1332 State Innovation Task Force Meeting Agenda

November 15, 2016
1:30 p.m.-3 p.m.
Office of the Governor
2300 N. Lincoln Blvd., Large Conference Room
Oklahoma City, OK 73105

Section	Time		Presenter
Welcome and Introductions	**1:30**	**10 min**	**Julie Cox-Kain, Deputy Secretary of Health and Human Services**
Overview of Provider Survey Results	**1:40**	**5 min**	**Provider Data Workgroup and Buffy Heater, HHS Project Lead**
Discussion of Marketplace Pain Points and Possible Solutions	**1:45**	**65 min**	**Buffy Heater**
Next Steps	**2:50**	**10 min**	**Buffy Heater**

Meeting Objectives

- Share results from the provider survey
- Discuss and prioritize Marketplace Pain Points
- Determine degree of impact of proposed solutions

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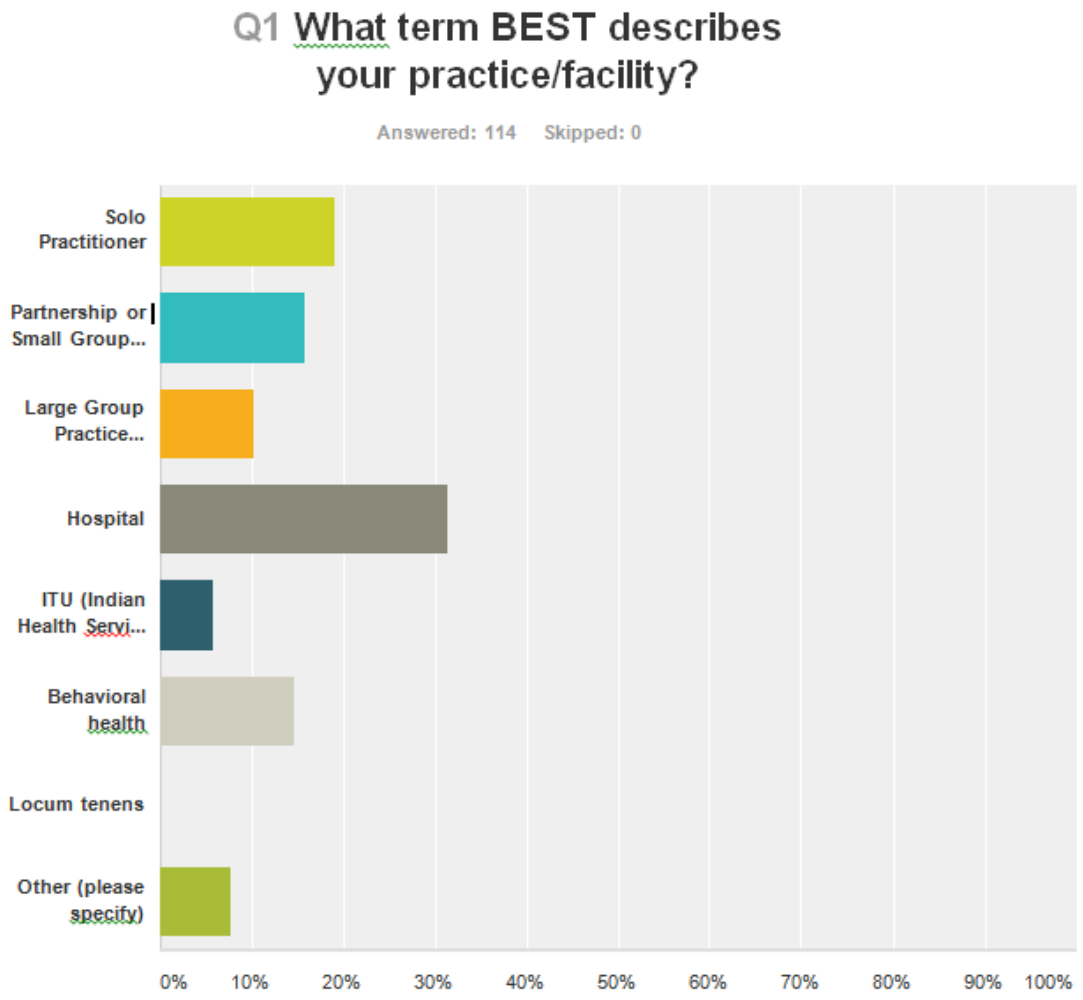
Provider Survey Results

114 total respondents



Provider Survey Results

- Coverage of respondents' practices/facilities (average of all respondents):
  - 37% commercially insured
  - 27% Medicaid
  - 31% Medicare
  - 17% self-pay/uninsured

- Ability to collect over the past three years:
  - 44% indicated their ability to collect co-pays has decreased
  - 54% indicated their ability to collect deductibles has decreased
  - 45% indicated their ability to collect co-insurance has decreased

Provider Survey Results

- 34% of respondents indicated their practice/facility provides enrollment assistance

- Top three health challenges for patients (in order):
  - Making positive lifestyle choices
  - Mental health concerns (other than addiction)
  - Losing weight

- Top three influences on personal health and behavior decisions (in order):
  - Income level
  - Education
  - Access to health insurance

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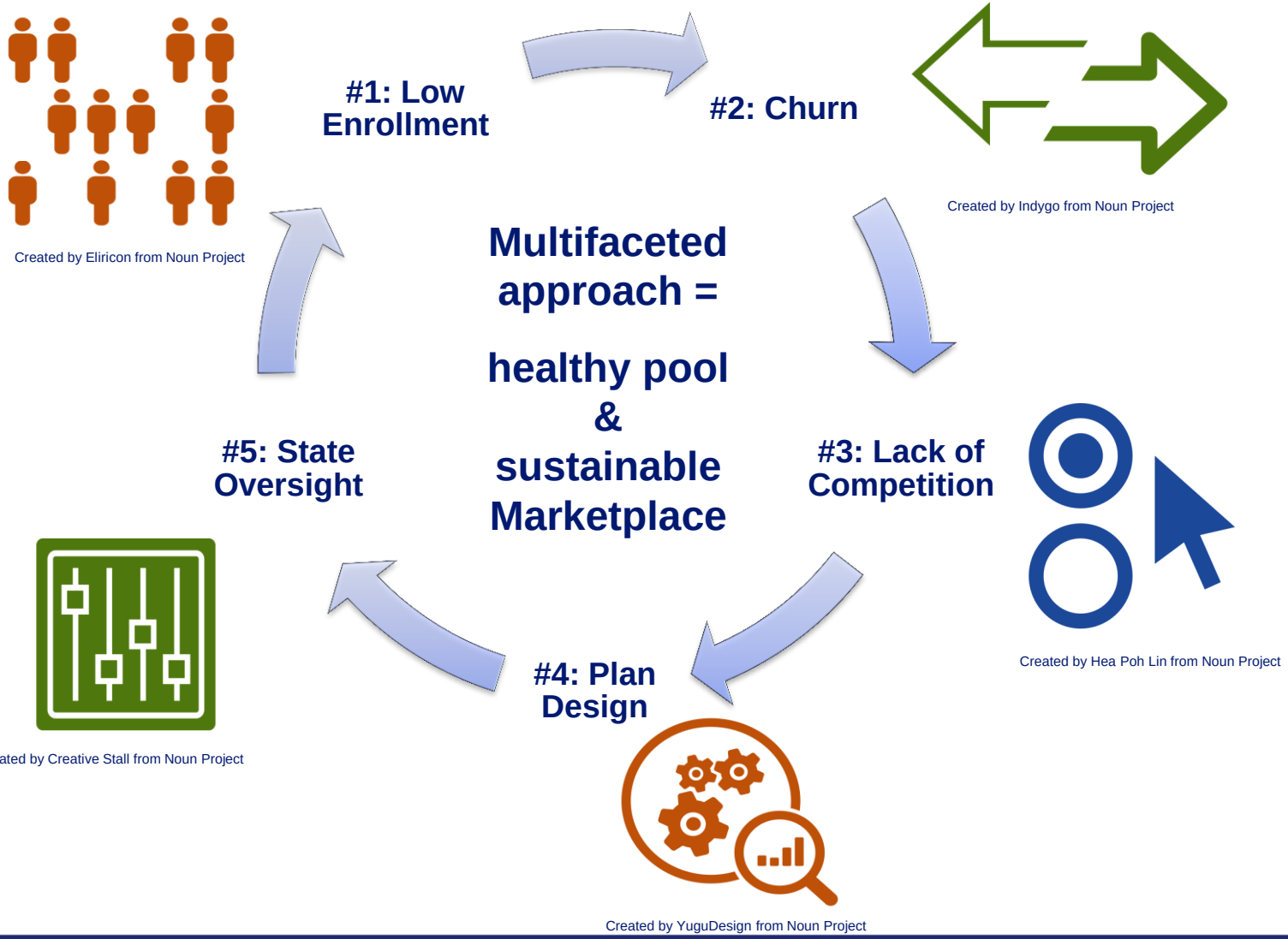
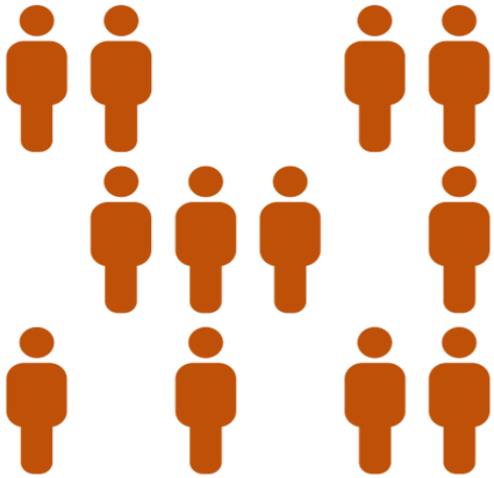
Marketplace Pain Points



Marketplace Pain Points



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#1: Low Enrollment

Not enough enrollees on the FFM

In 2015, Oklahoma only had 27% of its eligible population purchasing coverage through the FFM.

Relative to other states that have not expanded Medicaid, Oklahoma's decrease in the uninsured rate for non-elderly adults was smaller.

As income and out of pocket costs increase for Oklahoma families, fewer are enrolled in FFM coverage.

Contributing Factors:

- Low perceived value by consumers
- Penalties too small
- Lack of consumer education and supports
- Complexity
- Outreach efforts not sufficient
- Populations not leveraged

Marketplace Pain Points

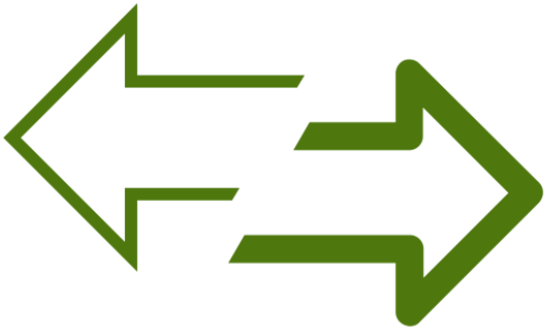
#2: Churn

Lack of persistency of enrollment throughout the year

In 2016, 15,000 Oklahomans (10% of enrollees) selected a plan but did not pay their premiums and lost FFM coverage.

Contributing Factors:

- Exemptions
- Special Enrollment Periods
- Grace Periods/Payment Policies



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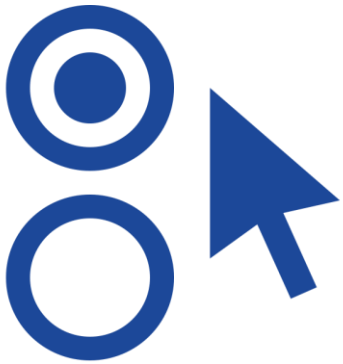

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#3: Lack of Competition

Limited plan options for consumers

Only one carrier will be offering plans in 2017.

Federal reinsurance sunsets in 2017.

Contributing Factors:

- Large financial losses
- Chronically low enrollment
- Administrative burden
- Higher than expected utilization
- Inadequate risk protection mechanisms

Marketplace Pain Points

#4: Plan Design

Cost and outcomes need to be primary focus

Average premium increases have exceeded 10% since FFM inception.

Total overall average premium costs for all metal tiers has increased by nearly $100 since 2014.

The average premium amount due from Oklahoma consumers has increased over 7% since 2014.

Contributing Factors:

- Rising costs
- Lack of value-based payments
- Actuarial value constraints
- Appropriate benefits not tailored

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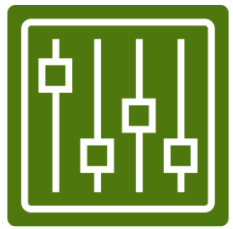
#5: State Oversight

State-designed oversight can produce flexibility and creative solutions

Other states are implementing state-based strategies, such as state reinsurance programs (AK) and state-prescribed attribution (AR)

Components:

- Infrastructure
- Regulation
- State purchasing power



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Environmental Considerations

Of Note Post Election:

- The election *does not* change the pain points Oklahoma is experiencing.
- The election *will bring about changes* at the federal level, likely impacting states.
- Solutions presented today assume the current regulations and guidance remain in effect.
- However, with a new administration many of these regulations will likely change.
- It is too early to anticipate or attempt to predict future changes, as too much is unknown.
- As transitions to a new administration occur and future changes are identified, their impacts on Oklahoma's solutions will be explored.

Proposed Solutions

1332 Waiver
State Action
Federal Action

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Low Enrollment

State-Leveraged Populations

1. **Automatic enrollment into catastrophic or lowest-rated plan**
2. **Modify pool composition by including Medicaid/CHIP/EGID populations**
3. Implement state-based voucher system for employers
4. Shift APTCs and CSRs to gap populations

Value

5. **Provide more APTC and CSR to individuals with higher FPL**
6. **Redeploy APTC from 250-400% FPL into more subsidies for lower incomes**
7. **Standardize subsidies**
8. Consolidate CSR into APTC
9. Lower premiums and OOP expenses via state review and guidelines
10. Expand CSR to bronze plans
11. Modify husband/wife ownership rule to allow spouses to form a group
12. Modify married filing jointly rule to allow spouses to file separately and get subsidies
13. Increase penalties for lack of coverage

Consumer Supports

14. **Waive the FFM and allow plans to directly enroll consumers**
15. **Allow plans to direct market, solicit clients, assist in enrolling individuals**
16. **Implement automatic enrollment**
17. **Broaden or remove open enrollment period (while incentivizing longevity)**
18. Increase marketing effort; creation of advertisements
19. Assistance to families to access financial tools and understand how coverage works
20. Work with HHS to improve FFM functionality and accessibility
21. Pay agents/enrollment assistors at health care providers, tribes, business, etc.

Proposed Solutions

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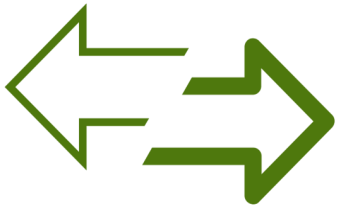

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Churn

Exemptions

1. Tighten exemptions criteria and allow fewer exemptions

Special Enrollment Periods

2. More robust verification of special enrollment requests
3. Limit number of special enrollment periods and requests

Grace Periods/Payment/Gaps in Coverage

4. Implement enrollee loyalty incentives (e.g., lower deductibles, HSA-like funds)
5. Reduce to 30-day grace period for premium payments
6. Require premium to be paid before the policy is issued (reenrollment)
7. Create additional penalty for gaps in coverage of less than 3 months
8. Promote longevity by reductions in premiums

State Programs

9. Continuous Medicaid/CHIP eligibility for 12 months
10. Upon Medicaid/CHIP disenrollment, auto enroll in catastrophic or lowest-level plan

Proposed Solutions

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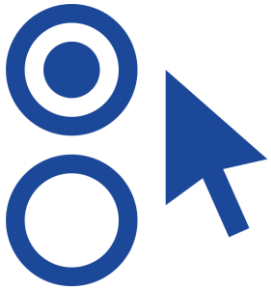
Federal Action



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Lack of Competition Among Plans

Risk Management

1. Implement state-based temporary reinsurance to offset catastrophic losses due to adverse selection
2. Adopt Medicare Advantage risk adjustment models as improvement to FFM

Attribution

3. Offer prescribed attribution formula for newly covered lives (AR model)

Simplification

4. Require MCOs to offer coverage on FFM to be allowed to participate in Medicaid/CHIP/EGID
5. Reduce administrative burden on plans to participate in FFM

Proposed Solutions

1332 Waiver
State Action
Federal Action

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Plan Design

Cost

1. Allow variance to the rating windows to include age (e.g., from 3:1 to 5:1 for age)
2. Allow plans more flexibility to offer only one metal plan
3. Create “copper” plan with limited network and benefits
4. Create a simple option with fixed premiums and co-pays
5. Allow direct primary care contracts

Outcomes

6. Qualify plans that incorporate value-based payment methods (e.g., episodes of care, shared savings)
7. Implement quality measures related to chronic disease
8. Maintain $0 co-pays for A and B-rated preventive services

Actuarial Value

9. Allow flexibility for AV calculations by plans
10. Ensure QHP process includes validation of AV calculations and assumptions

Appropriate Benefits

11. Encourage the use of telehealth
12. Encourage plans to offer additional value-added benefits (dental, vision)

Proposed Solutions

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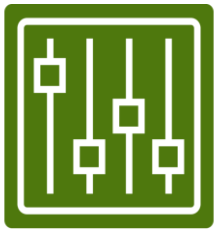

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State Oversight

Infrastructure

1. **OID assumes rate review (as prescribed in SB 1386) and QHP certification for the state** — State Action
2. **Establish consumer HSA-like accounts funded by redirecting APTC and CSR** — State Action
3. In lieu of FFM infrastructure, modify existing exchange platforms (e.g., Insure Oklahoma) to streamline state role and consumer experience — State Action
4. Establish operational funding through state sources (e.g., carrier fees, penalties, cigarette tax, etc.) — State Action
5. State oversight to ensure QHPs implement effective case management/care coordination strategies aligned with OHIP goals — State Action
6. Add HealthChoice as an option to increase competition and choice — State Action
7. Leverage the state's purchasing power — State Action

Regulation

8. **Limit annual premium increases consistent with state goals (tied to OHIP)** — State Action
9. **State-assessed penalties on plans for failure to comply with state regulations** — State Action
10. State-prescribed attribution methodology for new lives (AR model) — State Action
11. State oversight to ensure QHP process includes validation of AV calculations and assumptions — State Action
12. State qualifies plans that incorporate value-based payment methods (e.g., episodes of care, shared savings) — State Action
13. Allow reference-based pricing to standardize charges across the board — State Action
14. Modify 1095 reporting rule for agents/businesses — Federal Action

Operational Considerations

Authority	• What authority does the state need to effectuate?	• Federal Authority • State Authority • Administrative Code • Other rules or regulation
Administration	• How is the solution administered and how complex?	• Requires new functional units • Requires new FTEs • Requires highly skilled FTEs
Infrastructure & Resources	• What technology and other resources are needed?	• IT systems • Brick and mortar • Other tangible resource
Time	• How long will it take to implement?	• Month • Years
Cost	• Considering all these factors, what is the cost in rough order of magnitude?	• $10,000 • $100,000 • $1,000,000 • $10,000,000 • $100,000,000

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Next Steps

By November 30:
- Finalize list of proposed solutions and impacts
- Develop draft outline of concept paper

December Task Force Meeting:
- Prioritize solutions

By December 31:
- Draft concept paper completed and available for public comment

January Task Force Meeting:
- Review of concept paper
- Incorporate comments

February Task Force Meeting:
- Final concept paper submitted
- Next steps discussed