves, including those on the phone. Jonathan thanked Ghita Worcester, HIAC Vice-Chair, and David Dziuk for chairing the HIAC meeting in his absence the previous month. Jonathan then asked Jinny Palen, CSEAC Vice-Chair, to introduce the Health Literacy Partnership Steering Committee.

### MN Health Literacy Partnership Presentation & Discussion

*MN Health Literacy Partnership Steering Committee:*

*Justin Bell, American Heart Association*

*Ellie Beaver, American Cancer Society – Cancer Action Network*

*Alisha Ellwood Odhiambo, Health Literacy Partnership/Blue Cross Blue Shield MN*

*Lin Nelson, Blue Cross Blue Shield MN*

Jinny introduced the members of the Minnesota Health Literacy Partnership Steering Committee. Alisha Odhiambo thanked the Advisory Committees for the invitation and said she and the Steering Committee members would present Minnesota's action plan to improve health literacy and then facilitate a discussion of how MNSure could use strategies in the plan.

Alisha, Justin Bell, and Ellie Beaver delivered [a presentation](#) on health literacy in Minnesota and the Minnesota Health Literacy Partnership. The presenters emphasized that health literacy is broader than simply the patient knowledge side, but also has implications for the industry, the ease of navigating Minnesota's health landscape, and industry-wide sharing of health literacy best practices and resources. Presenters also outlined the development of the Minnesota Health Literacy Partnership and the Partnership's action plan (slides 16-22).

Advisory Committee members asked questions about how patient access to care affects health literacy. Ellie explained that the Partnership focused on health literacy within the current access landscape as opposed to questions around increasing access.

Members also asked questions around resources. Alisha reported that one goal moving forward for the Partnership is to develop a repository of resources as a companion to the action plan. The action plan itself, though, is high-level and does not recommend specific best practices.

Matthew Flory commented on the importance of considering more than just reading level of materials, noting better words wouldn't necessarily solve the problem. He suggested improved partnerships and considering how people react emotionally to the health care system are important considerations.

Kathryn Duevel, HIAC liaison, commented that a standardization of terminology across carriers and across the health industry as a whole could improve health literacy.

Bentley Graves stated that it's also important to consider what MNSure can and should do around health literacy, and how it fits into the scope of the organization. Bentley noted the Consumers' Checkbook tool and the navigator and outreach grants function as important methods for improving health literacy.

Jonathan commented it could be helpful if MNSure consults with the Health Literacy Partnership when working on its Consumers' Checkbook tool and navigator materials for feedback from their lens.

Gladys asked for volunteers from the two Advisory Committees to make recommendations around health literacy, the Consumers' Checkbook tool, and possibly MNSure's navigator grants program. Volunteers were as follows:

- Health Industry Advisory Committee – Ken Bence, Matt Flory, Ghita Worcester

- Consumer and Small Employer Advisory Committee – Mary Ellen Becker, Bentley Graves, Kate Onyeneho, Jin Palen

Jonathan thanked the Health Literacy Partnership Steering Committee members for coming.

## MNSure Financing & Sustainability Structure Presentation

*Jonathan Watson, HIAC Chair*

*Tom Forsythe, Board member*

Jonathan [presented](#) an overview of state-based marketplace financing around the country.

Committee members asked if MNSure's 3.5% premium withhold was applied on top of the cost of the premium and if SHOP used the same methodology. Dave Dziuk reported carriers are required to include it within the premium, but because they are required to price plans the same on and off the exchange, it is amortized across the full market. Jonathan noted that SHOP does use the same methodology as the individual market.

Jonathan also shared the [MNSure Preliminary Three Year Financial Plan](#) approved by the MNSure Board. He noted that in FY18, once the CCIIO establishment grant dollars are phased out, MNSure's revenue is split roughly 50/50 between premium withhold revenue and DHS reimbursement funds.

Bentley asked if the 50/50 revenue split reflected a projected 50/50 enrollment split between private and public enrollment. Tom Forsythe, Board member, reported that while private enrollment growth is projected, it doesn't approach a 50/50 split.

Jonathan reported the MNSure Board had asked the Advisory Committee to consider a proposal to lower the MNSure premium withhold and broaden it across the full individual market, a proposal recommended by Minnesota's Health Care Financing Task Force and currently found in a bill authored by Senator Tony Lourey.

Jonathan also noted as a consideration for Committee members to keep in mind that the Task Force recommended increasing MinnesotaCare eligibility to 275% of the Federal Poverty Level, which would lower MNSure's premium withhold revenue by shrinking the population who would be buying on the individual market, though MNSure might offset some of the revenue reduction through increased DHS reimbursement funds related to a larger public program enrollment population.

Bentley noted that Rep. Davids is also carrying a bill that would reduce MNSure's premium withhold to 1.75% and tie it to various performance metrics.

Committee members asked questions related to possible financial ramifications for MNSure related to various bills under consideration at the legislature; Tom reported that while he was well-versed in MNSure's budget, he wasn't an expert in hypothetical scenarios related to legislative proposals.

Bentley commented the modeling he had seen suggested if the legislature lowered the premium withhold to 1.5% and applied it to the individual market both on- and off-exchange, it would generate \$20-22 million in revenue.

Dave Dziuk commented the total individual market generates about \$1 billion in premiums and the total small group market generates about \$1.1-1.2 billion, so if the revenue target were \$15 million, which is MNSure's budgeted premium withhold revenue in FY18, then a withhold across the total individual market should be set at 1.5% and a withhold across the total individual and small group markets should be set at 0.7%.

Jonathan commented that with the timeline of the legislative session, the Committee likely would not have a recommendation in place to report to the Board before the 2016 session adjourned. He noted he had made a list of possible financing options on slide 21 of [his presentation](#).

Andy McCoy commented that the MNSure funding from the DHS cost allocation and from premium withhold revenue seemed roughly equivalent, even though public and private enrollment was far from equivalent. He asked if the funding shares could be based on the proportion of enrollment. Tom explained that the DHS cost allocation is negotiated between MNSure and DHS line by line to determine what portion of each activity DHS should fund. Some lines are negotiated 50/50, while other lines are negotiated to reflect enrollment.

Dave Dziuk asked if the ongoing IT development funding and call center funding in MNSure's budget would be sufficient. Tom noted that the IT development line doesn't include any DHS funding and represents MNSure funding only, but also noted the budget emphasizes the importance of completing as much IT development work before the federal grant money sunsets as possible. He also commented that the IT development funding must be split between exchange functionality needs and DHS IT system needs. On the call center funding, Tom stated that if the IT system improves, MNSure anticipates less calls and less funding needed.

## Alternative Financing Options Discussion

### *CSEAC/HIAC Members*

Tom outlined the state of the MNSure premium withhold. He noted that though the premium withhold only applies to on-exchange plans, because carriers are required to charge the same premiums on- and off-exchange, the carriers amortize the premium withhold across the full individual market. Tom suggested the premium withhold itself should therefore be lowered and applied to the full individual market. Doing so would reflect the reality of how carriers budget for it, would eliminate any incentive for carriers to move business off-exchange due to the better margin, and would add stability and predictability to the amount of premium withhold revenue each year. Tom also commented the carriers likely feel trepidation about expanding and lowering the premium withhold because they fear it will later be raised to generate additional revenue. He noted it is important to keep a broadened premium withhold proportionately lower, and that a broadened premium withhold is not seen as a substitute to DHS contributing cost allocation dollars toward MNSure functions from which it and public program enrollees benefit.

Tom stated he has a clear perspective and idea for how the MNSure funding mechanism should change, but is asking the Advisory Committees to weigh in with a recommendation.

Tom also stated that the problems with moving from MNSure to a Federally-Facilitated Marketplace (FFM) include eliminating funding for DHS to address their IT system functionality needs, a redirection of current MNSure revenue to the federal government because the FFM also imposes a 3.5% premium withhold, and a lack of coordination and federal funding to support MinnesotaCare.

Dave Dziuk commented that a 3.5% premium withhold is a large fee for the limited set of services provided by MNSure. He suggested it could be restructured to be a user fee that individuals purchasing through MNSure pay, and those not enrolling through MNSure don't.

Tom said he was strongly opposed to such a model because making the premium withhold a user fee would change the perception of MNSure to a place to shop solely for those with lower incomes who are eligible for public programs or advanced premium tax credits. He noted one major benefit of MNSure to the full population is that it creates transparent pricing around health insurance. Tom also noted that because the 3.5% premium withhold is amortized across the full individual market, it's not as large a tax as the number makes it appear.

Martha Eaves commented that as MNSure helps drive down the uninsured population, all Minnesotans see a benefit.

Ken Bence commented that if the purpose of MNSure is to lower the uninsured rate and if most the enrollment is in public programs, then MNSure might be better viewed as a public benefit, which could be financed directly through the state government.

Hussein Sheikh asked if broadening the premium withhold across the entire individual market would increase premiums. Tom said that because carriers are required to charge the same for plans on and off the exchange, they already amortize the premium withhold across the entire market. He stated that as long as MNSure and the legislature remain committed to only raising the revenue needed, distributing the premium withhold across the entire individual market would not increase premiums.

Ghita commented that one cause of carrier concern over funding is MNSure's functionality limitations and the feeling that the carriers could do the same work as MNSure for less money. She suggested MNSure should work to identify the amount of revenue necessary to serve only those people the carriers are actually serving. She stated she believes the amount would be smaller in that case, particularly if the carriers were paying for the level of service they and their customers receive. She stated the carriers feel they're supporting funding for an inefficient system that they don't trust to be fixed because resources are tilted toward benefiting the public programs side of the house. Ghita also noted she really likes the Consumers' Checkbook tool, but there is a lack of portal functionality for carrier staff that ties the carriers' hands.

Tom responded that he agrees with Ghita and considers the portal a high priority, and noted MNSure has made a major dent in Minnesota's uninsured population, which creates many societal benefits even if the carriers don't see a direct return.

Chuck Sawyer noted there is a benefit from the Affordable Care Act to small employers in particular as a way to move them out from the burden of large health insurance premium costs. He suggested a small tax on small employers benefiting from the Affordable Care Act could be used as a MNSure funding source. Tom commented that enrollment in SHOP has been small enough that it would be hard to convince small employers they are seeing substantial benefits. Tom said in theory, small employers stand to see large benefits from the SHOP program, but they don't want to send their employees into a system with such limited functionality currently.

Reuben Moore commented the meeting has seen a lot of discussion around MNSure's financial viability, but suggested there was discussion needed around MNSure's business model and strategy rather than financing and operations. Jonathan responded that this meeting in particular was focused on MNSure's financing model, but MNSure's strategic model could be a topic for future discussion. Tom noted that the strategic model is a topic worthy of discussion, but MNSure's model is dictated by statute and is not within the purview of the MNSure Board.

## Wrap Up/Adjourn

*Gladys Chuy, CSEAC Chair*

*Jonathan Watson, HIAC Chair*

Jonathan suggested that unlike the recommendation around health literacy, this is a topic around which the Advisory Committees should work on recommendations separately. Gladys noted the charge for a recommendation had been directed toward the Health Industry Advisory Committee, and that she would make sure members of the Consumer and Small Employer Advisory Committee had an appetite for making a recommendation on the topic before proceeding.

**MOTION:** Andy moved to adjourn. David Hilden seconded. All were in favor and the meeting adjourned at 5:02 p.m.