

**Health Insurance Partnership
Technical Advisory Committee
October 29, 2007
9:00 – 11:00 a.m.**

MEETING MINUTES

In attendance:

Karen Merrikin, Group Health; Jim Pinkerton, Regence; Troy Nichols, NFIB; Sydney Smith Zvara, AWHP; Claudia Bach, AdvisArts Consulting; Susan Pittman (via phone), Insure NW; Lichiou Lee, OIC; Richard Onizuka, Beth Walter, Michael Arnis, and Anton Cooper, HCA; Paul Goldberg, public visitor.

Welcome and Introductions:

Richard Onizuka thanked the group for agreeing to serve on the TAC. He introduced Karen Merrikin as the TAC Chair. Richard announced that the next HIP Board meeting is scheduled for November 8, 2007.

TAC Charter:

Beth Walter reviewed the TAC Charter with the group. They discussed the roles and responsibilities and were advised that the meetings are public meetings.

Questions for TAC:

Karen Merrikin distributed a draft of the HIP purpose and goals to the committee members. Proposed goals include:

1. Encourage innovation
2. Promote affordability
3. Increase coverage take up rates
4. Simplify administration and purchasing
5. Promote individual choice and responsibility
6. Improve quality and value

The TAC voiced similar concerns about specific operational policies proposed for HIP as the Board expressed at its initial meeting on October 2, 2007. The Committee summarized its concerns and their related implications at the close of its October 29, 2008 meeting as follows:

1. Surcharge: Other methods or sources of funding for HIP administrative costs, especially for start-up costs and initial enrollment, should be investigated.

The TAC recognized that it might be difficult to fund start-up costs through a premium surcharge and that the surcharge could be a significant expense that discourages initial enrollment if it is spread over few enrollees. The surcharge would also have to be applied equally inside and outside of HIP to conform to Title 48 requirements for small group rules.

2. What are the implications of the Board setting minimum participation levels for HIP enrollment?

If the Board sets minimum participation levels for groups entering HIP that are typically below the levels now set by carriers for small employers, it could lead to additional concerns about risk selection as a result of individual choice.

4. The HCA is seeking legal advice on how HIPAA and ERISA apply to HIP.

The Committee and Board need to better understand how HIPAA and ERISA apply to the offering of health plans under HIP. E.g., must all health plans offered in the Small Group market be offered under HIP? Must each carrier participating in HIP offer every HIP plan?

5. How will individual choice of health plans impact the rating and resulting cost of coverage?

The Committee is concerned about the cost impact upon the Small Group market when its risk pool is combined with a market that allows for individual choice of plan, and has the potential to set different rating rules. Carriers will be concerned about risk selection when a small employer enters HIP as a group but then each enrollee selects a health plan among various carriers. However, choice could also drive carriers to respond to consumer preferences for quality and efficiency. Is it possible to retain the perceived value of individual choice while lessening the concerns over the potential costs of providing it in HIP? Karen Merrikin stated that in order for the HIP to succeed, a risk adjustment mechanism is critical. Jim Pinkerton echoed that a risk adjustment mechanism should be considered, depending on the structure of the HIP program.

TAC Board Report:

The TAC will present to the HIP Board on November 8. The report will include:

- Plans that are currently offered in the small group market
- Summary of the potential value of the HIP
- Summary of issues that need further discussion, investigation and legal clarification:
 - Surcharge
 - The role of HIP as a plan sponsor or administrator
 - Value vs. risk – what's the risk of choice?
 - The implications of the HIP on the small group market including establishing minimum participation requirements, designating health plans that qualify for subsidy payments, rating methodologies and pooling HIP with the existing small group market.

Next Steps:

The HCA will distribute the above issues/questions to the group for further consideration. Please send any comments to Karen Merrikin by November 5th.

Beth will schedule a conference call for November 6th at 2:00 p.m. so the TAC can wrap-up the Board report and include any comments that were sent to Karen.