

Health Insurance Exchange

Finance Work Group

September 5, 2012 Meeting Summary

Members Present: Barb Juelich, Jim Golden, Dave Dziuk, Elaine Cunningham, Phil Cryan, Dave Greeman, Kurt Kaiser, Andy McCoy, Ryan Baumtrog, Margaret LeClair, Angela Vogt, Mn Chamber of Commerce Representative (in place of Kate Johansen)

Summary

1. Reviewed Funding Options member responses
2. Discussion of Funding Options
 - a. Discussion of transparency principle. Want to ensure costs of Exchange and how it is funded is transparent to all users. If a percent of premium option is pursued, want to make sure the “user fee” portion is visible and apparent to the participant. Possible a line item on the premium invoice. If other option, still need to be make sure information is available. Should be part of recommendation to task force.
 - b. Discussion on percent of premium and potential impact to Advance Premium Tax Credit (APTC). Identify need to include in rate setting process. Need federal guidance on if a premium add-on would be included in the APTC calculation. Questions on how this would impact individual versus small group and within small group, employer versus employee.
 - c. Discussion of current rate setting including broker costs, other operating costs. Should Exchange costs including broker costs be the same. User will pay regardless, prefer to be similar to current mechanisms used.
 - d. Discussion of ACA requirements. ACA requires the same product in and outside of Exchange be priced the same. How does this impact a user fee or percent of premium financing method? If premium is same in and outside of Exchange and includes Exchange financing, is this a cost shift. How does this relate to the principle of equity?
 - e. Discussion on purpose of Exchange and who benefits. Purpose for APTC or broader comparison tool that impact entire market? Discussion of current comparison tools, is the Exchange offering something new? Disagreement between members on benefit of Exchange.
 - f. Discussion of Sustainability principle. User fee dependant on participation. GF, HCAF – may be less sustainable but are less regressive.
 - g. Discussion of Simplicity. Not about who pays or how funds are generated. About transparency, openness, fiscal controls. What are the control mechanisms? Need direction from Task Force on decisions for Exchange financial reporting, control mechanisms.
 - h. Discussion on Predictability. User fee/percent of premium, based on enrollment, hard to predict. GF/HCAF appropriation not predictable. Health care assessments more predictable. Early years of Exchange will be hard to predict revenue needs, amount fixed versus variable. Need mechanism for corrective action/flexibility on revenues/expenditures
 - i. Discussion on offering recommendation maintaining multiple options. Charge a user fee/percent of premium as long as keeps product viable and does no harm along with other sources of funding (broad based tax, appropriation or other source). Concerns raised about using both and looking to recommend one or the other. Costs will be passed on to user

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- from both. How can we make something as affordable as possible, as efficient as possible. Look to percent of premium allowed for APTC calculation. Look into rates inside and outside Exchange issues. Look into how premium tax issues impact use of percent of premium (broad based rule, federal caps).
- j. Discussion of offering recommendation to the task force for workgroup looking into other issues such as reporting requirements, transparency and mechanism to evaluate financing and provide corrective actions when needed/flexibility.
- k. Next steps – Create draft report on WGs activities and recommendations. WG review at September 22 meeting. Identify additional work for work group including request to task force on transparency/accountability issues, timing of funding mechanism and interaction with Navigator/Broker workgroup. Other related issues include:
- Cash flows/Timing
 - Dedicated funding
 - Reporting requirements
 - Creation of projected budgets
 - Relationship to State budgeting process
 - Connections between governance models and State legislative appropriation processes
 - Potential need for forecast authority or other mechanisms to address early year uncertainty.