

# **Minnesota Health Insurance Exchange Advisory Task Force Recommendations**

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**Adopted January 18, 2012**

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## Introduction

This report provides background information on the Minnesota Health Insurance Exchange Advisory Task Force and describes initial recommendations adopted by the Task Force on January 18, 2012. The Task Force adopted initial recommendations related to Adverse Selection, Financing, Governance, and Navigators and Agents/Brokers. Recommendations in these four areas will help guide the development of a Minnesota-made Health Insurance Exchange, lead the ongoing work of the Task Force, and inform policy considerations in the future. The Task Force will continue to meet over the next two years to advise and make recommendations on various policy, operational, and technical issues.

## Background

A Health Insurance Exchange is a marketplace for individuals and businesses to compare, choose, and purchase affordable health insurance. An Exchange can make health care easier to navigate for consumers and small businesses. It can allow Minnesotans to easily compare health insurance options based on cost, quality, and consumer satisfaction. It can also foster fair and equitable competition to encourage insurers and health care providers to place a greater focus on value, quality, and affordability.

An Exchange can help small businesses provide affordable coverage choices to their workers and allow employees to choose the plan that is best for them and their families. Subsidies and tax credits will be available to eligible individuals and small businesses to make coverage more affordable. Minnesotans can purchase private health insurance or enroll in public programs like Medical Assistance through the Exchange.

States have until January 1, 2013 to create their own health insurance exchanges to be available to consumers beginning in 2014. If a State does not establish an Exchange, the U.S. Department of Health and Human Services will implement a federal solution in that State. The Minnesota Health Insurance Exchange Advisory Task Force was established to advise on the design and development of a Minnesota-made Health Insurance Exchange.

## Task Force Creation

In September 2011, the Commissioner of the Minnesota Department of Commerce announced plans to assemble a task force to advise on the design and development of a Minnesota-made Health Insurance Exchange. The Advisory Task Force was created under authority granted in Minnesota Statutes Section 15.014 and established to advise on a number of policy,

operational, and technical issues related to the development of an Exchange for Minnesota including but not limited to:

- Size of the small employer market
- Merger of the individual and small group markets
- Provisions to avoid adverse selection
- Risk adjustment
- Regulatory simplification
- Cost, quality, satisfaction rating for insurers and health benefit plans
- Navigator program provisions
- Long-term governance
- Ongoing funding mechanisms

Task Force members were appointed in October 2011 through an open appointments process through the Minnesota Secretary of State's Office and will serve for two years. The members of the Task Force represent a balance of interests, including: consumers, employers, labor, health care providers, health insurers, Medicaid, agents/brokers and those with experience navigating health plan enrollment, experts in public and private health care markets, and legislators. The Commissioner of the Minnesota Department of Commerce serves as the ex-officio chair and the Commissioners of Human Services and Health are also ex-officio members of the Task Force.

### **Task Force Members**

- Commissioner Mike Rothman, Minnesota Department of Commerce (ex-officio/CHAIR)
- Commissioner Lucinda Jesson, Minnesota Department of Human Services (ex-officio)
- Commissioner Ed Ehlinger, Minnesota Department of Health (ex-officio)
- Representative Joe Atkins, District 39B, Minnesota House of Representatives
- Representative Tom Huntley, District 7A, Minnesota House of Representatives
- Senator Tony Lourey, District 8, Minnesota State Senate
- Senator Ann Rest, District 45, Minnesota State Senate
- Sue Abderholden, Executive Director of the Minnesota Alliance on Mental Illness
- Alfred Babington Johnson, CEO, Stair Step Foundation
- Dannette Coleman, Vice President/General Manager, Individual & Family Business, Medica
- Phillip Cryan, Health Policy Specialist and Organizing Director, SEIU
- Mary Foarde, Attorney, Fmr. General Counsel, Allina
- Dorii Gbolo - CEO/Executive Director, Board Member, Open Cities Health Center
- Robert Hanlon, Founder and President of Corporate Health Systems
- Roger Kathol, Owner, Cartesian Solutions, Inc.
- Phil Norrgard, Director of Human Services, Fond du Lac Indian Tribe
- Stephanie Radtke Deputy Director, Community Services Division, Dakota County
- Daniel Schmidt, Vice President, Great River Office Products

## Technical Work Groups

Work groups were also created to provide technical input to the Commerce Commissioner and the Task Force. Four work groups have provided technical input to date including: Adverse Selection, Financing, Governance, and Navigators and Agents/Brokers. Initial Task Force recommendations adopted on January 18, 2012 were guided by the input provided by these work groups. Numerous stakeholders participated in the work groups, who are listed below. Additional work groups will begin in 2012 including: IT and Operations, Individual Eligibility, Small Employers, Measurement and Reporting, and Outreach, Communications, and Marketing.

### Adverse Selection and Encouraging Market Competition and Value Work Group

- Roger Kathol, Cartesian Solutions, Inc. (co-lead)
- April Todd-Malmlov, Exchange Director, Department of Commerce (co-lead)
- Jean Abraham, University of Minnesota
- Tina Armstrong, Department of Commerce
- Katie Burns, Exchange, Department of Commerce
- Phillip Cryan, SEIU Minnesota
- Robert Cumming, HealthPartners
- Kirby Erickson, MCHA
- Irene Goldman, Department of Health
- Mark Hudson, Department of Human Services
- Representative Thomas Huntley, Minnesota House of Representatives
- Tammie Lindquist, Allina
- Senator Tony Lourey, Minnesota State Senate
- Tim Luy, Federated Insurance
- Jennifer McGill, Cargill
- Beth Monsrud, UCare
- Representative Erin Murphy, Minnesota House of Representatives
- Nancy Nelson, Blue Cross Blue Shield of Minnesota
- Phil Norrgard, Fond du Lac Tribe
- Dave Wiest, EMEX Benefits Systems

### Financing Work Group

- Barb Juelich, Exchange, Department of Commerce (co-lead)
- Kurt Kaiser, University of Minnesota Physician Group (co-lead)
- Lisa Carlson, Sanford Health
- Elaine Cunningham, Children's Defense Fund
- Dave Dziuk, HealthPartners
- Stefan Gildemeister, Department of Health
- Jim Golden, Department of Human Services
- Dave Greeman, Department of Human Services
- Kate Johansen, Minnesota Chamber of Commerce

- Chuck Johnson, Department of Human Services
- Margaret LeClair, LeClair Insurance
- Andy McCoy, Fairview
- Matt Schafer, American Cancer Society
- Representative Nora Slawik, Minnesota House of Representatives
- Angela Vogt, Minnesota Management and Budget

#### Governance Work Group

- Mary Foarde, Former General Counsel, Allina (co-lead)
- Emily Johnson Piper, Exchange, Department of Commerce (co-lead)
- David Fisher, Larkin Hoffman Daly & Lindgren
- Amy Holzman, JD
- Representative Thomas Huntley, Minnesota House of Representatives
- Scott Leitz, Department of Human Services
- Representative Diane Loeffler, Minnesota House of Representatives
- Thomas Lopez, Mille Lacs County Attorney's Office
- Senator Tony Lourey, Minnesota State Senate
- Maureen Maly, Faegre & Benson
- Thomas Pursell, Linquist & Venum
- April Todd-Malmlov, Exchange Director, Department of Commerce

#### Navigators and Agents/Brokers Work Group

- Robert Hanlon, Corporate Health Systems, Inc. (co-lead)
- Bob Paulsen, Exchange, Department of Commerce (co-lead)
- Tina Armstrong, Department of Commerce
- Thomas Aslesen, Accord Benefit Resources, Inc.
- Joan Cleary, Minnesota Community Health Worker Alliance
- Tom Devine, David Agency, Inc.
- Jen Ditlevson, Department of Human Services
- Liz Doyle, TakeAction MN
- Monte Fox, White Earth Nation
- Mark Herting, PreferredOne
- Deb Holmgren, Portico Healthnet
- Alfred Babington-Johnson, Stair Step Foundation
- Stefanie Konobeck, Exchange, Department of Commerce
- Stephanie Krieg, Department of Health
- Kate Lerner, Department of Human Services
- Matt Marek, Blue Cross Blue Shield of Minnesota
- Ben Peltier, Minnesota Hospital Association
- Stephanie Radke, Dakota County
- Daniel Schmidt, Great River Office Products
- Chris Schneeman, SevenHills Benefit Partners, Inc.

## Task Force Meetings

The Exchange Advisory Task Force met seven times between November 2011 and January 2012. A description of the meetings to date is shown below. The agenda topics addressed at the seven meetings provided information and technical input to the Task Force to facilitate initial recommendations on Adverse Selection, Financing, Governance, and Navigators and Agents/Brokers. The Task Force will continue to meet over the next two years to advise and make recommendations on various policy, operational, and technical issues.

| Date   | Agenda Topics  |
|--|--|
| Tuesday November 8, 2011<br>St. Paul, MN     | Charge, Process, and Structure<br>Exchange Overview<br>Discussion of Key Exchange Issues   |
| Thursday November 17, 2011<br>St. Paul, MN   | Economic and Actuarial Modeling Results<br>Discussion of Recommendation/Deliverable timeline   |
| Wednesday December 7, 2011<br>Rochester, MN  | Adverse Selection<br>IT Prototypes and Public Feedback   |
| Wednesday December 21, 2011<br>St. Cloud, MN | Navigators and Agents/Brokers<br>Long-Term Governance<br>Financing   |
| Tuesday January 10, 2012<br>St. Paul, MN     | Task Force Discussion and Recommendations: <ul style="list-style-type: none"> <li>• Adverse Selection</li> <li>• Financing</li> <li>• Governance</li> <li>• Navigators and Agents/Brokers</li> </ul>           |
| Tuesday January 17, 2012<br>Minneapolis, MN  | Health Disparities   |
| Wednesday January 18, 2012<br>St. Paul, MN   | Task Force Discussion and Voting on Recommendations: <ul style="list-style-type: none"> <li>• Adverse Selection</li> <li>• Financing</li> <li>• Governance</li> <li>• Navigators and Agents/Brokers</li> </ul> |

## EXCHANGE ADVISORY TASK FORCE RECOMMENDATIONS

Adopted January 18, 2012

### ADVERSE SELECTION

#### Initial Issues Considered:

- Should the market rules for health plan certification be consistent inside and outside the Exchange?
- What should the participation rules be for insurers and health benefit plans inside and outside the Exchange? Should insurers be allowed to offer different products inside and outside the Exchange?
- Should the definition of small group be increased from a maximum of 50 to a maximum of 100 in 2014 before this change is required in 2016?
- Should Minnesota defer to a federal risk adjustment model or propose a state risk adjustment model?
- Should the individual and small group market risk pools be merged?

#### Recommendations:

- Market rules, certification requirements, and regulatory provisions inside and outside the Exchange should be the same to encourage fair competition, promote regulatory simplification, and mitigate adverse selection. Market rules should be structured to encourage innovation, competition, and market participation.
- The Exchange should encourage innovation and competition on value, market participation, affordability, meaningful choices, portability, health improvement and long term care management for individuals and employees of small employers. Participation provisions should be structured to encourage insurer and health benefit plan competition and discourage adverse selection and competition between the Exchange and outside market.
- Market rules should stimulate participation by small employers with various characteristics. The definition of the small group market should be considered in combination with provisions to protect the small group market from adverse selection resulting from self-funding.
- Minnesota should pursue a state-level risk adjustment model to take account of state-specific market characteristics and take advantage of state-specific opportunities.

Minnesota's all payer claims database should be authorized and modified as necessary for use in a state-level risk adjustment model.

- Adverse selection, the stability of risk pools and risk sharing, and premium variability should be closely and regularly monitored regardless of whether Minnesota merges its individual and small group markets. Regulatory entities should have the ability to respond quickly to protect the market.

## **FINANCING**

### **Initial Issues Considered:**

- What ongoing financing options should be considered?

### **Recommendations:**

- Funding mechanisms should be considered against the recommended principles of equity, transparency, sustainability and simplicity, as well as avoid negative impacts. Equity being the top principle.
- Funding mechanisms should not disproportionately burden one group over another, and as much as possible be proportionate to the benefit received by the paying group.
- Funding of the Exchange should include a combination of funding sources to ensure that those benefiting from an Exchange also support it, at a minimum include Medicaid or a percent of premium mechanism (to the extent it does not discourage participation or create adverse selection). Consideration of other resources should reflect overall budget needs, overall benefits of the Exchange and other decisions yet to be made.
- Funding mechanisms should be implemented in time to meet needs of Navigator program no later than July 1, 2013, as well as cash flow and reserve needs of the Exchange to be self-sustaining beginning in 2015.

## **GOVERNANCE**

### **Initial Issues Considered:**

- What governance structure is recommended for Minnesota's Exchange?
- Should the Exchange have a governing body?
- What Minnesota statutes should apply to the governance structure?



### Recommendations:

- The governance structure should assure compliance with Federal Medicaid laws given that the Exchange is responsible for Medicaid eligibility and enrollment.
- The Exchange should have a Board of Directors with the following characteristics:
  - 15-20 members
  - Staggered terms
  - Term limited
  - A mixture of appointed and elected (self-perpetuating) members, with the elected members being nominated and elected by the Board of Directors. For both appointed and elected members, the Minnesota Secretary of State's open appointments process should be followed.
  - A majority of members should represent the interests of consumers and small businesses. A majority should have relevant experience in health benefits administration, health care finance, health plan purchasing, the health care delivery system and practitioners, public health, health disparities, or health policy issues related to the small group and individual markets and the uninsured. In addition, care should be taken to ensure that members represent the cultural diversity and geography of our State and the population served by the Exchange.
  - Per diem and expense reimbursement for members; stipends should be paid to members who represent the interests of consumers, including small businesses, who would not be paid by an employer for their time spent serving on the Board.
- The governance structure should include the following provisions for accountability:
  - Subject to the Legislative Auditor's jurisdiction
  - Have a rigorous conflicts of interest policy with the goal of a fair and open marketplace; including Minnesota's Gift Ban and state employee conflicts policy (Minnesota Statutes Chapter 10A) or Minnesota's nonprofit law conflicts policy (Minnesota Statutes Chapter 317A). Members with potential conflicts of interest should at most represent a small minority of the Board of Directors. Advisory committees to the Board could also be considered to consult with industry stakeholders.

- The governance structure should include the following provisions for operational flexibility:
  - Apply requirements of Open Meeting Law but with carefully crafted exceptions (Minnesota Statutes Chapter 13D)
  - Requirements of the Data Practices Act but with carefully crafted exceptions- importantly related to strategic/competitive and commercially sensitive information (Minnesota Statutes Chapter 13)
  - No statutory mandate for compliance with state procurement laws (Minnesota Statutes Chapter 16), but requirements for responsible procurement
  - Specify the Exchange is a nontaxable entity
  - Allow for intergovernmental transfers
  - Not subject to statutory rulemaking (Minnesota Statutes Chapter 14), but provide a mechanism for consumer and industry input into policy decisions

## **NAVIGATORS/BROKERS**

### Initial Issues Considered:

- What should Navigators do? Should there be different levels of responsibility?
- What certification/licensure should be required of Navigators? Should there be different levels?
- How should Navigators be compensated? Should there be different levels and types of compensation?

### Recommendations:

- The Navigator program should support the creation of different Navigator roles, with appropriate responsibilities, designed to address the specific needs of the particular populations served by the Exchange. The Navigator program should be structured to support different Navigator roles designed to address the specific needs of diverse populations, in particular those experiencing the highest levels of uninsurance and the worst health disparities. This set of roles includes the role played by agents/brokers.
- The Navigator program should develop certification/training requirements that align with the defined Navigator roles and level of service provided. This process should support

sufficient Navigator capacity and allow for different entities to serve in any of the Navigator roles, based on ability to meet the established requirements.

- The Navigator program should leverage existing infrastructure and current relationships while also seeking to fill significant “gaps” in the current system.
- Because of their existing relationships with populations that experience health disparities, Navigator services should include those available in community-based organizations such as, but not limited to, neighborhood and ethnic organizations, faith-based organizations, community health clinics, community mental health care centers, Indian health care centers, consumer advocacy groups, and culturally-specific human service providers.
- The Navigator program should ensure that consumers are seamlessly transitioned between different Navigator roles, if needed, to prevent gaps in service delivery. The Exchange will serve a diverse group of consumers in different eligibility groups and insurance markets such as Medicaid, the individual market (with and without premium tax credits), and the small group market. Some individuals may shift eligibility between Medicaid, the individual market (with or without premium tax credits), and the small group market. Navigators should provide services that support individuals whose circumstances and eligibility may change over time. Due to the unique needs of consumers, employers, and communities using the Exchange, the Navigator program should utilize Navigators with the expertise to meet the needs of each group and ensure a seamless experience to ensure no one falls through the cracks.
- Compensation levels for Navigators should align with the different types of services being offered within each Navigator role and provide flexibility for performance based compensation models.
- Funding decisions for the Navigator program should be made in a timely manner to allow for an evaluation of the amount of resources available and the appropriate allocation of those funds to meet program priorities.
- The Navigator program should be consumer focused and determine program priorities based on the needs of consumers, including those who are most likely to face barriers to successful enrollment.
- The Navigator program must be developed to ensure that Navigators do not directly or indirectly benefit from enrolling individuals or small employers in one insurer over another.
- Outreach is a critical function of Navigators, and development of the Navigator program should be undertaken in close concert with planning for outreach and marketing.