

**Joint Select Committee on Health Reform Implementation
Exchange and Insurance Reforms Advisory Group**

October 21, 2010 Meeting Summary

All meeting materials are available on the Joint Select Committee website at:
<http://www.leg.wa.gov/JointCommittees/HRI/Pages/EIRMeetings.aspx#Oct21>

Reports from the sub groups:

- **The Purpose and Focus of the Exchange Sub Group:**
 - The group pointed out that this is a difficult conversation that brings several issues to the fore. Should the exchange be a market aggregator or have a broader focus? Does it have a role in the quality and/or affordability of health plans?
 - Because several key pieces of information are currently missing, it is premature to say what is needed at the state level until the federal requirements are articulated. If specific elements are missing in the federal direction, it may be desirable to add more detail at the state level.
 - Other areas discussed by the sub group included:
 - Finding a way to allow participants in the small group market to obtain federal subsidies in order to encourage small employers to stay in the market;
 - Efficiently and effectively managing health care subsidies;
 - Administrative simplification;
 - Smoothing eligibility and payment infrastructure; and
 - Seamlessly directing people to other programs for which they may also be eligible; e.g., food stamps. Perhaps this could be the role of the navigator, not the exchange?
- **The Governance and Administration Sub Group: (see Preliminary Report)**
 - The sub group submitted a list of principles that should guide decisions around the governance and administration of the exchange. Work group members commented on the need to keep employers and the private insurance market in the game and the need for assistance to small employers, including better information.
 - The sub group evaluated the pros and cons of several different models of governance (public, private, and public/private hybrid) and recommended the public/private hybrid model. However, additional work is needed to define this model. Workgroup members asked about the cost of setting up a nonprofit and whether WSHIP or HIP could provide additional models.
 - The sub group discussed its preliminary thinking on the makeup up of the board.
 - The sub group discussed its preliminary thinking on the costs of the administration and governance of the exchange.
- **The Individual and Small Group Issues Sub Group : (see Preliminary Report)**
 - There was broad consensus within the sub group that there should be one exchange for small groups and individuals.
 - The question as to whether to combine the risk pools is, however, more difficult. The sub group attempted to place all of the relative considerations in one place and determined that this question needs further modeling once more information is available. They suggest it is not a phase one question but should be delayed until further analysis is complete.
- **The Subsidized Populations Sub Group: (See Draft Notes)**

- The sub group focused on individuals between 133% and 200% of federal poverty level and whether the state should pursue the federal basic health option.
- There was no clear consensus on these issues, but the sub group reported on the pros and cons of several issues and suggested a need for further research. Work group members commented on the need to separately evaluate "access" and "coverage" and the importance of setting priorities for public spending.

Recommendations from the Insurance Commissioner's Realization Committee: (see OIC letter)

- **Goals of the exchange:** the exchange should be more than a market organizer, and the recommendations listed several goals.
- **Guarding against adverse selection:** several recommendations were made regarding steps to address adverse selection.
- **Governance and structure:** principles were listed for developing a governance structure.

Report from the Health Care Authority on the Federal Exchange Planning Grant (see project action plan)

- The Health Care Authority received a \$1 million federal exchange planning grant from the Department of Health and Human Services. This grant does not obligate Washington to operate an exchange, but assuming that the state will do allows evaluation of impacts and options.
- Issues that will be studied using grant funds include:
 - Possible governance structure for an exchange
 - Goals and principles for an exchange
 - Market analysis
 - Options to enhance cost-containment/competition?
- The purpose of the models developed under the grant is not to provide definitive answers, but to provide policymakers with understanding and analysis. Research deliverables will be available in December.
- Additional analysis of the computer system capacity will be done separately - approximately 40% of the grant funds are targeted for system assessment

Public Testimony

Ingrid McDonald and Mel Sorensen provided input to the advisory group.

Next meeting

To be announced.