

State of Georgia  
Health Insurance Exchange  
Advisory Committee

Governance Sub-Committee  
October 27, 2011

# Overarching Goals

- Reduce number of uninsured
- Facilitate the purchase and sale of health insurance
- Create transparent marketplace
- Provide educational information and tools
- Provide guidance and connectivity assistance to those eligible for tax credits, cost sharing assistance, and/or public programs as appropriate
- Assist employers with enrollment activities and in accessing business tax credits

# Sub-Committee Objectives & Process

- Recommendations pertaining to establishment, structure and governance
- Best for Georgia
- Gleaned from best practices
- HB 476
- Learning from marketplace, existing state operated entities and other state's related initiatives

# Recommended Model

- Quasi governmental non-profit, public corporation
- GA CODE: Amends Title 33
- NAMING: Georgia Health Insurance Marketplace Authority
- Creates “Insurance Marketplace”
- Exempt from Chapter 13 of Title 50 - Georgia Administrative Procedure Act

# Authority of Entity

- Establish By-laws
- Make and execute agreements
- Purchase, lease...real property...
- Apply for and accept private, state, or federal grant, or gifts, or loan guarantees or loans of funds or property or finance

# Authority of Entity

- Determine eligibility of individuals and/or groups participating in Insurance Marketplace
- Establish advisory groups
- Deposit and invest funds...fiduciary responsibility
- Ensure compliance with all federal and state laws

# Composition of Board of Directors

- Seven members
- Governor appoints Chair of Board + two Directors
- GA House of Representatives appoints one Director
- GA Senate appoints one Director
- Commissioners of DOI and DCH – Ex-officio Voting Directors

# Selection Criteria of Directors

- Resident of the State of Georgia
- Appropriate knowledge, experience, and skills
- Shall have no conflicts of interest
- Shall not have been convicted of any felony offense



# Terms of Directors

- Three year terms
- Limited to three terms
- Initial appointments will have staggered terms
- Ex-officio Director's terms concurrent with office

# Executive Leadership

- Led by an Executive Director/CEO
- Governor has discretion to appoint initial CEO to three year term (Governor may waive)
- Thereafter, Board assumes appointment duty
- Duties defined in By-laws

# Next Steps

- Consensus
- Assist in development of legislation
- Summarized recommendations for By-laws
- Report for Governor

# Georgia Health Insurance Exchange Advisory Committee



**INSURANCE MARKETS SUBCOMMITTEE REPORT  
OCTOBER 27, 2011**

# Insurance Markets Subcommittee Members



- **Chair: Russ Childers**

- **Members:**

- Morgan Kendrick
- Cindy Zeldin
- Kyle Jackson
- Gerry Purcell
- David Bradford
- Phil Brown
- Comm. Ralph Hudgens

- ▶ **Input from Others:**

- Department of Insurance
- McKenna, Long & Aldridge
- Georgia State University

# Risk Pooling



***Should the Individual Exchange and the Small Business Exchange be in separate risk pools or in one combined risk pool? Who should make this decision?***

- **Risk pools should remain separate**
  - Actuarial differences in the two populations
  - Different regulation of these two markets
  - Complexity of risk adjustment
  - Protection against instability in one pool affecting the other

# Small Business Sizing



*How should “small business” be defined for purposes of access to the Exchange?*

- **SHOP should be limited to 1-50 until 2016**
  - Minimizes market confusion
  - Protects from adverse selection
  - Allows for orderly extension to the 51-100 group after two years of operation
- **SHOP should not offer coverage to employers larger than 100**
  - Adverse selection due to prevalence of self-funding in these groups

# Contracting



## *What role will the Exchange play in contracting with plans?*

- Exchanges should operate an **open, competitive market as a facilitator**, providing information on plans, enrollment in appropriate plans, and a conduit for funds from the various sources
  - Maximizes choice for Exchange participants while minimizing their cost
- **Legislation should prohibit the Exchange from negotiating rates or excluding carriers that offer qualifying coverage**



# Treatment of Plans



*How will plans sold inside vs. outside the Exchange be treated?*

- **Plans should be as similar as possible**
  - Premiums for a qualified plan must be the same whether purchased through the Exchange or directly from a broker or carrier
- **Georgia should create a level playing field of standards for plans inside and outside of the exchange**

# Mandates



***Will plans in the Exchange be allowed to have less mandates than those outside the Exchange?***

- **Benefit, coverage and provider mandates should be the same both inside and outside the Exchange**
  - Does not prohibit plans from offering expanded coverage, however any additional mandates must be funded by GA
  - Any mandated benefits beyond the federal essential benefits would be at state expense

# Coverage Area



***Should Georgia allow carriers to offer coverage only in specific regions of the state or must all plans offer statewide coverage?***

- **Statewide Coverage should not be mandatory**
- **Plans should be allowed to offer coverage only in their regional service areas**
  - Maximizes choice and competition in all areas of GA, both inside and outside the Exchange

# Interstate Agreements



***Should the Exchange have the authority to pursue interstate Exchange agreements?***

- **The Exchange should be allowed to investigate co-operation in certain areas which may help to reduce costs**
  - *i.e. IT infrastructure*
- **The Exchange should not have the authority to enter into agreements to offer coverage on a multistate basis**
  - Any such arrangements should be the subject of legislative review and approval

# Risk Adjustment



***How should the Exchange approach its role in implementing risk adjustment and reinsurance programs?***

- **HHS should develop a standard, federal methodology for risk adjustment**
- **GAs carriers, with the assistance and approval of the DOI, should work within that framework to develop a program that meets the needs of carriers in our state**

# Questions



- **Our Subcommittee would like to thank Rebekah Dollar, Dr. Pat Ketsche, Georgia State University, Elizabeth Carpenter, McKenna, Long & Aldridge and Justin Durrance and Trey Sivley of the Department of Insurance for their advice and assistance in our work.**

# **Health Insurance Exchange Advisory Committee**

**Operations and Finance Subcommittee**

**October 27, 2011**

# **Overarching Principle**

**If Georgia is to pursue establishment of an exchange, it must provide value to all stakeholders including consumers, insurers, and brokers, and be a responsible steward of taxpayer and consumer dollars.**



# Exchange Functions

- Exchange “front door”
- Education and Outreach
- Customer Service
- Qualification Criteria for Plans
- Plan Rating
- Premium Collection
- Broker Services
- Risk Adjustment

In assessing how to provide any function, first thought should be to leverage existing state resources

# Navigators and Brokers

- Navigators
  - Groups to consider:
    - Community outreach programs
    - Local non-profits serving low-income, minority, and medically underserved groups
    - Examine utilization of enrollment brokers currently serving state Medicaid program or any other similar resources
- Brokers
  - Exchange should facilitate the essential role of brokers in shopping and purchasing health insurance coverage

# Exchange Financing

## Recommendations

Exchange should provide the following benefits:

- Reduce administrative burdens on individuals, employers and insurance carriers by providing education, outreach, financial management and other services
- Provide individuals and employers a wide range of coverage option to choose among and the tools to do so according to their priorities
- Facilitate the role of brokers and agents in bringing consumers and employers to the marketplace

Financing mechanisms utilized to fund these benefits should be:

- As low as necessary to cover the cost of providing these benefits
- Targeted, as much as possible, at the entity deriving the benefits
- Transparent



# The State of Georgia Health Insurance Exchange Advisory Committee

Sub-Committee on HIX Contingency Plans

# Contingency Plans

## Sub-Committee Members

- Facilitator: Ron Bachman

- Members:

- Rick Bailey (Ins. Agent)
- Josh Clark (Ga. Rep.)
- Greg Goggans (Ga. Sen)
- Kyle Jackson (NFIB)
- Morgan Kendrick (BCBS)
- Gerry Purcell (Consultant)
- Tim Stack (Piedmont Hospital)
- Julianne Thompson (Tea Party)

Outreach to Others:

- Don Palmisano (MAG)
- Kelly McCutchen (GPPF)
- Al Ertel (Alliant Health)
- Jay Florence (GDOI)
- Ryan Mahoney (Ga CoC)
- Glenn Pearson (GHA)
- eBix (Technology Vendor)
- Jim Elgar (Consultant)
- Georgia Society for Managed Care
- Numerous State Legislators
- Georgians for a Healthy Future

Note: Outreach was for Committee Research. The above list DOES NOT indicate any endorsement .

# Contingency Plans Sub-Committee

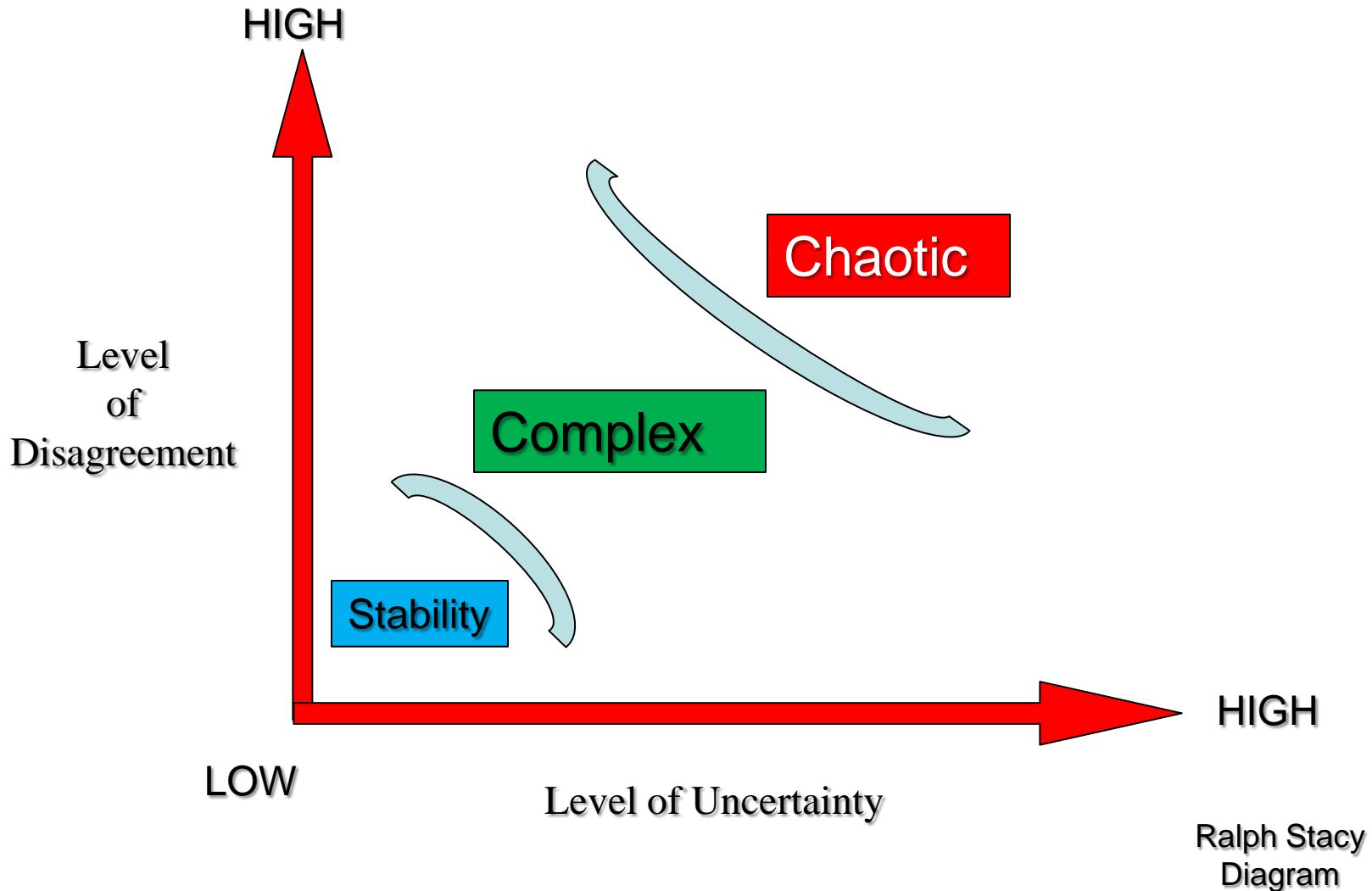
## “The Need”

### Contingency Plans Will Be Needed if:

1. PPACA is found unconstitutional, or
2. PPACA is altered by Congressional defunding of HIE subsidies, or
3. States are given blanket waivers from PPACA by a Presidential Executive Order, or
4. The Contingency Plans qualify for a PPACA waiver, or
5. PPACA is repealed through the political process.

The question was never “If..” or “Why Health Reform?”, but “Who?”, “How?”, and “What” to reform.

# The Current Healthcare Environment & Need For Scenario Planning



# Health Reform & Exchange Scenario Planning

Contingency Committee Objective:

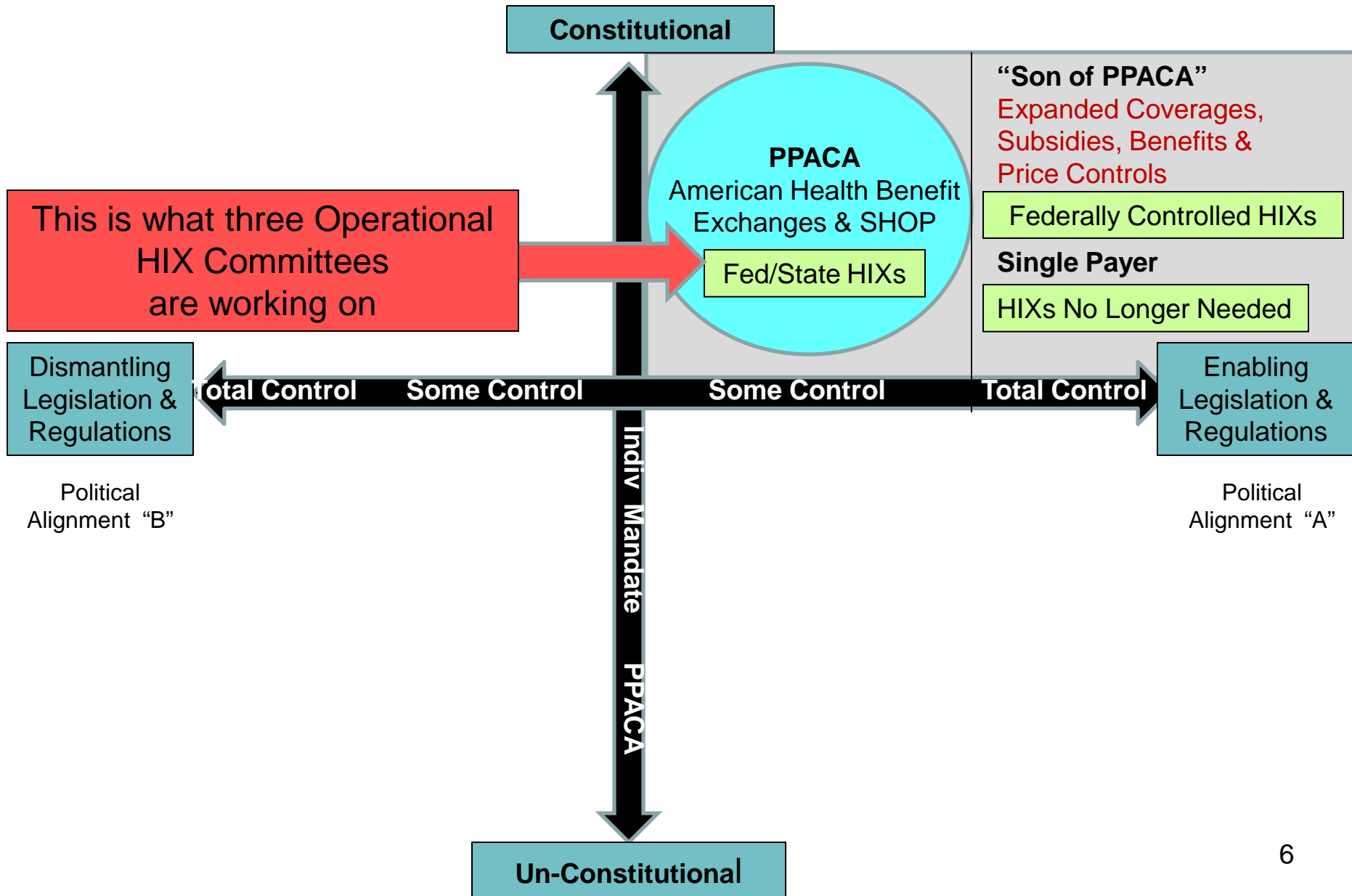
**Change Uncertainty  
& Disagreement  
From a  
Problem into a Strength**

Greatest Uncertainties and Disagreements:

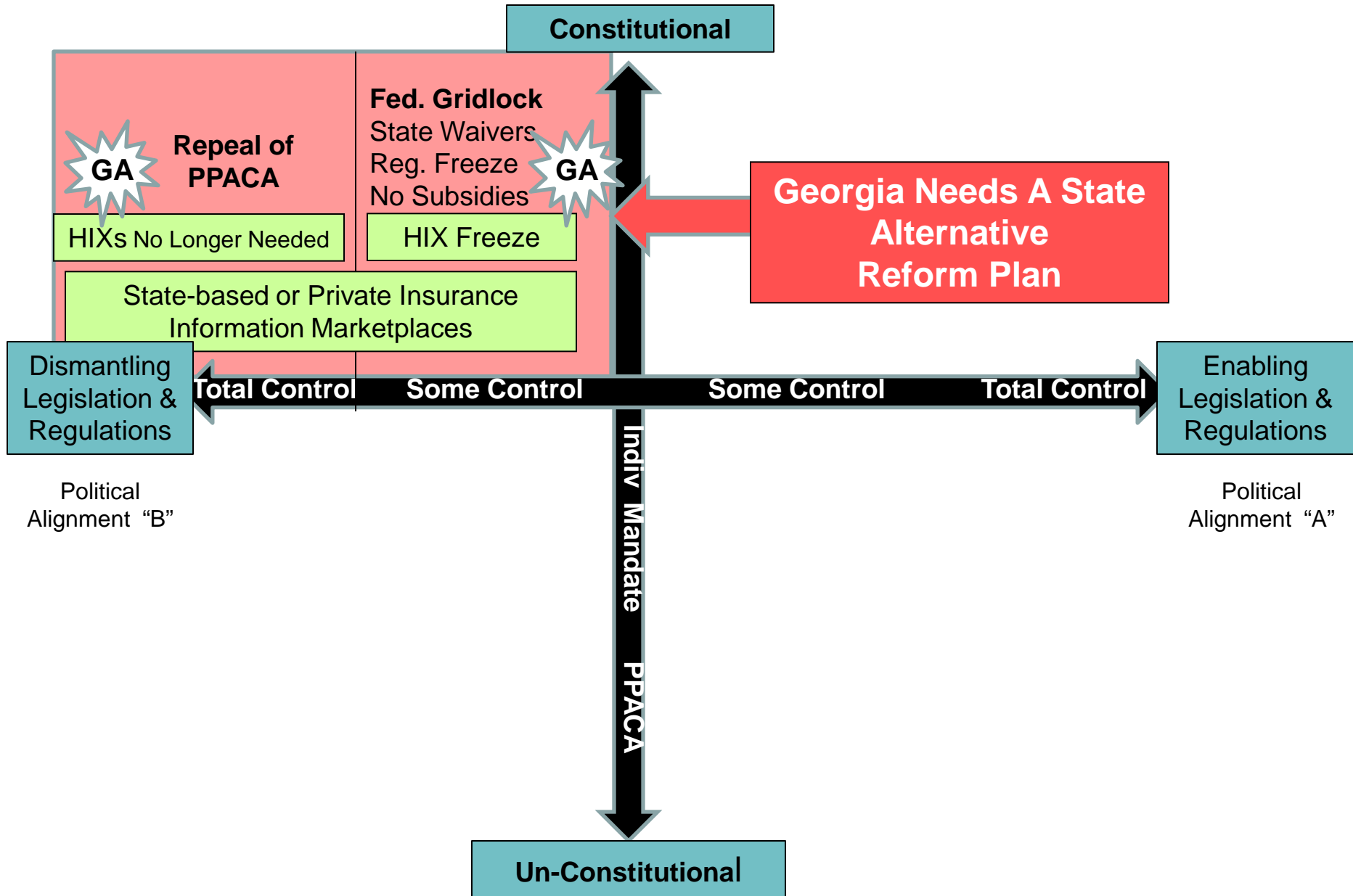
1. Legal Challenge - Constitutional versus Unconstitutional
2. Political – Control to Advance PPACA versus Control to Repeal



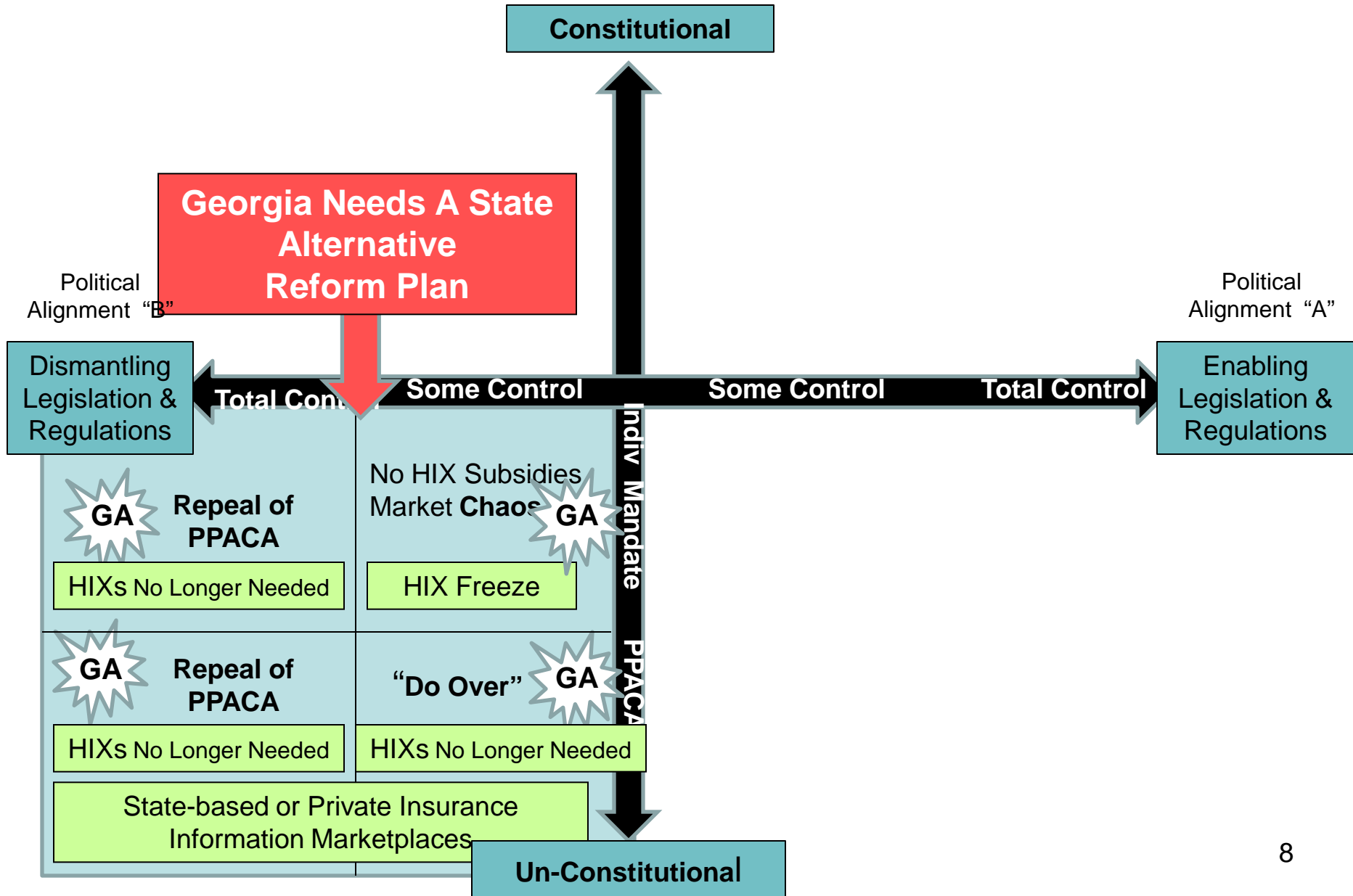
# Scenario 1: Constitutional Plus



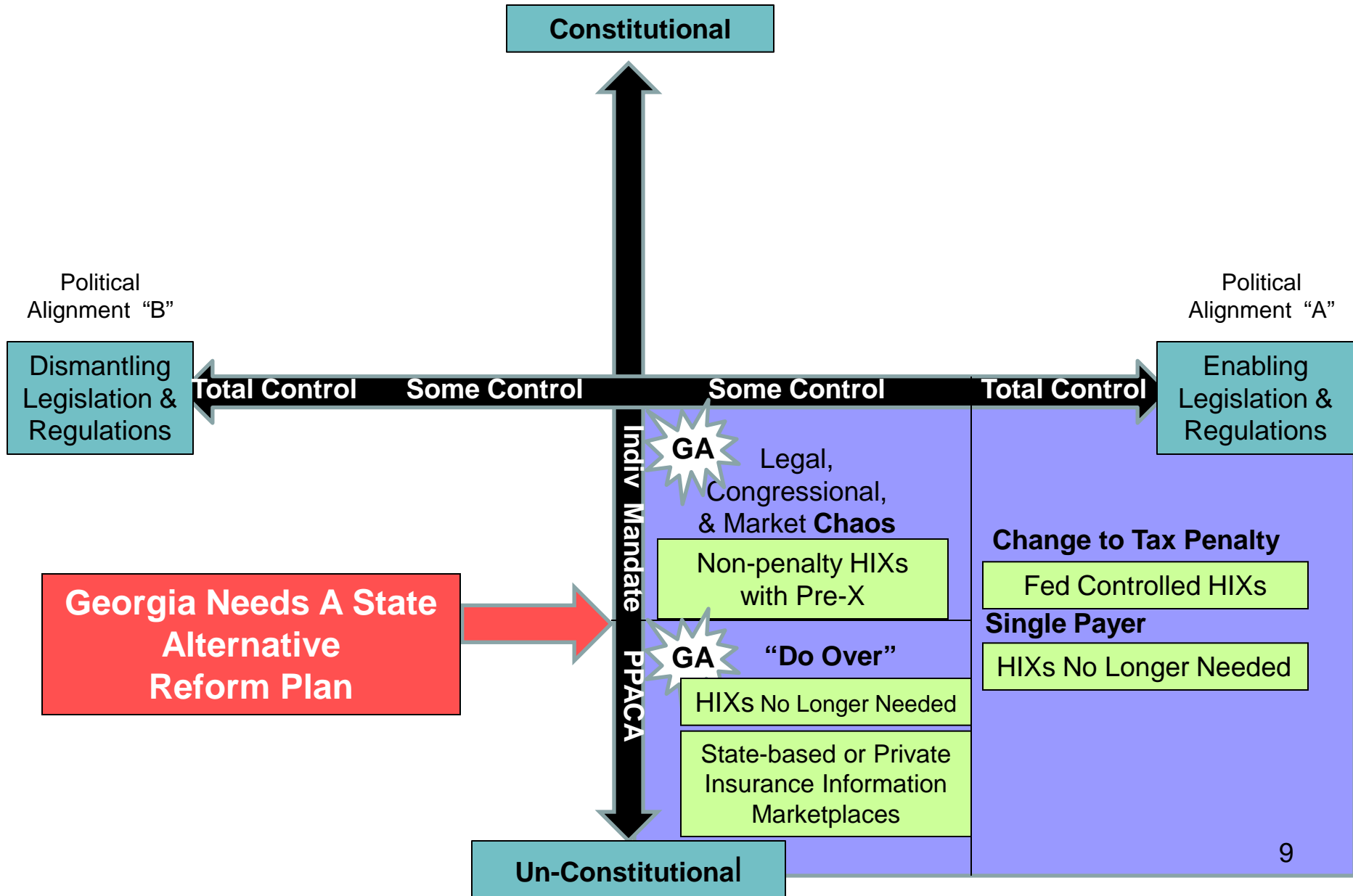
# Scenario 2: Constitutional Minus



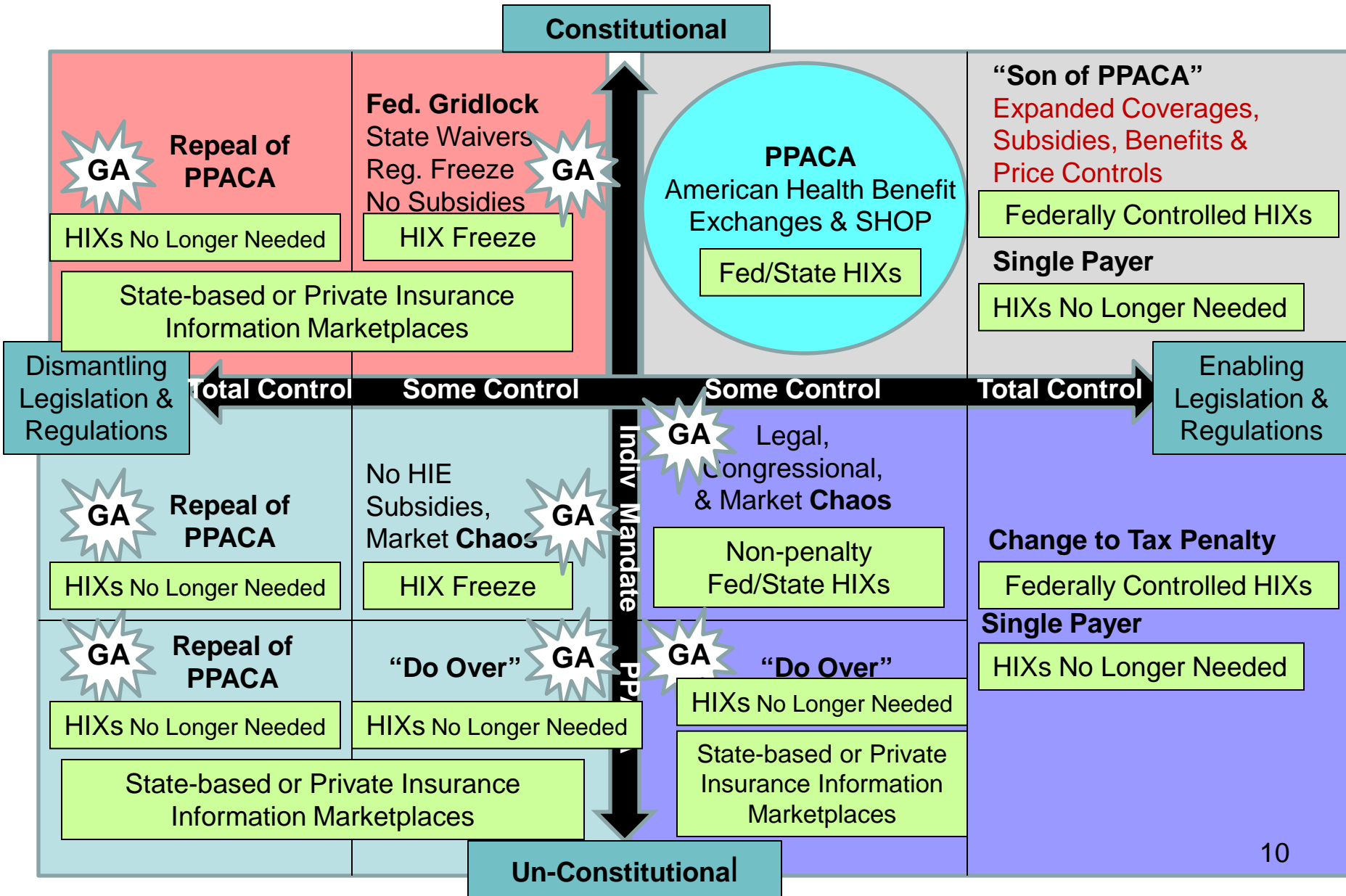
# Scenario 3: Unconstitutional Partial or Complete



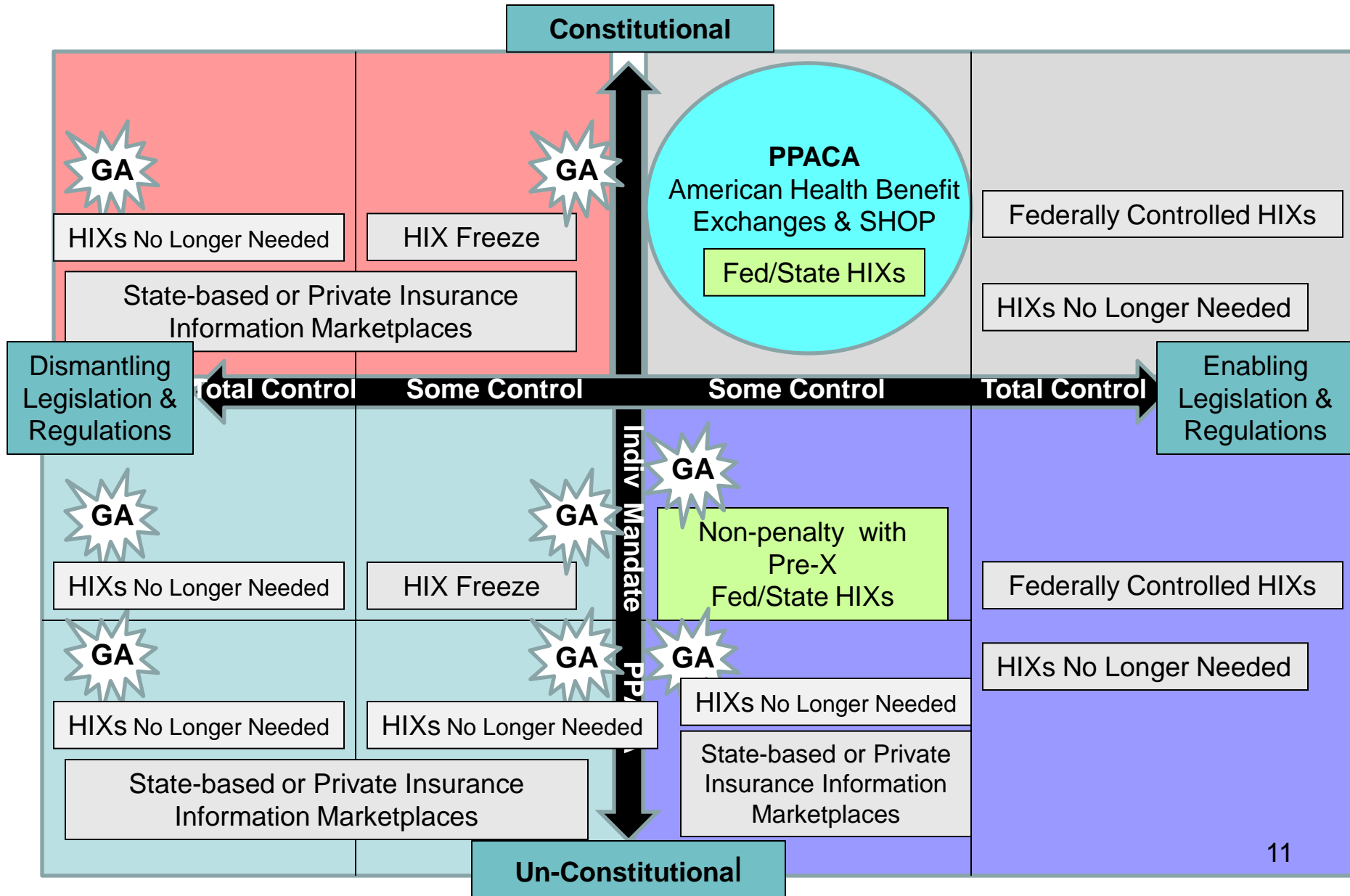
# Scenario 4: Unconstitutional Reconstituted



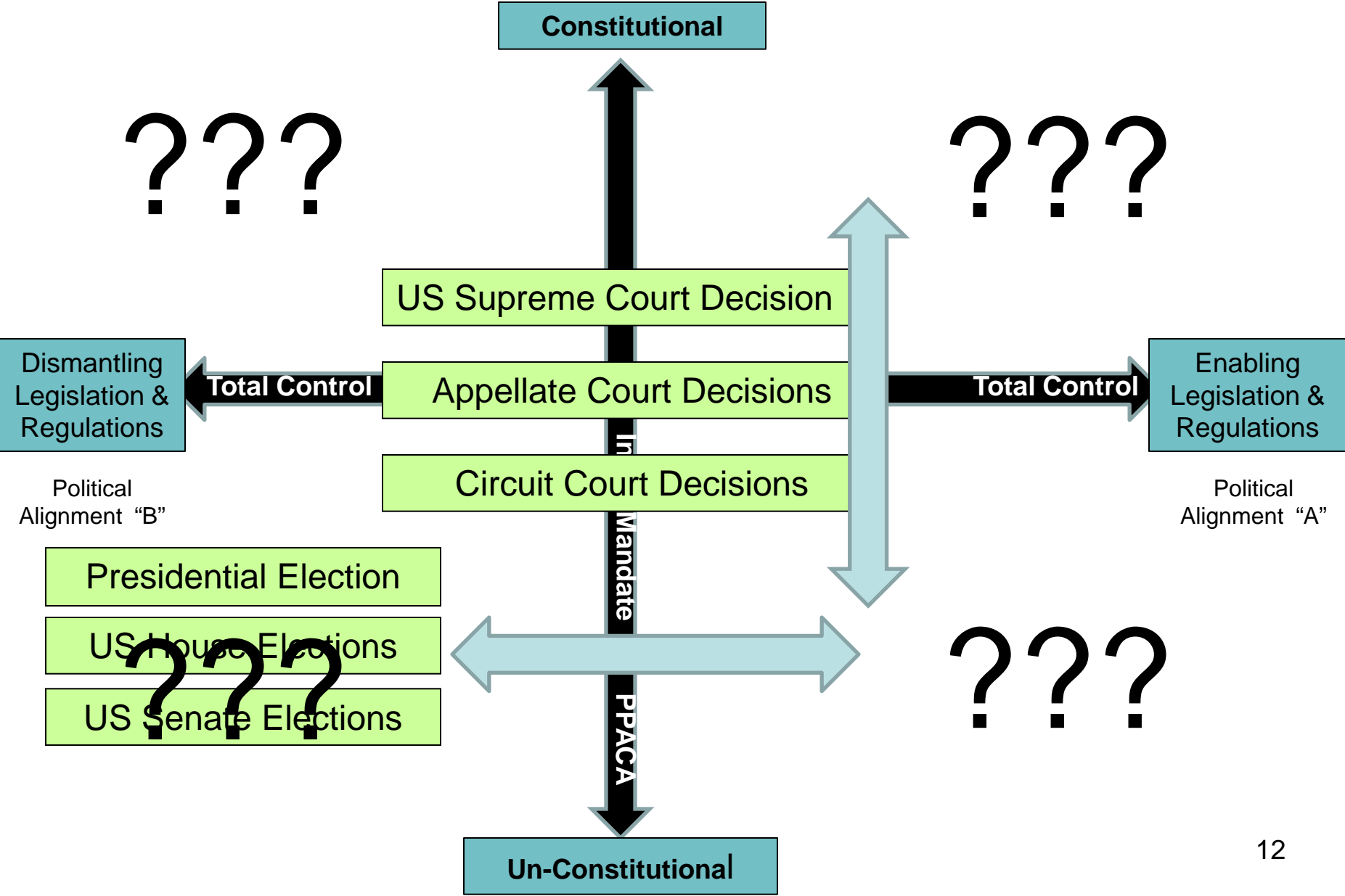
# Contingency Planning Scenarios



# Contingency Planning Scenarios



# Sample of Markers for Direction



# Contingency Committee Agreement

1. There is a substantial probability that state-based PPACA Exchanges will undergo legal and regulatory revisions that could effectively halt implementation, eliminate them, or transfer control to federal agencies.
2. Existing Georgia insurance laws and regulations need reforms to improve the private market safety net, increase access to coverage, improve the health of Georgians, make insurance more affordable, and lower the number of uninsureds.
3. The Contingency Planning Sub-committee has been vetting ideas and is prepared to offer multi-stakeholder bipartisan input to a Georgia-specific “Contingency Health Reform Plan” that merits further consideration by Governor Deal as a basis for legislation.



# In Conclusion

The Contingency Planning Sub-Committee recommends the General Assembly take action on a Georgia-specific “Alternative Health Reform Plan” to be implemented at the Governor’s discretion.

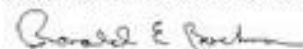
## Letter of Support for the Development of a Georgia-specific Contingency Health Reform Plan

The undersigned members of the Contingency Planning Sub-Committee of the Georgia Insurance Health Exchange Advisory Committee and contributing stakeholders support the need for the 2012 passage of a Georgia-specific "Contingency Health Reform Plan." We believe:

1. There is a substantial probability that state-based PPACA Exchanges will undergo legal and regulatory revisions that could effectively halt implementation (e.g. defunding or blanket waivers), eliminate them (e.g. repeal), or transfer control to federal agencies (e.g. single payer).
2. Existing Georgia insurance laws and regulations need reforms to improve the private market safety net, increase access to coverage, improve the health of Georgians, make insurance more affordable, and lower the number of uninsured.
3. The Contingency Planning Sub-committee has been vetting ideas and is prepared to offer multi-stakeholder bipartisan input to a Georgia-specific "Contingency Health Reform Plan" that merits further consideration by Governor Deal as a basis for legislation.

In conclusion, we recommend the General Assembly take action on a Georgia-specific "Contingency Health Reform Plan" to be implemented at the Governor's discretion.

### Sub-Committee Members:

  
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Ronald Bachman - Chairman

*Committee Members:*  
  
Rick Bailey

  
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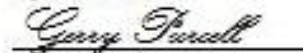
Josh Clark

  
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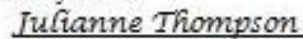
Greg Goggans

  
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Kyle Jackson

  
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Gerry Purcell


  
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Julianne Thompson

### Non-Signing Members:

Morgan Kendrick (BCBS)  
Tim Stack (Piedmont Hospital)

### Supporting Stakeholders:

  
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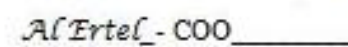
Medical Association of Georgia

  
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Georgia Public Policy Foundation

  
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National Federation of Independent Businesses

  
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Al Ertel - COO  
Alliant Health

# Questions

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