

1332 State Innovation Task Force Meeting Agenda



January 24, 2017

1:30 p.m.-3 p.m.

Oklahoma State Capitol

2300 N. Lincoln Blvd., Room 419C

Oklahoma City, OK 73105

Section	Time	Presenter
Welcome and Introductions	1:30 5 min	Julie Cox-Kain, Deputy Secretary of Health and Human Services
Update on Consumer and Business Surveys	1:35 5 min	Kevin Jessop, Evolve
Review of FFM and Uncompensated Care Data	1:40 5 min	Julie Cox-Kain, Buffy Heater, HHS Project Lead
Discussion of Concept Paper and Alignment with Federal Proposals	1:45 30 min	Julie Cox-Kain, Buffy Heater
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Next Steps	2:55 5 min	Julie Cox-Kain, Buffy Heater



Research Update

CONSUMER

- 16/16 **focus groups** – over 120 participants
 - Tulsa, Enid, OKC, McAlester
- 25/40 telephone **in-depth interviews**
 - Statewide
- **Extremely cohesive findings**
- Draft 1 of report to be delivered Feb 1

ON TRACK

BUSINESS

- 250/500 online surveys complete
- 60/150 telephone in-depth interviews complete
- 8-10 in-depth interviews (uninsured small businesses) commence this week
- Strong findings
- *Skewing smaller business/Insure Oklahoma – 75% 20 full-time employees or less*
- Draft 1 of report to be delivered Feb 1

SOLID FINDINGS – NEED TASK FORCE ASSISTANCE



Business Findings

Note: most of the sample skews towards Insure Oklahoma's recruiting efforts.

- Workforce challenges are varied, but 40% indicate they can't find enough employees (this is mostly skill-related) – rural areas especially.
- 80% of businesses agree offering health insurance is **very important** to recruiting and retention.
 - The vast majority of businesses also state it's the “right thing to do.”
- Only 3% of respondents do not offer health insurance to employees – 87% offer coverage through Insure Oklahoma.
- 93% of employers pay more than 25% of their employees health insurance premiums.
- 53% of employers have seen a significant increase in their health insurance costs.
 - As a result, employers are holding off on business expansion, pay raises for employees and have increased health insurance deductibles.



Consumer Findings

- Health insurance is expensive, complicated and stressful.
 - It is extremely difficult to predict expenses – people generally try to figure it out as much as they can and then “hope for the best.”
- Confusion and misinformation is prevalent.
 - Insurance companies give conflicting information, as do doctors, hospitals and workplaces...
- Consumers purchase plans without completely knowing what they’re getting themselves into.
 - Co-insurance is misunderstood – resulting in high medical bills and frustration.
- For the Uninsured, health insurance is simply another bill they can’t pay.
 - If they are sick they will stick it out and then go to an urgent care facility or ER.
- Those who purchase plans at [healthcare.gov](https://www.healthcare.gov) mostly do so because they qualify for a subsidy.



Next Steps

- Success of business research is reliant on task force participation.
 - What can we do to circulate this to as many business decision-makers as possible?



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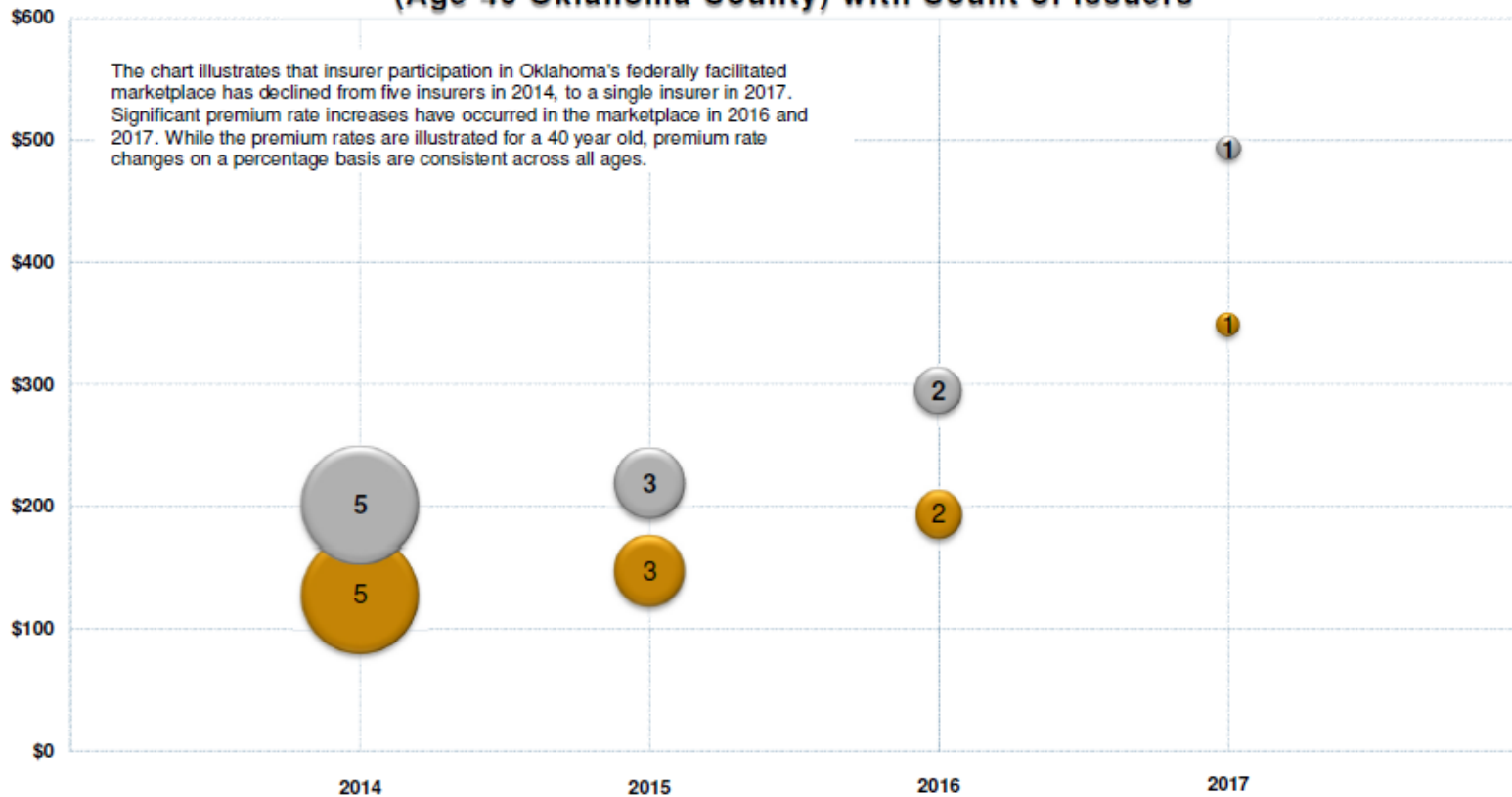
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FFM Premium Trends

Oklahoma Health Insurance Marketplace 2nd Lowest Cost Silver and Lowest Cost Bronze Premiums* (Age 40 Oklahoma County) with Count of Issuers



*Gross premiums prior to any applicable premium subsidies

Provided by: Milliman

Source

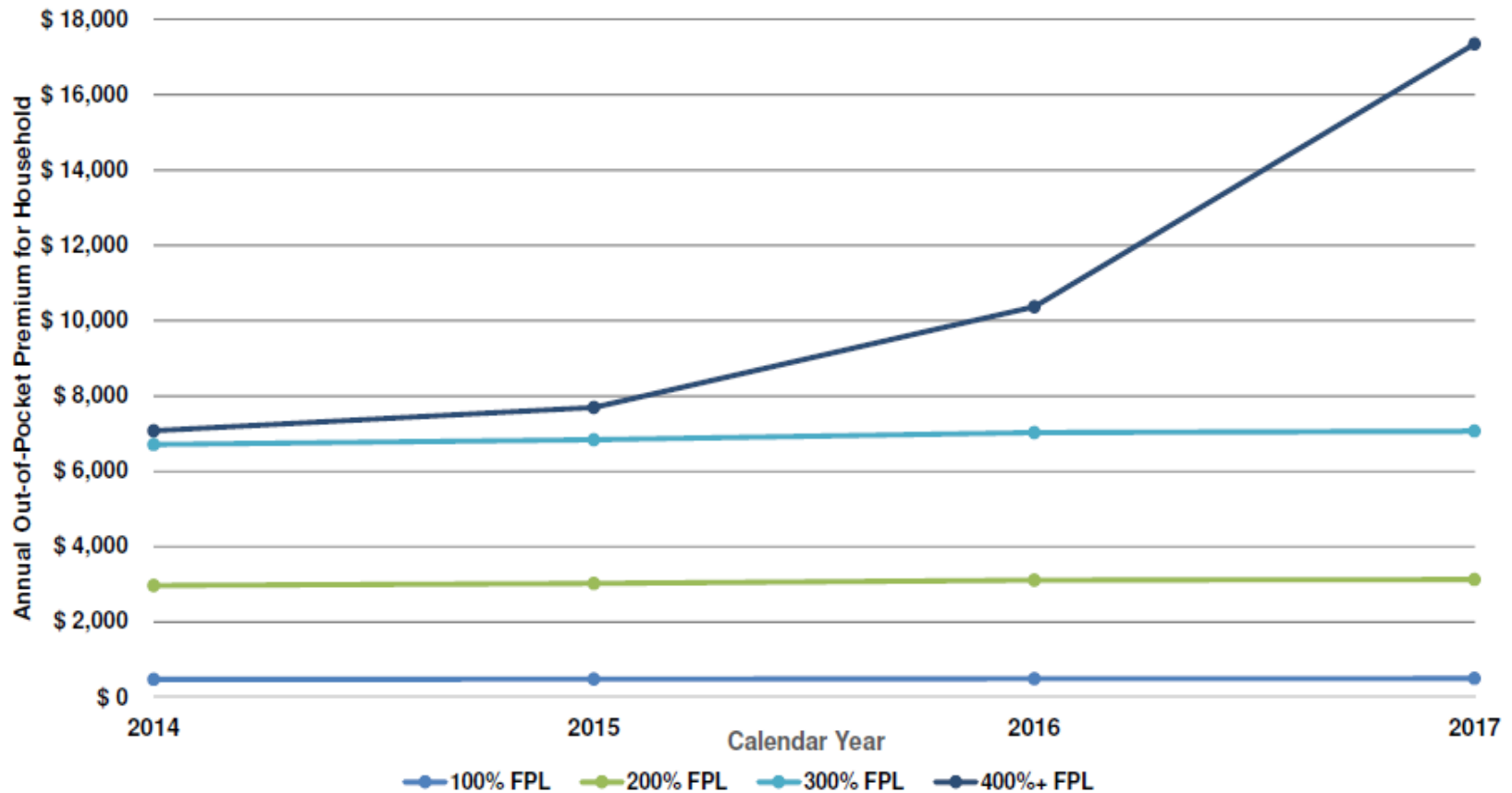
PREMIUM DATA FROM DATA.HEALTHCARE.GOV, REFLECTS NON-TOBACCO USERS
PREMIUMS BY AGE WILL VARY BY THE FEDERAL AGE RATING CURVE

	2014	2015	2016	2017
2nd Lowest Cost Silver Premium	\$ 201	\$ 219	\$ 295	\$ 493
Lowest Cost Bronze Premium	\$ 129	\$ 148	\$ 194	\$ 349



FFM Premium Trends: Net Family Premiums by FPL

Oklahoma Federally Facilitated Health Insurance Marketplace
2nd Lowest Cost Silver Net Premiums by Federal Poverty Level (FPL)
Family of 4 Oklahoma County

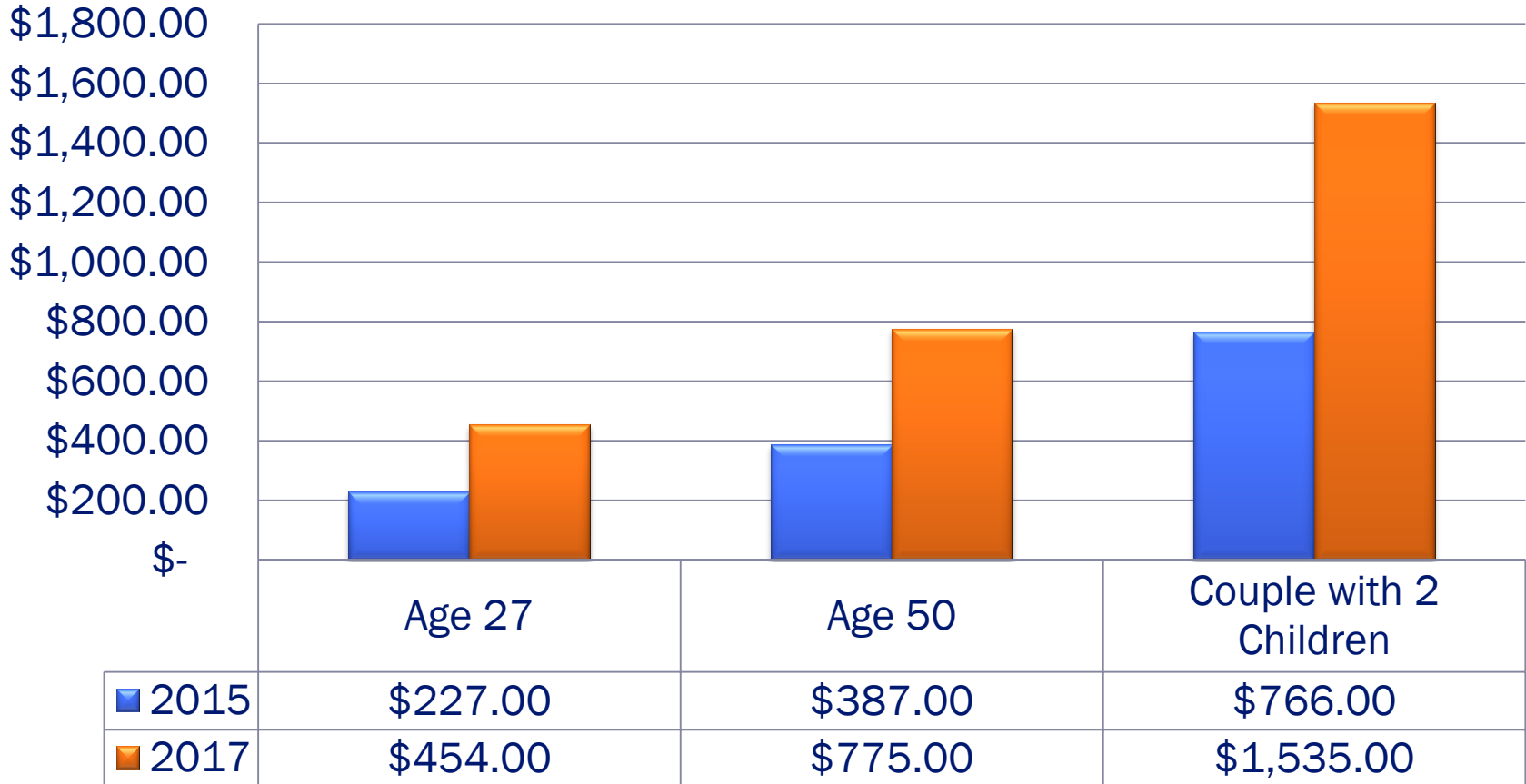


Provided by: Milliman



FFM Premium Trends: 2015 vs. 2017

Average Silver Premium

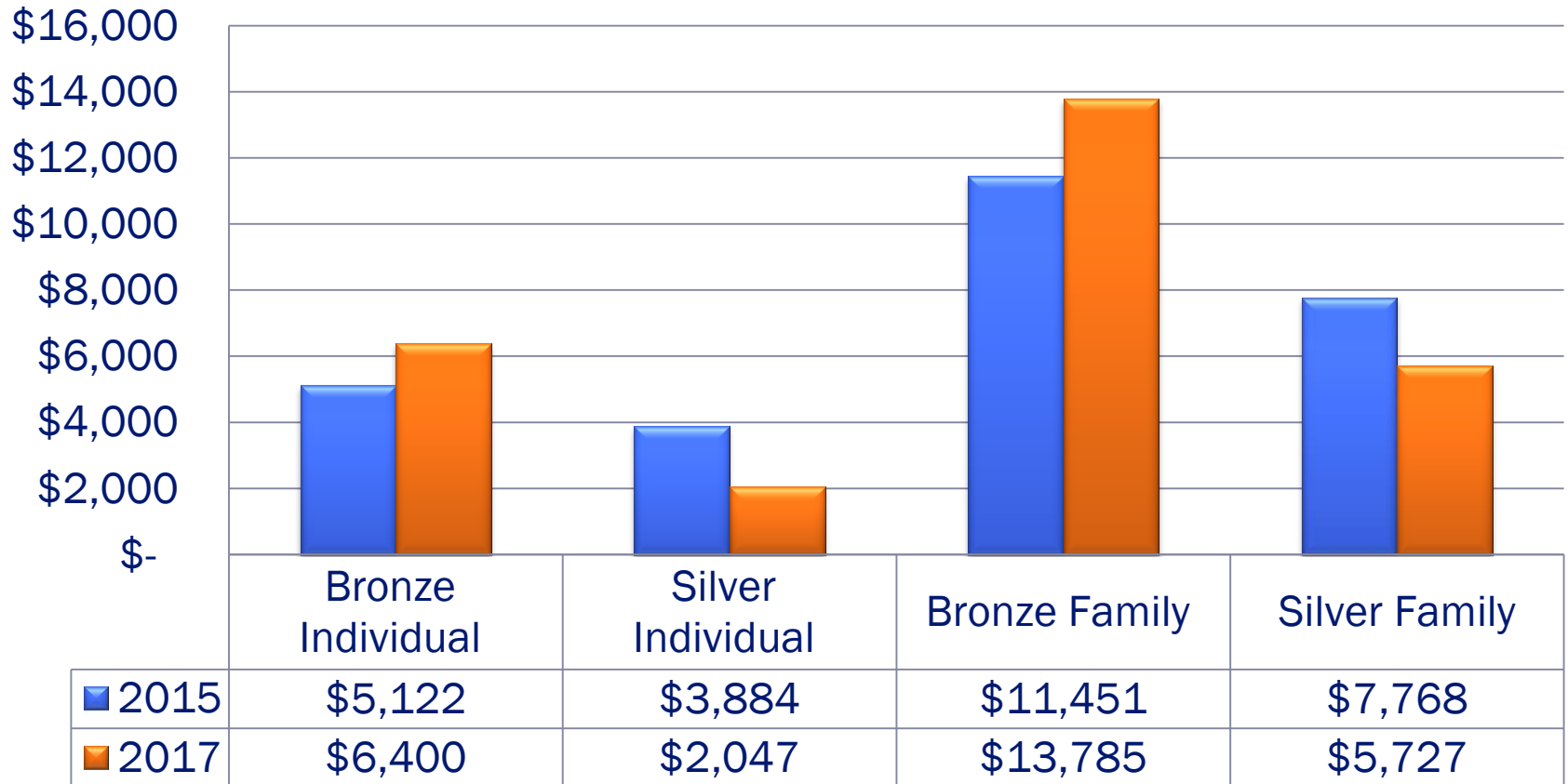


Source: HIX Compare data



FFM Deductible Trends: 2015 vs. 2017

Average Deductible: In Network, Bronze and Silver Plans

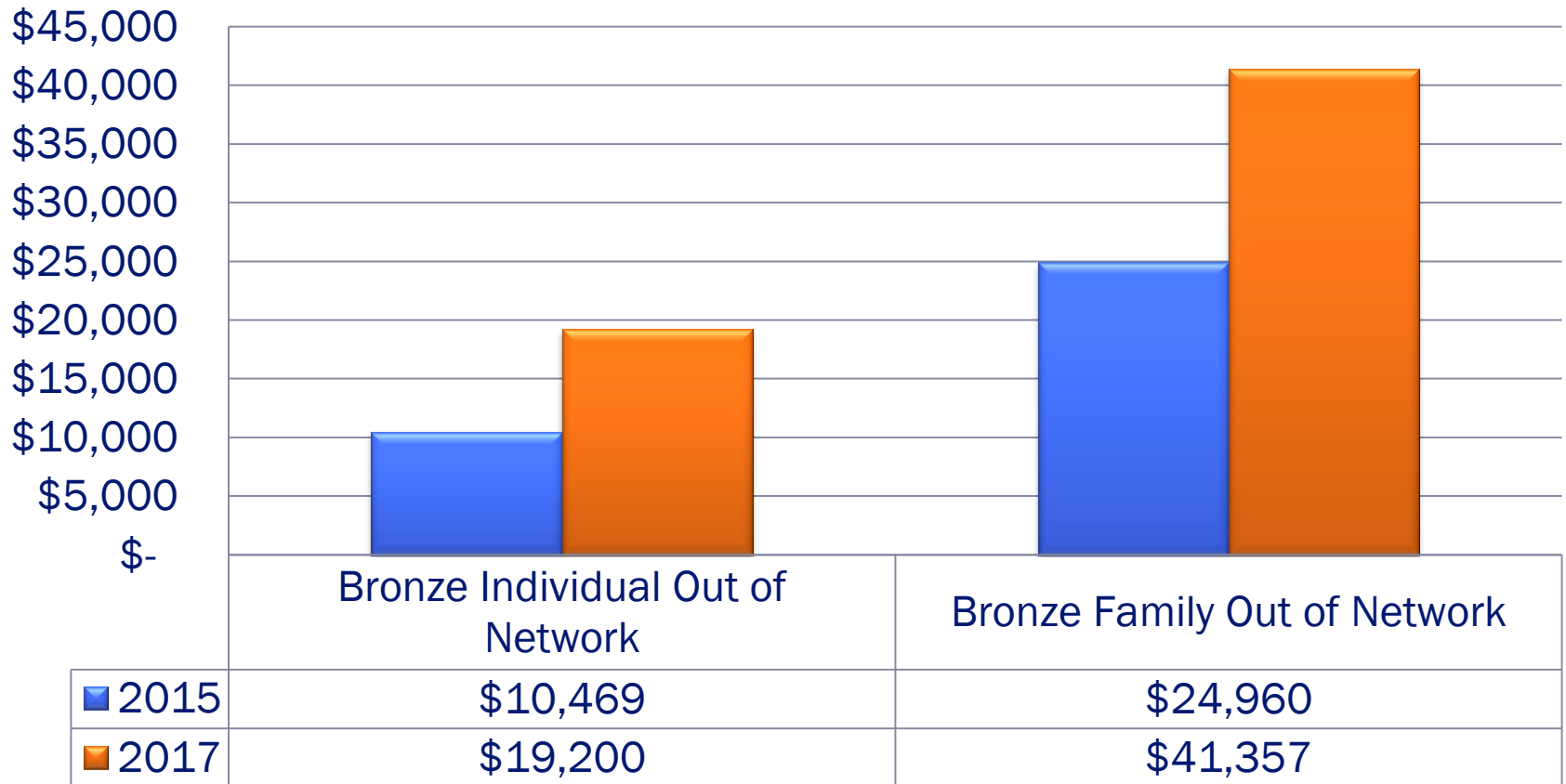


Source: HIX Compare data



FFM Deductible Trends: 2015 vs. 2017

Average Deductible: Out of Network, Bronze Plans



Source: HIX Compare data



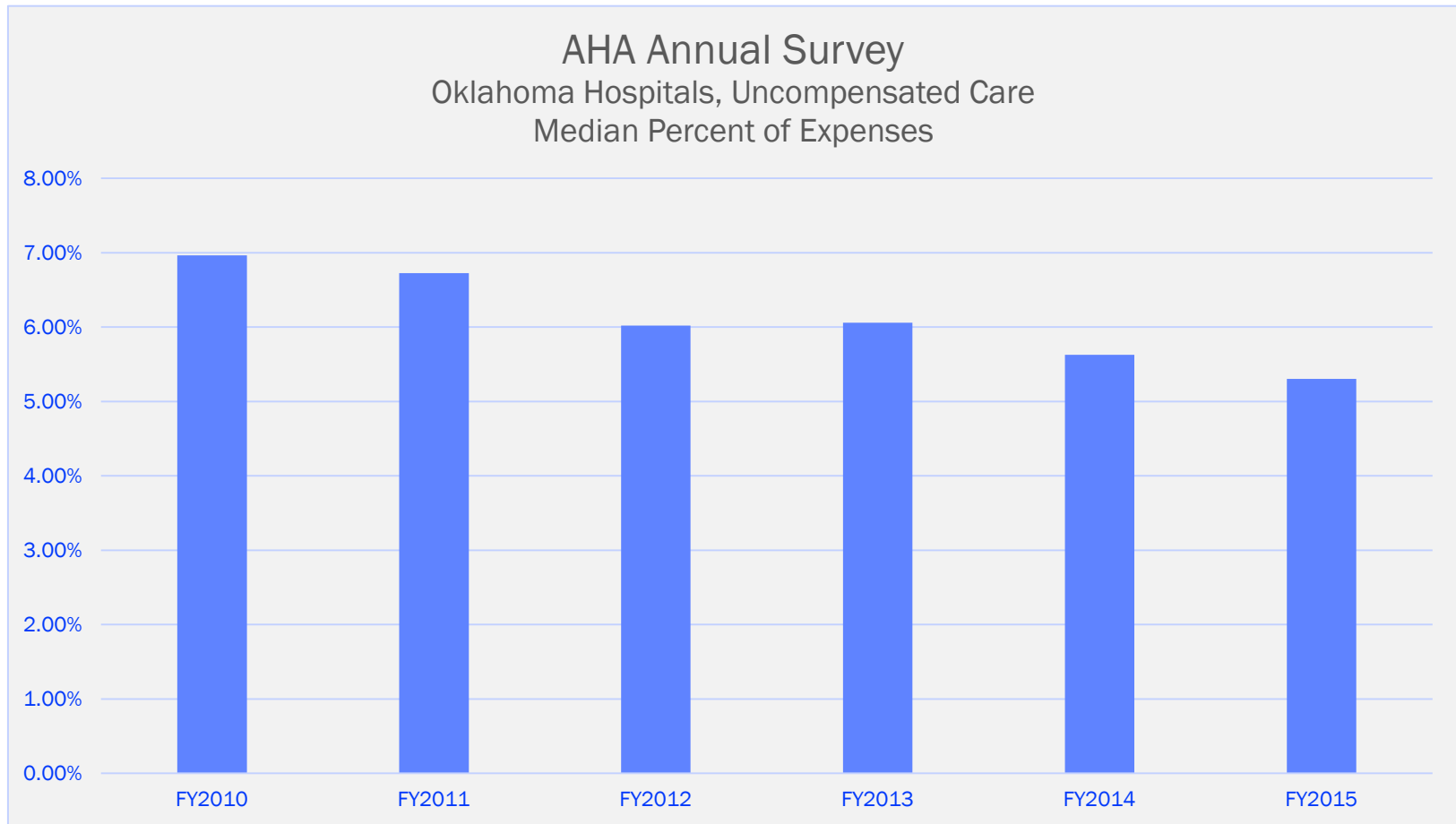
Uncompensated Care Costs*

AHA Year	Number of Hospitals	Bad Debt Cost	Charity Care Cost	Uncompensated Care Cost	Median Percent of Expenses
2010	157	280,101,889	249,658,330	529,760,220	6.96%
2011	158	280,550,807	248,699,358	529,250,164	6.72%
2012	155	261,109,184	286,270,340	547,379,523	6.02%
2013	157	282,099,505	295,549,314	577,648,819	6.06%
2014	157	268,680,515	291,428,664	560,109,179	5.63%
2015	153	250,675,386	299,797,153	550,472,539	5.30%

*Calculated per AHA/OHA methodology, with figures based on costs and aggregated. These data indicate overall trends using combined sources across multiple hospital providers. The actual experience of specific hospital providers may differ substantially when viewed in independently, outside of combined data.



Uncompensated Care Costs*



*Calculated per AHA/OHA methodology, with figures based on costs and aggregated. These data indicate overall trends using combined sources across multiple hospital providers. The actual experience of specific hospital providers may differ substantially when viewed in independently, outside of combined data.



Uncompensated Care Costs

- In 2015, 9% of facilities had uncompensated care as more than 10% of their expenses
- 42% had uncompensated care between 5-9.9% of expenses
- Compared to 2010, 73% of facilities experienced reductions in uncompensated care as percent of expenses in 2015 while 27% experienced increases
- Compared to 2014, 64% of facilities experienced reductions in uncompensated care as percent of expenses in 2015 while 36% experienced increases



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A New Horizon

Recommendations for Oklahoma's
Modernized Health Insurance
Marketplace



Overview

- Update on current progress
- Summary of the Concept Paper
 - Background on Section 1332 waivers
 - Six guiding principles
 - Five major pain points
 - Development of recommendations
 - Nine broad recommended strategies
 - Detailed recommendation information
- Next Steps

January 24, 2017



Nine Recommended Strategies

1. **Increased awareness** of coverage options to further engage consumers in accessing coverage
2. **Improved plan design** that supports innovation, comprehensiveness, and efficiency
3. **State-controlled plan regulation** and movement toward value-based payment structures
4. **Improved risk management** to provide adequate financial safeguards
5. **Eligibility changes** to ensure access for vulnerable and gap populations

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Nine Recommended Strategies

- 6. Modified enrollment** to promote timely enrollment and premium payment
- 7. Modified subsidy processes** to change subsidy calculations while achieving a more streamlined process
- 8. State-owned platform** that will remove OK from the FFM and leverage Insure Oklahoma platform
- 9. State-designed HSA-like accounts** coupled with simple options to better use available funds

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Marketplace Strategies Roadmap

1. Lay the Foundation 2. Transition Processes & Policies 3. Establish Infrastructure 4. Achieve Outcomes



✓ Planning & Authorization Phase

- ✓ Increased Awareness
- ✓ Improved Plan Design
- ✓ State-Controlled Plan Regulation
- ✓ Improved Risk Management
- ✓ Modified Enrollment Procedures

- ✓ Increased Awareness
- ✓ Improved Plan Design
- ✓ State-Controlled Plan Regulation
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- ✓ Eligibility Changes
- ✓ Modified Subsidy Processes
- ✓ State-Owned Platform
- ✓ State-Designed HSA-like Accounts

- Lower Health Care Costs
- Better Health Outcomes
- Higher Quality of Care



1332 Concept Paper – The Proposal

Advance State Innovation

- Keep good policies intact
 - \$0 copays for A- and B-rated preventive services
 - Guaranteed issue
 - Dependent coverage up to age 26
- Encourage plans to improve efficiency, access, and participation through plan design elements
 - Encourage the use of telehealth as a covered service
- Actuarial analysis, waiver development, federal changes

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1332 Concept Paper – The Proposal

Eliminate Use of the Federally Facilitated Marketplace (FFM)

- Utilize technology built for Insure Oklahoma to determine eligibility
- Let health plans or private exchanges enroll consumers

Establish HSA-like Accounts

- Encourages consumer directed health care
- Can be use to provide incentives for continuity of coverage, healthy behaviors, and attract young enrollees

Modify Essential Health Benefits (EHB)

- Narrow EHBs to a small core and/or provide flexibility depending on consumer needs
- Utilize actuarial value limits to ensure adequate coverage

Simplify Plans to Provide More Consumer Focused Options

- Eliminate metal tiers (gold, silver, bronze)
- Eliminate actuarial value (AV) ranges and provide two “AV floors”
 - 60% High Deductible Health Plan
 - 80% Standard Health Plan
- Excess subsidy remaining in HSA can be used to pay for out of pocket or other coverage (dental/vision)
- Require health plans to communicate out of pocket costs in dollars & educate consumers



1332 Concept Paper – The Proposal

Change the Way Insurance Products are Priced & Subsidies Calculated

- Expand age ratio from 3:1 to up to 5:1 in order to reduce price for young healthy people
- Factor in both age and income into subsidy calculation to ensure older people get more subsidy as the age ratio is broadened
- Eliminate multiple subsidy requirements (APTCs and CSRs) and make one, streamlined subsidy

Shift Subsidies to Lowest Income, Most Vulnerable People

- Begin subsidy at 0% of Federal Poverty Level
- Cap subsidy at 300% of Federal Poverty Level

Stabilize the Insurance Market During the Transition & Long Term

- Integrate healthy Medicaid populations into individual market/pool with or without Medicaid subsidies
- Tighten special enrollment period criteria and validate
- Reduce payment grace periods from 90 days to 30 days
- Require payment of premium due for reenrollment
- Establish a high-risk pool to remove very high-cost lives and/or extend temporary reinsurance program
- Potential to use high-risk pool as a mechanism to insure persons who did not maintain continuous coverage
- Simplify and improve risk adjustment mechanisms



1332 Concept Paper – The Proposal

Require a Focus on Health Outcomes & Cost Containment

- Include reporting & improvement by insurance plans on high value health outcomes (cost-drivers)
 - Tobacco
 - Obesity
 - Diabetes
 - Hypertension
 - Behavioral Health
- Cap allowable premium cost growth and allow insurance plans to innovate on care coordination and value based insurance design

Assume State Regulatory Control

- Conduct effective rate review
- Implement state regulatory controls and enforce them among participating plans with state determined incentives or penalties
- Require plan participation in marketplace if contract for Medicaid lives

Maintain Policies that are Proven to Work

- No pre-existing condition exclusions
- No lifetime caps
- Insuring children to age 26
- No co-pay for preventive services

Simplify Administrative Rules & Reporting Requirements

- Simplify insurance regulation rules
- Simplify Qualified Health Plan requirements
- Reduce reporting requirements for insurance companies, businesses, and individuals
- Simplify Risk Adjustment



Next Steps for Concept Paper

- Recommendations are a starting point
 - Further refined by expert review and input from focus groups and surveys
 - Evaluated by stakeholders and state legislature and agency officials
 - Adjusted as federal changes take place
- There will be opportunities for legislators to be briefed, ask questions, and provide comment
- The Task Force will continue to meet to further refine and operationalize strategies
- June 2017 report will outline the plan with more robust data and information based on further data collection efforts

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Discussion Questions

1. Does the analysis of the various recommendations presented in the concept paper meet the priorities of the Task Force?
2. Do any recommendations as presented require additional clarification?
3. Do you have any concerns regarding timing considerations for implementation?
4. Should we prioritize certain strategies over others? Are there critical steps that can be taken in the short term to help provide relief to consumers, plans, the state, etc.?
7. How would financial impacts differ between high-risk pools and temporary reinsurance (federal or state funded)?
8. Does the concept paper adequately address potential impacts and other considerations for off-exchange plans, small group insurance plans, etc? What impacts should be considered?
9. Are there any key operational implications that should be considered? When should the Task Force begin examining the operational aspects of implementation?



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HEALTH MANAGEMENT ASSOCIATES

Oklahoma 1332 Task Force Presentation: Timing Analysis

Donna Laverdiere, Senior Consultant





AGENDA

- ❑ Overview of Timing Analysis
- ❑ Proposals with Least Barriers
- ❑ Proposals with Greatest Barriers
- ❑ Potential 1332 Waiver Timeline

OVERVIEW OF TIMING ANALYSIS

1. Reviewed each Task Force proposal for timing implications
2. Identified options where the state is in control and that could be implemented in the short term (i.e. before 2018)
3. Identified options with greater barriers, including statutory changes or significant operational requirements (2019-2020)
4. Developed a high level timeline for the 1332 State Innovation Waiver application process

■ SHORT TERM/STATE CONTROL PROPOSALS - 2018

Increased outreach and education

- Given state funding, OK could implement increased outreach and education to increase enrollment

Reinsurance

- Could consider implementation of a state reinsurance program instead of federal reinsurance, which has expired

Plan Regulation through Insurance Department

- Could implement a number of requirements on plans including VBP, care coordination, encouraging use of telehealth, quality measures, and value-add benefits

Medicaid MCO Participation

- Require Marketplace participation for all Medicaid MCOs – within state control but could take time to make necessary program changes and may require state legislation/reg. changes

PROPOSALS WITH STATUTORY/REGULATORY BARRIERS – 2019/2020

5:1 age rating

- The 3:1 ratio is set forth in statute in the ACA. Would require a statutory change

Change to 30 day grace period for non-payment of premium

- 90 day grace period is set forth in the ACA. Would require a statutory change

Changes to special enrollment periods

- Special enrollment periods are set forth in federal regulation, with some limited exceptions

Re-establishment of High Risk Pools

- Would require federal statutory change or creation of a state program with state funds

PROPOSALS DEPENDENT ON 1332 WAIVER AND/OR OK MODERNIZED MARKETPLACE PLATFORM – 2019/2020

Proposals Dependent on Waiver Approval/OK Modernized Marketplace Platform

Cap premium increases at 2% of medical inflation (authority triggered after 1332 approval)

Allow plans to direct market, solicit clients, and assist in enrolling

Implement HSA-like accounts

Promote continuous coverage and premium payment

Adopt Medicare Advantage-like risk adjustment models and ratings

Upon CHIP MOE expiration, allow CHIP members to enter the marketplace pool

Eliminate metal levels; standardize at minimum 80% with simplified, fixed-cost benefit descriptions

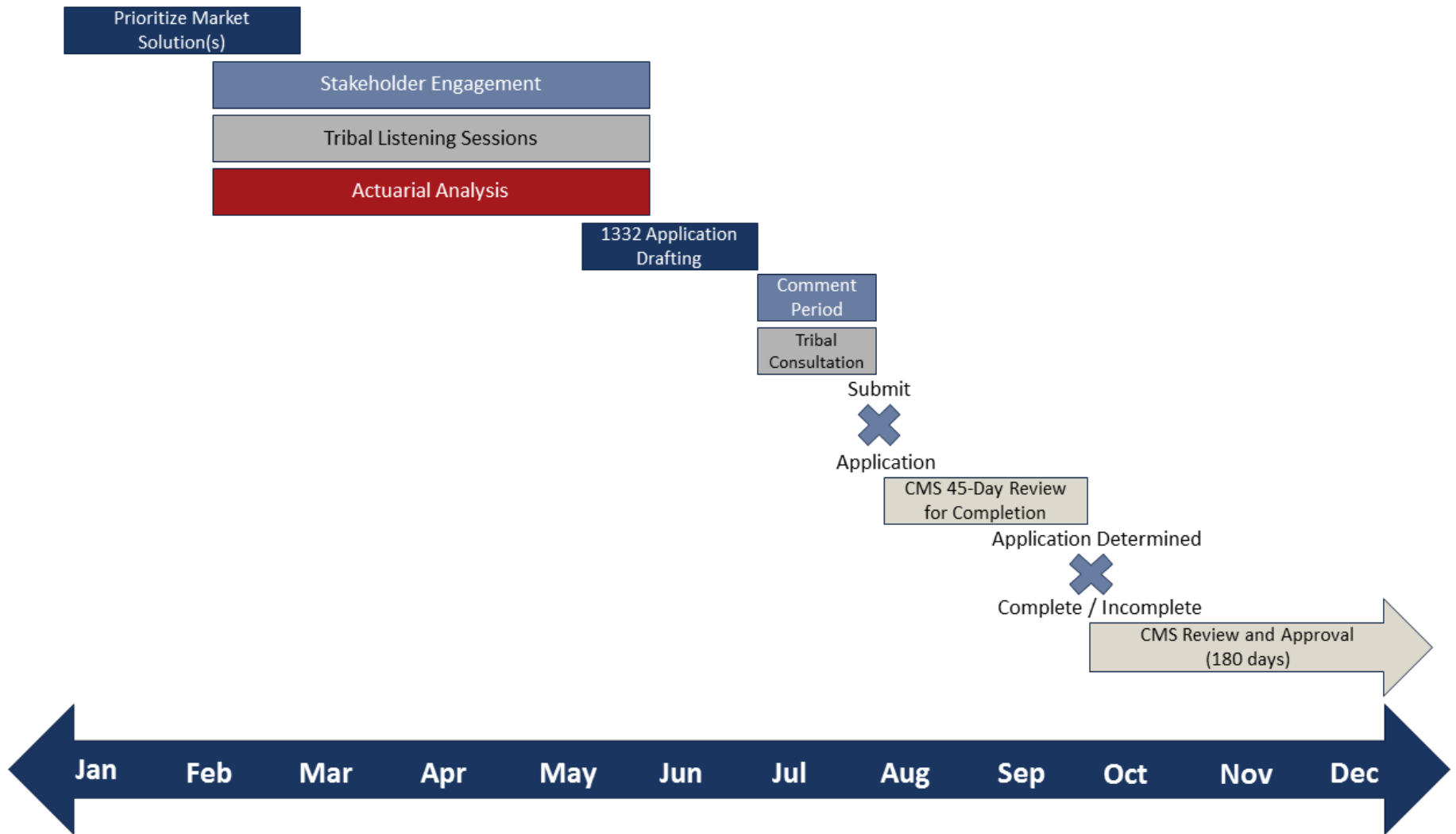
Adjust subsidy populations and calculations


Tighten exemption criteria and allow fewer exemptions

Reduce administrative burden on plans related to eligibility, enrollment, reporting

In lieu of FFM, leverage Insure Oklahoma eligibility and subsidy platform

1332 WAIVER APPLICATION AND APPROVAL PROCESS – Up to 1 Year



A blurred background image showing a hand holding a pen over a smartphone and some documents. The image is overlaid with a dark purple tint.

QUESTIONS/ DISCUSSION

HEALTH MANAGEMENT ASSOCIATES

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Leavitt Partners Research Approach

- Phase 1: Data Collection & Baseline Model Construction
- Phase 2: Solution Impact Analysis & Simulation Model
- Phase 3: Final Predictions and Conclusions



Leavitt Partners Research Approach

Phase 1: Data Collection & Baseline Model Construction

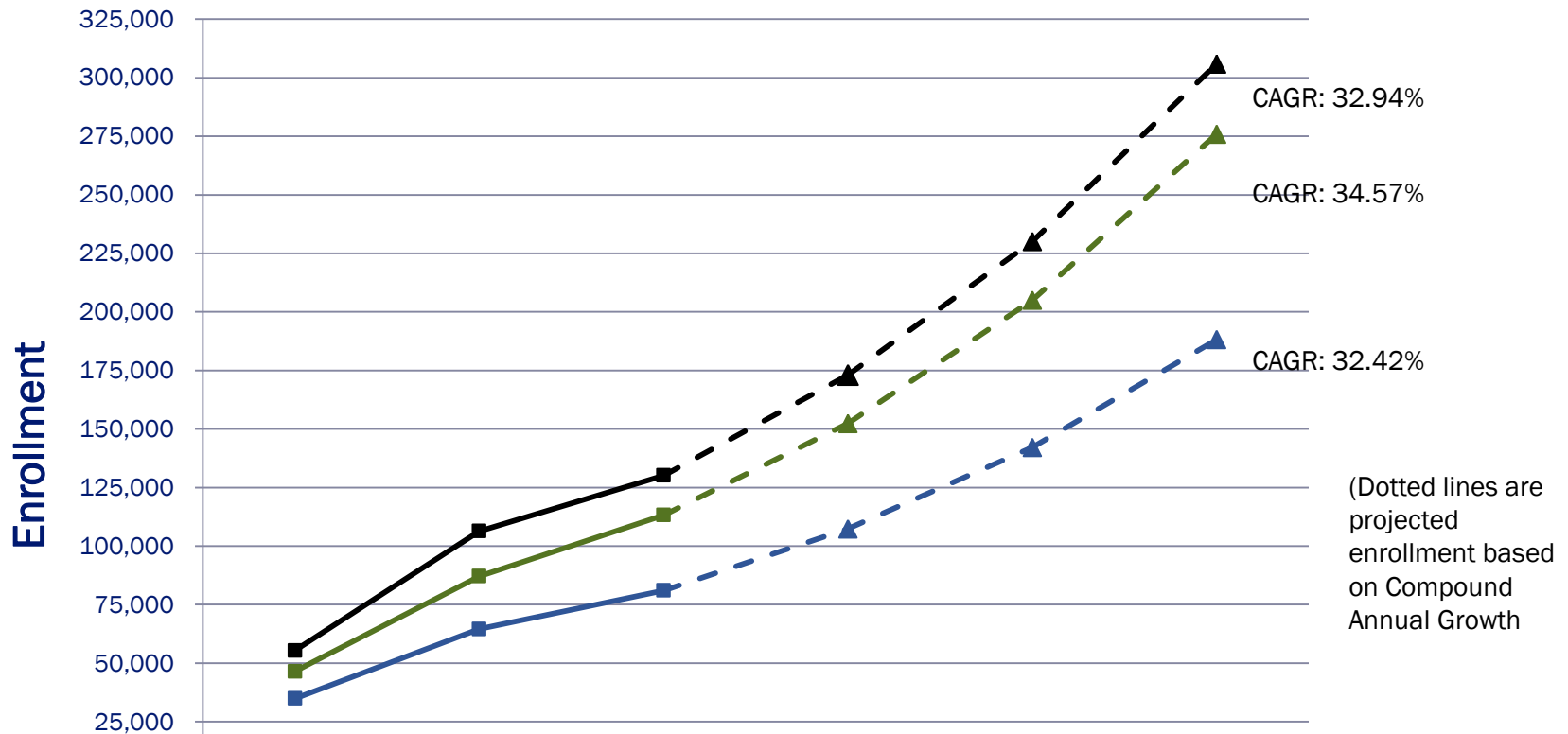
Sources:

- Previous studies commissioned by OSDH (e.g., Milliman 2013, 2015 studies)
- Government Data
 - FFM Enrollment
 - CDC - Behavioral Risk Factor Surveillance Survey, Oklahoma State Added Questions
 - US Census Population Estimates
 - Current Population Survey, American Community Survey
 - NAIC Filings
- Leavitt Partners Market Analytics Database



Leavitt Partners Research Approach

Phase 1: Data Collection & Baseline Model Construction



	2014	2015	2016	2017	2018	2019
Enrollment	55,407	106,392	130,178	173,059	230,064	305,847
APTC Enrollment	46,460	87,136	113,209	152,345	205,011	275,883
CSR Enrollment	34,906	64,543	81,053	107,330	142,127	188,204



Phase 2: Solution Impact Analysis & Simulation Model

Priorities for Evaluation:

- Age Ratings
- Subsidy Calculation
- High Risk Pool

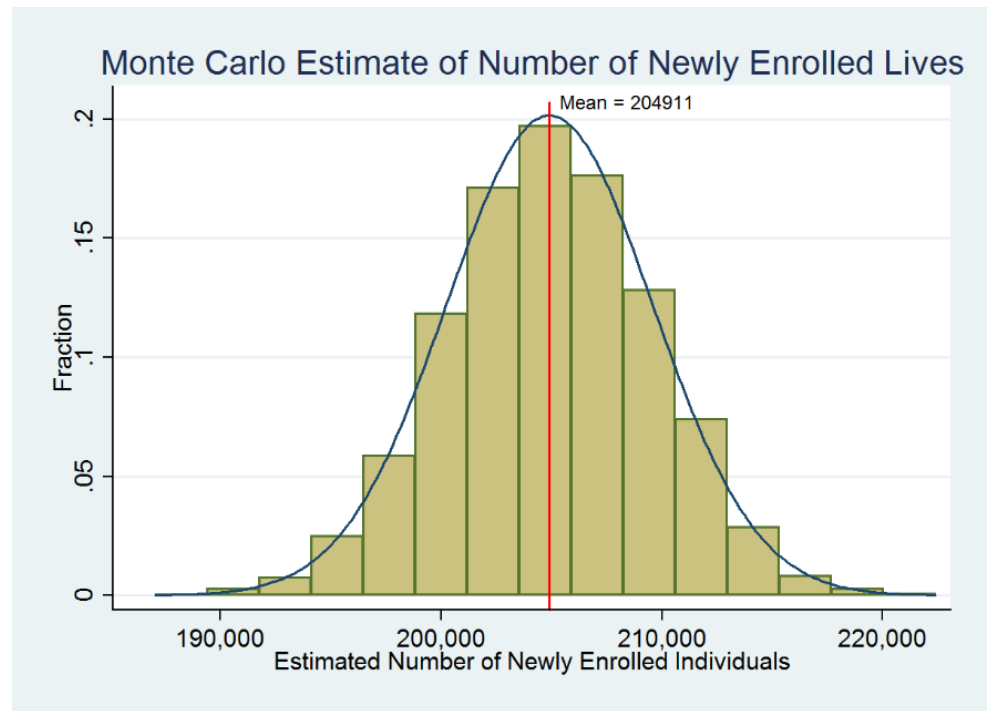
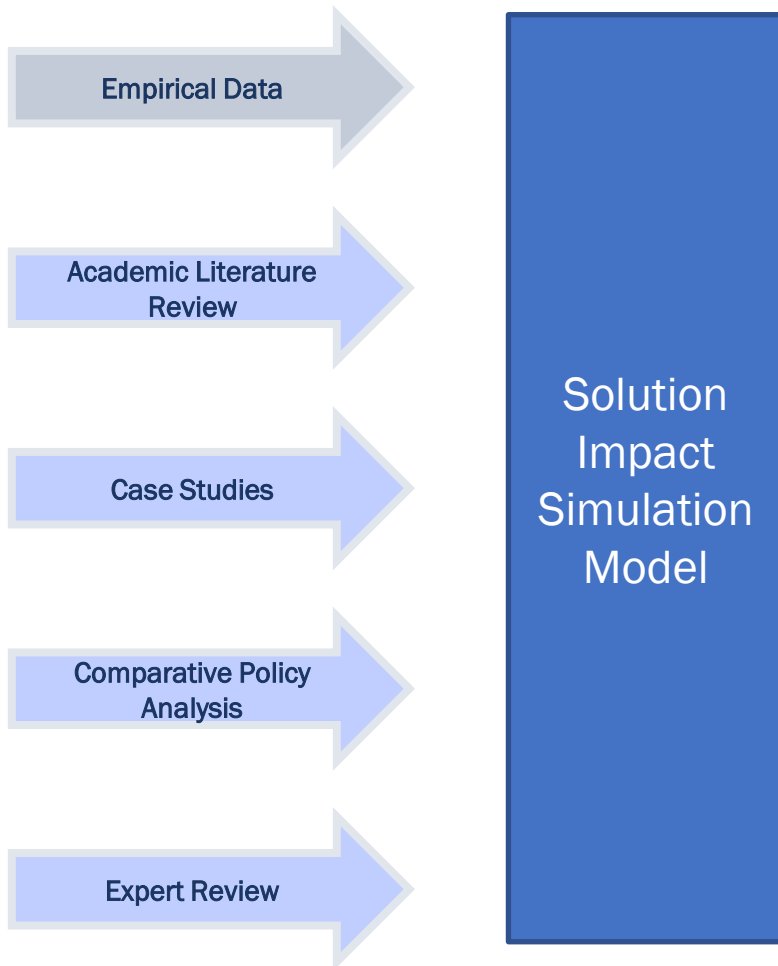
Initial Priorities for Analysis:

- Impact on enrollment
- Impact on actuarial risk (PMPY)
- Impact on premiums



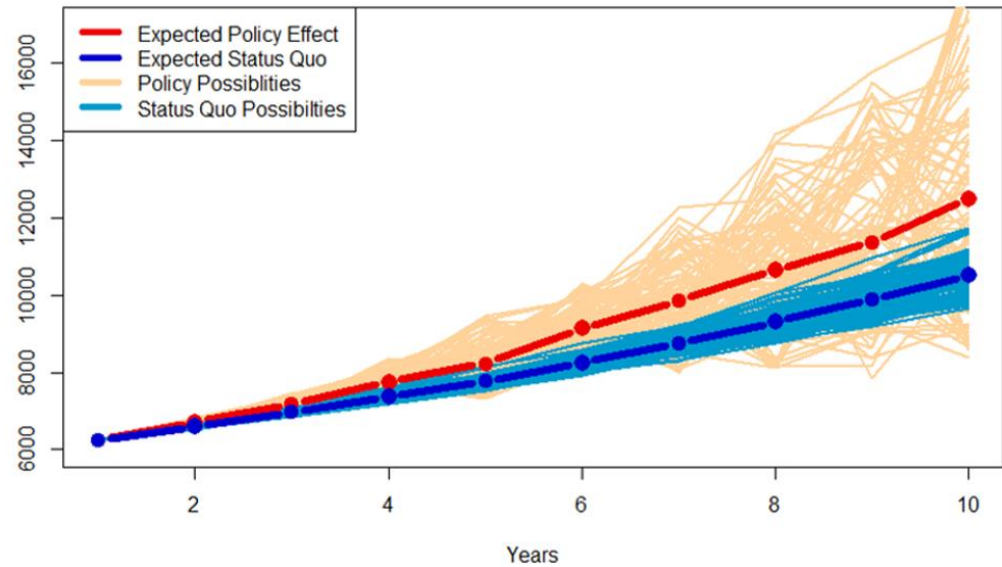
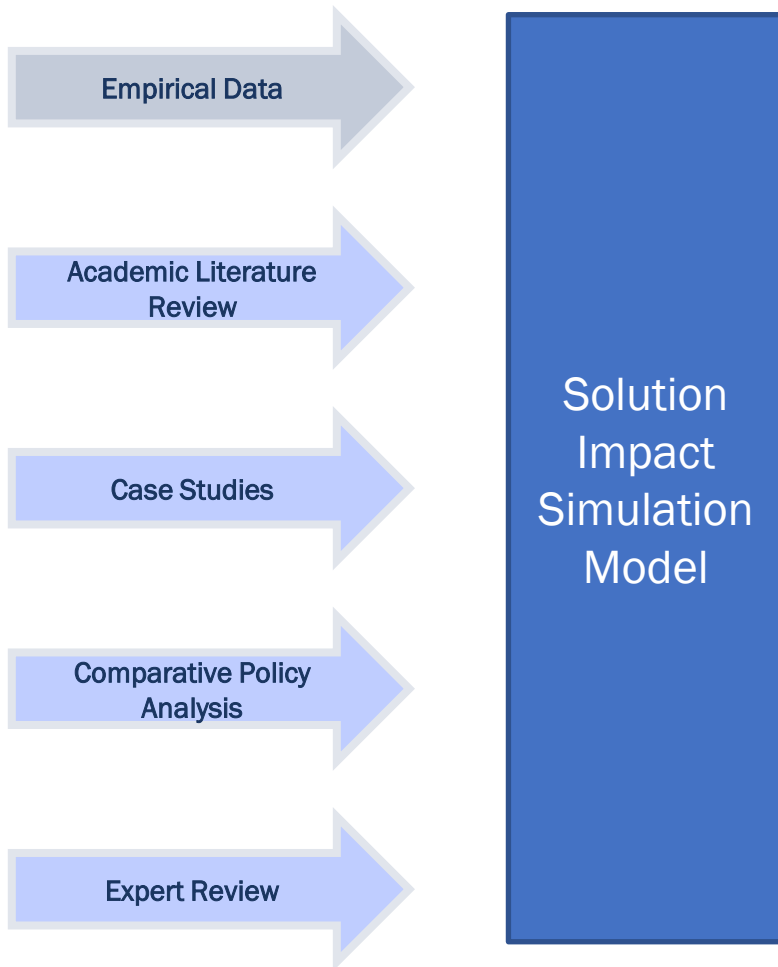
Leavitt Partners Research Approach

Phase 2: Solution Impact Analysis & Simulation Model



Leavitt Partners Research Approach

Phase 2: Solution Impact Analysis & Simulation Model



Phase 3: Final Predictions and Conclusions

- Estimated impact of individual components of proposed waiver
- Estimated impact of combined components of waiver
- Weighted value of waiver components by objective
 - Enrollment
 - Premiums
 - Total Cost of Care



Next Steps

- Finish validating baseline model
- Collect impact analysis qualitative data
 - Literature Review
 - Case Studies
 - Comparative State Policy Analysis
 - Expert Interviews
- Build & Vet Simulation Assumptions
- Run Simulation Model and Process Results



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Next Steps

By January 31:

- Public comment period for concept paper ends
- Concept paper available at:
https://www.ok.gov/health/Organization/Center_for_Health_Innovation_and_Effectiveness/1332_State_Innovation_Waiver_/index.html

February Task Force Meeting:

- Final concept paper reviewed
- Results of consumer and business surveys reviewed

By February 28:

- Concept paper submitted to Governor's Office and Legislature

Next Task Force Meetings: April and June

By June 30:

- HMA will conduct and share results of impact analysis
- Milliman will gather and analyze relevant health plan data illustrating pain points
- Final Task Force Report will be completed
- Actuarial analysis of recommended changes complete
- Next steps for 1332 Waiver development pursued

