

MINUTES
HOUSE HEALTH & WELFARE COMMITTEE

- DATE:** Tuesday, January 27, 2015
- TIME:** 9:00 A.M.
- PLACE:** Room EW20
- MEMBERS:** Chairman Wood, Vice Chairman Packer, Representatives Hixon, Perry, Romrell, Vander Woude, Beyeler, Redman, Troy, Rusche, Chew
- ABSENT/
EXCUSED:** Representative(s) Rusche
- GUESTS:** Jody Olson and Pat Kelly, Your Health Idaho; Elizabeth Woodworth, Burson-Marsteller; McKinsey Lyon, Gallatin; Julie Taylor, Blue Cross of Idaho; Lori Wolff, DHW; Bill Roden, Delta Dental; Elizabeth Criner, ACSCAN/ISDA; Tom Donovan, DOI; Colby Cameron, Sullivan & Reberger; Marnie Packard, Select Health; Toni Lawson, Idaho Citizen; Woody Richards, Ins. Companies.
- Chairman Wood** called the meeting to order at 9:00 a.m.
- MOTION:** **Vice Chairman Packer** made a motion to approve the minutes of the January 19, and January 20, 2015, meetings. **Motion carried by voice vote.**
- RS 23372** **Rep. Kelley Packer**, District 28, presented **RS 23372**, proposed legislation to define a stand-alone dental plan.
- MOTION:** **Rep. Perry** made a motion to introduce **RS 23372**. **Motion carried by voice vote.**
- Pat Kelly**, Executive Director, Your Health Idaho (YHI), presented the annual YHI report. He explained the reasons for a state-based exchange was created. As opposed to federally controlled exchanges, the YHI Board and Department of Insurance (DOI) assure plans meet set requirements, agents and brokers have major roles, selected consumer assisters represent and help Idahoans, and all Enrollment Counselors undergo a rigorous background check.
- At it's inception, the Exchange had a nineteen-member volunteer board, no staff, no funding, no policies, no procedures, no organizational structure, and no office. Federal technology was borrowed for the first year, while maintaining the state-based exchange status and benefits. Keeping agents and brokers in a primary role has been the foundation of their success. Adding the hand picked and partnered In-Person Assister organizations was another important step.
- Between October 1, 2013, and March 31, 2014, a total of 76,061 Idahoans have enrolled in plans, for the third highest enrollment per capita in the country. The primary role of agents and brokers provided the right local resources for informed consumer decisions.
- YHI is the first Exchange to successfully migrate off of the federal marketplace. This launch came with delays in federal data, changing re-enrollment requirements, and changing grant funding requirements. Because of their direct control, YHI was able to find resolutions quickly, keep assessment fees low, and maintain robust insurance choices. Focusing on technology system design, they partnered with the Idaho Department of Health & Welfare (DHW) to process tax credit eligibility applications.
- After moving 76,000 Idahoans from the federal marketplace to YHI, it was discovered the federal system had no accuracy safeguards. The DHW had to reprocess everyone's eligibility to assure accurate tax credits for the 2015 premiums. Notices of eligibility and other tax savings were issued.

Technology challenges have included linking eligibility determinations to accounts and the resulting increased call center wait times. As the open enrollment period continues, they are reconciling issues with duplicate enrollments and terminations.

YHI has maintained and grown their network of over 1,000 agents and brokers. This reflects a 30% agent increase since 2014. As they move toward financial sustainability in 2016, with fewer resources for broad-based outreach, agents and brokers will be vital in customer retention, enrollment, and working with Enrollment Counselors.

As with other start up companies, the federal grant funds have been used as a capital investment. A cash reserve is being established, costs are being kept low, and they are investing in technology and public awareness.

To be eligible to use YHI, Idahoans must live in the U.S., be a citizen or lawfully present, and not be incarcerated. Those with Medicare coverage are not eligible to use YHI to buy a health or dental plan. To get a cost savings, Idahoans must be eligible to shop on the Exchange, be within the family size and income range, and not have other available affordable coverage. YHI outreach efforts have focused on the tax credit eligible population.

Mr. Kelly said the population between the ages of 18 and 34 makes up 27% of their enrollment, is important to balance the risk pool, helps keep premium prices lower, and supports YHI sustainability as long-term clients.

YHI continues to prepare for financial sustainability that starts January 1, 2016, by making prudent financial decisions, maintaining and enhancing their technology system, and working toward retention of 80% or more of their customers each year. Any increase in the 1.5% assessment fee will be a Board decision.

Future technology will include further automation, online change reporting, and a carrier rate review tool. The remaining federal grant funds will be used to invest in enhancements needed to maintain compliance to keep control of costs. Additional educational efforts and tools will be directed at making agents and brokers self-sufficient, reducing the need for YHI assistance resources.

Mr. Kelly, answering questions, said their long and short-term goals center on enhancement of the consumer experience. They are working to improve eligibility, linking accounts, and providing more online change reporting. Whether through agents or directly, the majority of their customers, upon application completion, are transitioned to YHI from the DHW, unless they are eligible for DHW programs.

Answering further questions, **Mr. Kelly**, stated any fee increase would be made by the Board and discussed openly. When changes in income or family makeup are reported, a DHW eligibility change notice is sent to the consumer or their authorized representative.

YHI currently has three start up federal grants. The first grant has been fully expended, they are currently using funds on the second grant, and the third grant, awarded in 2014, has not been used yet. He was unaware of any other available grants.

Subsidy determinations usually take two days, but can take up to ten days, not counting weekends. The 2015 technology enhancements will be geared to shortening that time frame and other consumer experience improvements.

There are nine essential health benefits required for all plans. The Board can approve additional benefits. Depending on each family's composition and income, the rate and subsidy vary.

Of the total \$103M federal grant funds, approximately \$51M was used as of December 31, 2014, with just over \$52M remaining. Of that amount, \$12M will cover operating and 2013 expenses. The remaining \$40M will be used for technology enhancement, improvements, and saved for the future. Self sustaining operating expenses are expected to be much lower.

Invited to answer a question, **Jody Olson** Director, Communications and Outreach, YHI, assured the committee every county has customer support entities available.

Mr. Kelly responded to further questions, stating the small group enrollment is slight when compared to the individual market. Individuals enrolled last year through the federal site are treated as new enrollees. Carriers have committed to maintaining plans on the Exchange for a minimum of three years, so they have no grandfathered plans.

YHI has a contractual vendor relationship with the DHW. In 2014 YHI paid the DHW \$5M for development and approximately \$1M for eligibility shared services. Costs for 2015 are expected to be \$7M for development and approximately \$2.5M for eligibility shared services. YHI's enabling legislation states they cannot use state resources, which the Board continually reviews to assure compliance. In 2016 the DHW costs for services will be lower and centered around eligibility sharing.

Mr. Kelly, in reply to questions, noted that \$50M has been expended since YHI's inception and twenty-month operation. Outreach efforts have established their identity and educated the public about their services. A number of different media channels, whether earned or paid advertising, have been used for customer acquisition. Like any business, they need customers to be as self sustaining as possible. Outreach and education expenditures will decline as they move into a maintenance and operation mode.

The increased development costs covered needed technology to add tax credit rules to the eligibility system and stream data between the DHW and YHI. 2014 costs were lower because billed services covered only the later months of the year, instead of the twelve months of service provided in 2015. 2016 will be a twelve-month period and they expect the same \$2.5M cost.

Tom Donovan, Acting Director, Department of Insurance, was invited to answer a question. He said the Federal Act specifies catastrophic (CAT) plans have the same out-of-pocket and maximum health benefits plus two or three primary care visits. After that, insureds have to pay very high deductibles. These plans are for individuals under the age of 30 or for persons deemed uncovered under applicable rules. Individuals over the age of 30 could buy a bronze plan, but different carriers will have different elements and deductibles for similar coverage.

Mr. Kelly responded to additional questions, stating community outreach and education efforts by **Jodi Olson** have been the cornerstone to their success.

Chairman Wood commented that everyone will be watching closely as YHI faces technological challenges and approaches self-sustainability. He suggested the 2016 presentation include a separated five-year projected operational and technology costs breakdown.

ADJOURN:

There being no further business to come before the committee, the meeting was adjourned at 10:20 A.M.

Representative Wood
Chair

Irene Moore
Secretary