

AGENDA

Health Insurance Partnership Board

August 7, 2008

9:30 a.m. to 12:00 p.m.

Teleconference: 1-877-597-2663 Code 3716220

9:30 a.m.	Welcome and Introductions	Steve Hill	
9:35 a.m.	Approval of June 5th, 2008 and June 18th, 2008 meeting minutes	Steve Hill	Action
9:40 a.m.	Initial findings on the Preliminary Board Studies	Deborah Chollet Michael Arnis	Information
11:10 a.m.	TAC Report	Karen Merrikin	Information
11:25 a.m.	Update on Implementation	Beth Walter	Information
11:50 p.m.	Public Comment		
12:00 p.m.	Adjourn		

The Health Insurance Partnership Board will meet Thursday, August 7th, 2008, by Teleconference. The number to join is: 1-877-597-2663 code 3716220. The board will consider all matters on the agenda plus any items that may normally come before them.

This notice is pursuant to the requirements of the Open Public Meeting Act, Chapter 42.30 RCW.

Direct e-mail to: HIPBoard@hca.wa.gov

Materials posted at: <http://www.hip.hca.wa.gov>

Health Insurance Partnership Board
Meeting Minutes

June 5th, 2008
9:00 am to 4:00 pm
Seattle Marriott Airport Hotel
3201 S. 176th Street
Seattle, WA
Teleconference: 1-877-597-2663 code 3716220

Members Present:

Steve Hill *By Phone*
Ted Blotsky
Don Brennan
Norm Inaba
Cindy Watts
Sue Sharpe
Jeff Gingold

Call to Order

Sue Sharpe, Chair, called the meeting to order at 9:00 a.m. Sufficient members were present to allow a quorum. Board member and audience introductions followed.

Approval of Minutes

It was moved, and seconded to approve minutes from the May 8th, 2008, board meeting as written.

Overview of Harrington Health

Helmut Braun gave a slide presentation about Harrington Health which included; who they are, their services, and current experience. He then reported on the meeting with HCA on June 4th. The Carriers and HIP project team attended the meeting at Harrington Health in which they discussed and reviewed the process and implementation of HIP with Harrington.

Board Studies – Rating in the HIP

Michael Arnis, James Matthisen and Deborah Chollet led the discussion and recommendations for the HIP Board with respect to rating and employee contribution practices in the initial and expanded HIP Program. After discussing the pro's and con's of the List Rating and the Composite Rating there was a draft motion.

ACTION: [List/composite] rating, as described in Mathematica's May 12, 2008 memo, should be used to estimate and model premiums for the Expanded HIP in the Preliminary Study.

The cost of administering any risk adjustment and/or reinsurance mechanisms for an Expanded HIP, under list or composite rating, should be included in the estimated premium modeled by Mathematica in the Preliminary Study.

Mathematica should model an Expanded HIP in the Preliminary Study that allows employers to select either a defined contribution or a percentage of premium, as described in Mathematica's May 12, 2008 memo, when contributing to employee premiums.

Steve Hill moved that we accept the staff recommendations. All approved 1 opposed. Jeff Gingold and Don Brennan expressed concerns on the question of value and paying close attention to outcomes for guidance

Executive Session

Prior to going into executive session, Sue announced the executive session and the basis for it. The basis for executive session is found in RCW 42.30.110(1)(l) "to consider proprietary or confidential nonpublished information related to the development, acquisition, or implementation of state purchased health care services as provided in RCW 41.05.026."

She then announced the public meeting will re-convene at 1:30.

The Executive Session convened with no action taken during the session.

Designated Plans and Benchmark Plan

Beth Walter, HIP Program Manager and Ben Diederich, Milliman presented considerations for Board discussion of designated plans and the benchmark plans. After discussing the tier 2 – 4 options with a suggested review of the plans in the 4th quarter of this year and the 1st quarter of next year of the plans being offered, the Board took action on the following motions:

Norm Inaba moved that the HIP Board designate the above health benefit plans, with the corresponding Tier levels, to be offered through the HIP, seconded by Sue Sharpe.

Cindy Watts moved that all Board designated health benefit plans offered through the HIP during the start-up phase are eligible to be subsidized, seconded by Ted Blotsky.

Ted Blotsky moved that the Tier 2 health benefit plans be designated as the benchmark plans on which to base the subsidy calculations.

Jeff Gingold stated he received briefings on all the benefit plans at Executive Session and the carriers were positive about the tiers and information provided

Technical Advisory Committee Report

Karen Merrikin reported on the Technical Advisory Committee meeting and next steps with Carriers and TPA information to go back to the TAC. The TAC is reviewing issues to make the process easier and better.

Subsidy Scale

Megan Atkinson from HCA, Finance and Budget Manager introduced herself and explained how her team will be working with and supporting the HIP program.



Megan and Ben reviewed the tiers, percentages and cost to the employer, State and employee as presented in the HIP Subsidy Model V2.0 showing hypothetical carrier and subsidy information.

Public Comment

Bill Daly gave public comment on last legislative session and how the HCA had excellent communication during leg session and the need to get additional funding in the Governor's Budget for the next Biennium

The meeting was adjourned.

Respectfully submitted,

Sue Sharpe, Chair

DRAFT

D*R*A*F*T
Health Insurance Partnership Board
Meeting Minutes

June 18, 2008
2:30 P.M. to 3:30 P.M.
Teleconference 1-877-597-2663; Conference ID 3716220

Members Present by phone:

Steve Hill
Ted Blotsky
Don Brennan
Jeff Gingold
Norm Inaba
Cindy Watts
Sue Sharpe

Members Absent:

none

Call to Order

Steve Hill, Chair, called the meeting to order at 2:35 p.m. All members were present. Board member and audience introductions followed.

Defining Types of Plans Eligible for Subsidy in Board Studies

Michael Arnis introduced the agenda item: this meeting focused on the Board's studies and not the health insurance partnership under implementation by the Board. In April 2008, the Board decided that all plans offered through an expanded HIP in the study environment would be eligible for subsidy. The Board's Subcommittee on the Studies requested a Board meeting to further discuss and either confirm or change that decision. The consultant for the Board, Mathematica Policy Research, Inc., was directed by the Subcommittee to develop an option where a subset of plans would be eligible to receive subsidies. Deborah Chollet, of Mathematica, was asked to describe the option sent to the Board.

The option contained two parts. The first part focused on affordable premiums and cost-sharing for low-income families. High deductible health plans (HDHPs) offer lower premiums to families and also present situations where low-income families may face high out-of-pocket costs. The second part of the option focused on ensuring that employers, low-income families, and the public sector receive value from subsidized plans. Medical loss ratio was suggested as the method of measuring value, and Mathematica and Health Care Authority staff withdrew the recommendation because medical loss ratio is just one measure of value and there are measurement issues with the loss ratio. Ms. Chollet clarified that the two parts of the recommendation were independent of each other and so the Board could consider the part about affordability as a stand-alone recommendation.

The Board's discussion of low-income families signing up for coverage under HDHPs evolved around whether the criterion to fund a health savings account (HSA) would still attract

employers to offer coverage to low-income families through HIP, and whether HDHPs without a requirement to fund the HSA would provide adequate coverage for low-income families and attract them to take up coverage. Ms. Chollet clarified that only the premium, and not out-of-pocket cost-sharing, would be subsidized in the studies because the Board does not have the authority to subsidize cost-sharing. Since the Board is setting specifications for the study, and not policy to implement, the Board discussed whether the current decision or the option would be most informative to study. Concerning the option, the Board discussed whether funding half of the individual deductible in the HSA was the appropriate amount and that maybe something less than half would be a better standard. The Board asked how the option would apply to plans with cost-sharing too high to qualify as HDHPs. Ms. Chollet advised that those plans should not be subsidized.

Comments from the public expressed an interest in studying options that would attract employers. It was also expressed that HDHPs cover preventive care and some HDHPs provide primary care services before the deductible is effective.

A motion was not necessary to retain the Board's current decision and Steve Hill asked if any Board member wanted to make a motion that revised the Board's decision on subsidy-eligible plans in the study. Concern was expressed that Mathematica explore the issue of low-income families covered by HDHPs in the report. The Board also expressed interest in any research on the impact of HDHPs on the health status of low-income families. Staff will look into this last question. No motion was made, and the previous decision to make all plans eligible for subsidy in the studies was confirmed.

The meeting was adjourned.

Respectfully submitted,

Steve Hill, Chair

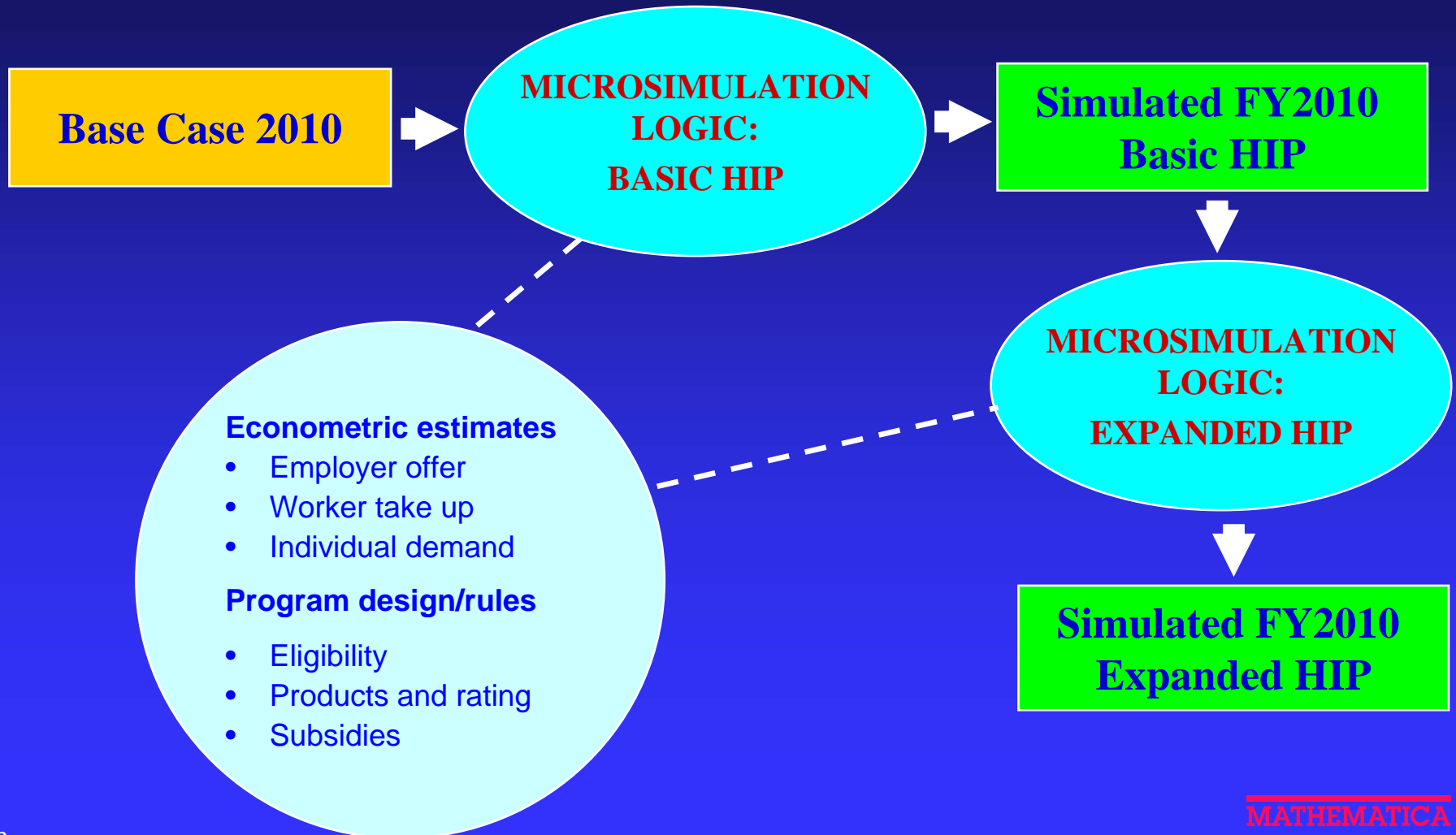
Enrollment in the Basic HIP

PRELIMINARY DRAFT ESTIMATES

Deborah Chollet
Jeffrey Ballou
Thomas Bell

MATHEMATICA
Policy Research, Inc.

Methods: Microsimulation Modeling



Input Data

- 2006 WA State Population Survey, enhanced with estimates from
 - MEPS-Household Component (HC), West + Midwest samples
 - MEPS-Insurance Component (IC), WA sample
- Aged to FY2010
 - Public program benchmarks
 - WA demographic and economic projections
- National \$\$ estimates calibrated to WA by payer

Microsimulation Logic: Major Assumptions

Basic HIP

Groups 2-50 with no offer
At least ½ of workers are low-wage
Employer choice
Composite rating
Employer pays % of single premium
12 HIP products
HIP enrollees have Section 125
Low-income workers are subsidized

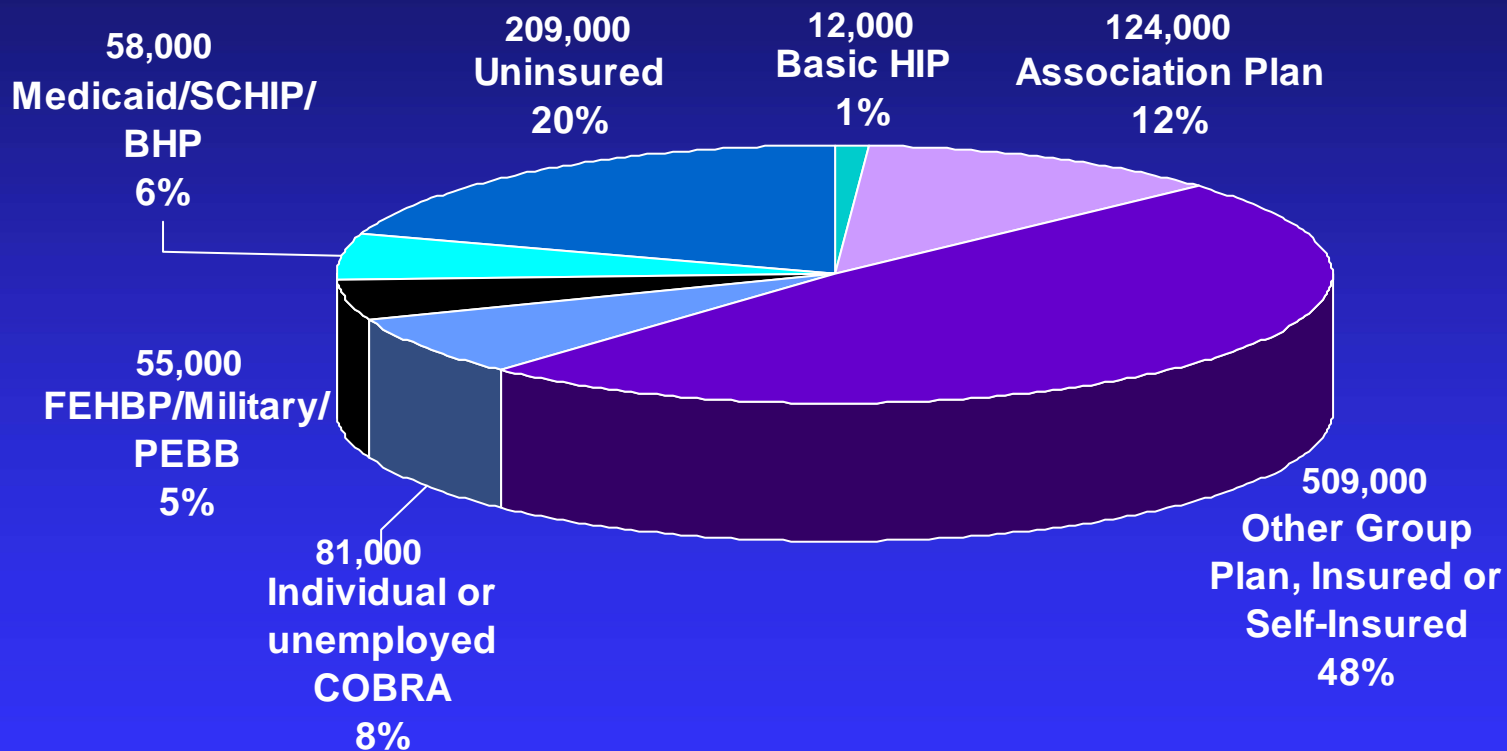
Preliminary Expanded HIP

Merged small group and individual markets
Current products convert
Individuals not guaranteed issue
Worker/individual choice
List/individual rating
Defined employer contribution
All workers have Section 125
Low-income enrollees are subsidized
Employers in association plans consider HIP coverage

Understanding the Estimates

- **Full implementation (not projected 2010 enrollment)**
 - No “ramp up”
 - Employers and workers regard HIP as any other small group product
 - HIP is marketed as aggressively as other small group products
- **Estimates anticipate a typical year**
 - Projected employment and wages
 - Do not anticipate employer and consumer behavior in recession

Coverage of Workers in Firms with 2-50 Employees: Estimated Basic HIP FY2010

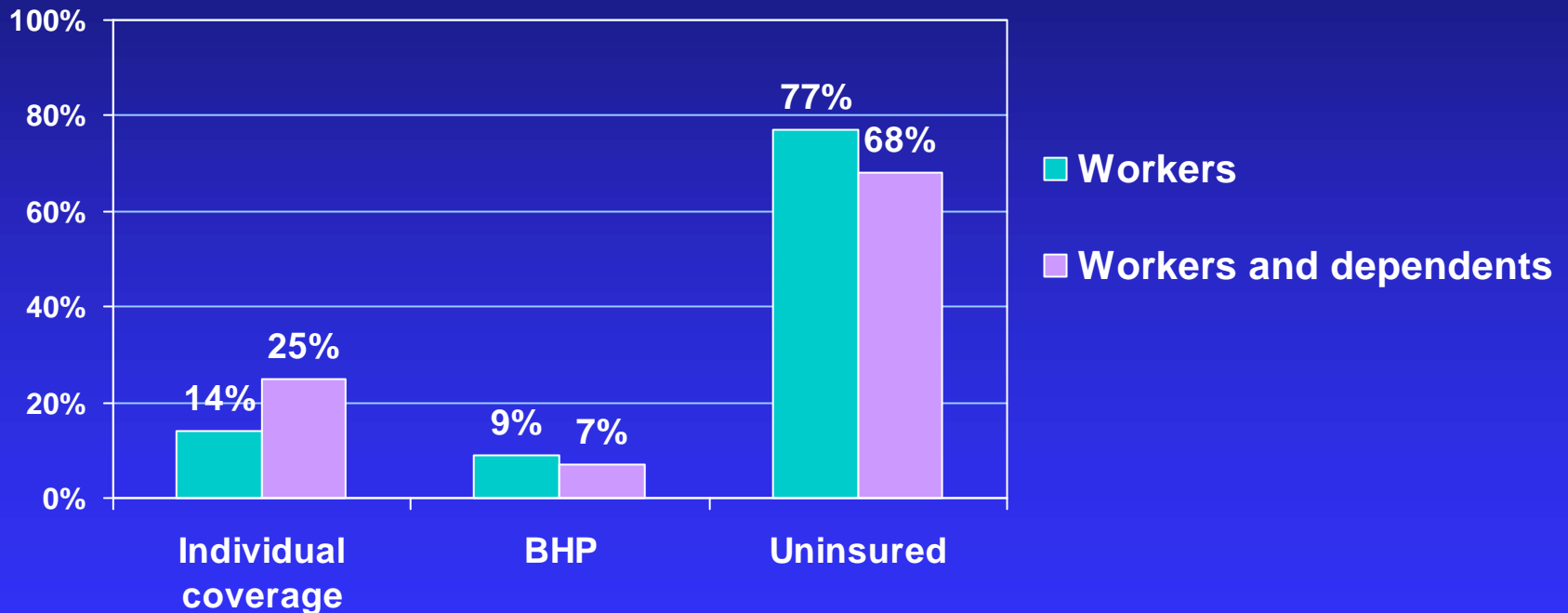


PRELIMINARY DRAFT ESTIMATES

Source: Mathematica Policy Research. Estimates exclude persons over age 65, Medicare beneficiaries, and active military.

Most Basic HIP Enrollees Were Uninsured

Basic HIP Enrollment by Prior Coverage, Estimated FY2010

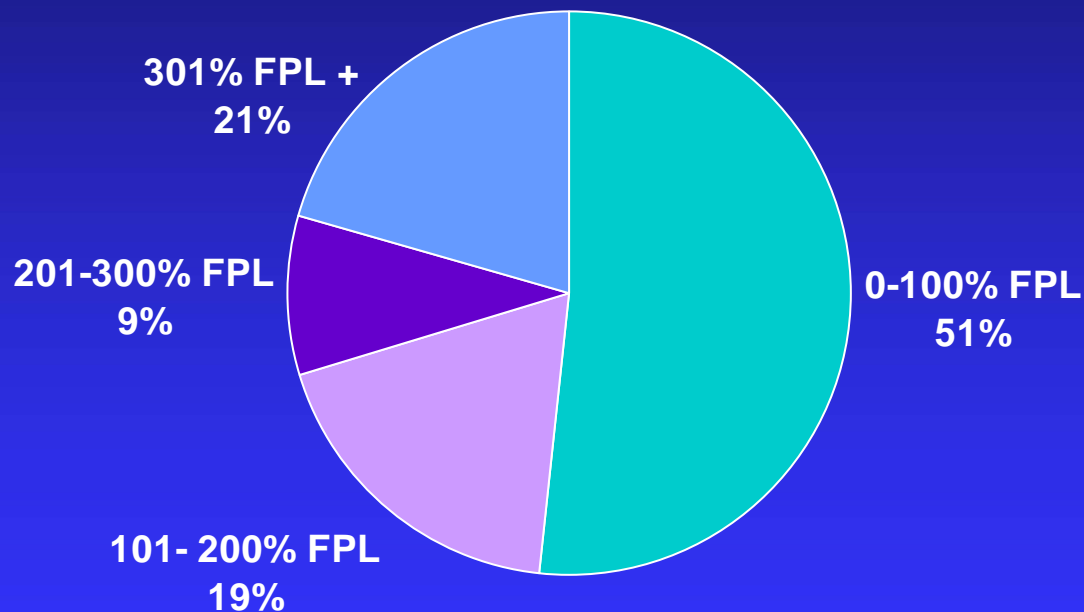


PRELIMINARY DRAFT ESTIMATES

Source: Mathematica Policy Research. Estimates exclude persons over age 65, Medicare beneficiaries, and active military.

Most Basic HIP Enrollees Are from Low-income Families

Basic HIP Enrollment by Family Income as a Percent of Poverty, Estimated 2010

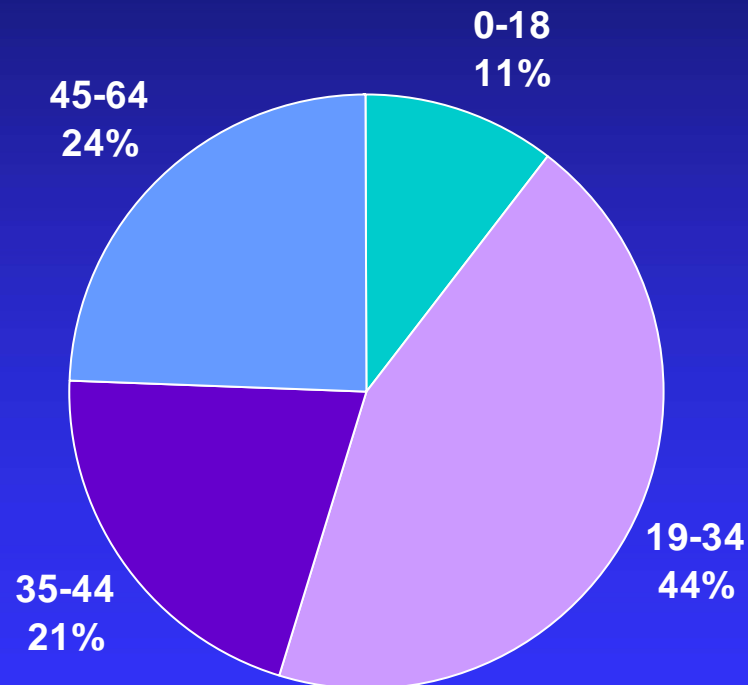


PRELIMINARY DRAFT ESTIMATES

Source: Mathematica Policy Research. Estimates exclude persons over age 65, Medicare beneficiaries, and active military.

Most Basic HIP Enrollees are Under age 35

Basic HIP Enrollment by Age, Estimated FY2010

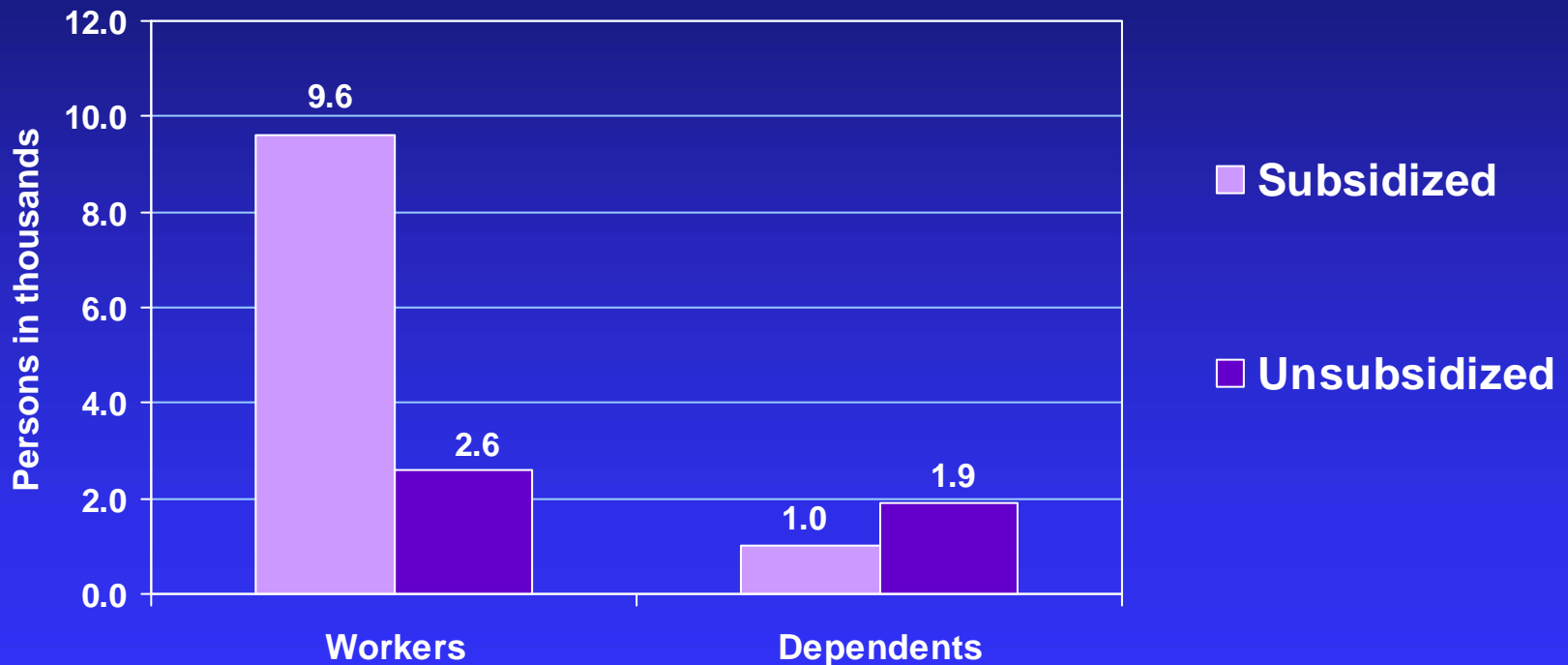


PRELIMINARY DRAFT ESTIMATES

Source: Mathematica Policy Research. Estimates exclude persons over age 65, Medicare beneficiaries, and active military.

70 Percent of Basic HIP Enrollees Are Subsidized

Basic HIP Enrollees by Subsidy Status, Estimated 2010



PRELIMINARY DRAFT ESTIMATES

Source: Mathematica Policy Research. Estimates exclude persons over age 65, Medicare beneficiaries, and active military.

Distribution of Enrollees and Subsidies in the Basic HIP, Estimated 2010

Family Income	Enrollees	Subsidy Dollars
0-100% FPL	51%	66%
101-200% FPL	18%	34%
201-300% FPL	9%	--
300% FPL +	21%	--
TOTAL	15.1 thousand	\$2.5 million (average monthly)

PRELIMINARY DRAFT ESTIMATES

Source: Mathematica Policy Research. Estimates exclude persons over age 65, Medicare beneficiaries, and active military.



HIP Program Implementation Key Dates

August 8, 2008

- Draft rules sent for stakeholder comments

September 17, 2008

- File CR-102

October 24, 2008

- Public Hearing on draft rules

December 19, 2008

- System testing complete and Harrington staff trained and ready to implement

January 1, 2009

- Rules effective
- Accept applications for small employer enrollment

March 1, 2009

- Coverage begins for HIP participants



HIP Program Implementation Tasks Completed

- Draft rules sent May 23rd for initial stakeholder comment
- Contract finalized with Harrington Health
- Completion of initial meetings with each participating carrier to discuss enrollment and payment processes
- Completion of initial broker meeting
- Hired a Communications Officer to direct HIP marketing

We're on target to meet the January 1, 2009 implementation date!



Tasks in Progress with Estimated Completion Date

- Developing program correspondence – August 31, 2008
- Developing program rules – September 17, 2008
- Developing communications plan and graphic identity – September 24, 2008
- Developing curriculum for broker training – October 1, 2008
- Refining business process flows – October 15, 2008
- System design and testing – December 19, 2008
- Establishing banking arrangements for collection and remittance of premium payments – December 31, 2008
- Continuing coordination with carriers and establishing Business Associate Agreements - ongoing



Requirements for a Successful Implementation

- Continued carrier participation
- Approval of business process flows
- Approval of final program rules
- Continue to meet tight deadlines
- Broker engagement in program roll-out

Failure to meet any of these requirements jeopardizes timely implementation



HIP Program Implementation Success Measures

- Implementation on schedule and within budget
- Achieving and maintaining enrollment within appropriated amounts
- Providing value for enrollees and maintaining strong retention
- Statewide access
- Successful marketing to the target population
- User friendly – ease of administration
- Attracting long-term uninsured
- Support from the Legislature
- Satisfied stakeholders – HIP is accountable, accessible, consistent, stable and valuable