

## **Small Employer TWG Notes**

Wednesday, April 18th, 11:30-1:30pm (Room 295)

### **Members in Attendance**

**Dan Schmidt, Great River Office Products (co-lead)**  
**Stefanie Konobeck, Department of Commerce (co-lead)**  
**Manny Munson-Regala, Department of Commerce (co-lead)**  
**Tina Armstrong, Department of Commerce**  
**William Colopoulos Jr., Next Generation Benefits Solutions**  
**Dennis Dahlman, Dennis Dahlman Consulting**  
**Greg Dattilo, Minnesota Association of Health Underwriters**  
**Kathryn Frommer, Aurora Henna Company**  
**Kathryn Helmke, Trusight Inc.**  
**(Erica Martin on behalf of) Nate Hierlmaier, Department of Health**  
**Scott Keefer, Blue Cross Blue Shield**  
**Timothy Luy, Federated Insurance**  
**Peter Obermeyer, Arbeider, Inc.**  
**Ed Oliver, insurance agent/former legislator**  
**Steve Overholser, Great Clips Inc.**  
**Shirley Spraguer, Insurance Advisors, Inc.**  
**Rick Varco, SEIU**

- I. **Report from Chair:** Dan Schmidt covered the meeting agenda and meeting goals. In addition, he also articulated one of the objectives for the TWG was to help users really understand what is happening with the Exchange; and help make the Exchange work for everyone. In particular, he emphasized that the Exchange be:
  - Easy to understand for small employers
  - Communicate how the Exchange will affect employer and their employees
  - To ultimately create affordable healthcare
- II. **Report from Task Force meetings (March 30<sup>th</sup> & April 20<sup>th</sup>):** Chair Schmidt discussed the recent Task Force meetings. He confirmed that the TWG proposed scope of work was accepted by the Advisory Task Force.
- III. **Report on work of other Work Groups:** Co-chair Manny Munson-Regala reported on the work of other TWGs that may impact, or be of interest to the SETWG.

- Adverse Selection: will make 2 recommendations to Task Force: Group recommended the Federal government to run the reinsurance program and (2) the Federal government will administer the risk adjustment.
- Agents and Brokers: Have organized sub-groups to work on different market segments to identify their services needs.
- Measurement and Reporting: will be working on how best to present information on quality and cost to consumers.
- Outreach, Communications and Marketing: in the process of finalizing market research RP; results will be presented to this TWG and others.

**IV. Review of Gruber/Gorman’s updated work:** Manny Munson-Regala reviewed the update Gruber-Gorman report. The report will be eventually posted on the MNHIX website. Mr. Munson-Regala reported that based on their analysis:

- By 2016, the number of uninsured decreases by 290,000 or almost 60%
- There will be a large rise in non-employer insurance coverage, with little change in employer-provided coverage
- The Exchange will enroll over 1.2 million persons
- After the application of tax subsidies, overall premium costs for those in the individual market will fall by 20% on average; approximately 70% of the individual market will experience either no change or premium decreases
- Minnesota household budgets will improve by roughly \$500 to \$700 per household in 2016

He also discussed their findings on the potential impact of merger of the small group and individual marketplaces.

TWG discussed the assumptions in the Gruber-Gorman report, other external studies and the impact of the study on the work of the TWG.

**V. Presentation of SHOP Final Regulations:** Stephanie Konobeck presented on the “SHOP Final Regulations”. Chair Schmidt noted that the regulations and the state options under those regulations will frame the work of the TWG. In addition to that observation, members of the TWG discussed employer choice, adverse selection, defined contribution, employer opt out, portability, the elements of a premium calculator and the inclusion of alternative purchasing mechanisms such as Taft-Hartley plans and COOPs in SHOP.

**VI. Revised work plan focus:** will be framed by the regulations but needs to be flexible to accommodate questions coming from the Advisory Task Force or from the Exchange as the IT build begins.

**VII. Next Steps:** Next meeting will focus on premium calculator. Other open questions that may be discussed in future meetings include:

- How should the exchange address **employees over age 65** whose employer seeks coverage in the SHOP Exchange?
- Since Minnesota's current employee definition (62E.02 Subd. 13a) is more inclusive than the federal definition, what should MN do to manage the transition of **sole proprietors/family businesses** currently covered as small groups to individual plans in the Exchange?
- What about **union plans** still subject to a collective bargaining agreement? What special considerations need to be made for these groups? (*This may be more of a question about the market outside of the Exchange*)
- In relation to **portability**, should we consider rules **related to deductible, out-of-pocket, and other accumulators**? For example: How does the Exchange impact Rule 2755.0500 Subp. 4 which currently require the succeeding carrier to honor deductible satisfied with the prior group carrier? Since employees may chose between multiple group health plans, will all plans be expected to track and honor deductible satisfied a prior plan. If so, what is the role of the Exchange in ensuring carriers willingly provide deductible information to a succeeding carrier? Should this be a provision when carriers contract with the Exchange? Currently, many carriers do more than the minimum requirements of Rule 2755 (which only addresses deductible, and honor out-of-pocket and other accumulators satisfied by the prior group carrier. Will this practice change with the Exchange since carriers will not expect to gain an entire group?