

MINUTES

ALC-ARKANSAS HEALTH INSURANCE MARKETPLACE LEGISLATIVE OVERSIGHT SUBCOMMITTEE

December 14, 2017

The ALC-Arkansas Health Insurance Marketplace Legislative Oversight Subcommittee met Thursday, December 14, 2017 at 10:00 a.m. in Committee Room B of the Big MAC Building, Little Rock, Arkansas.

Senate Marketplace Legislative Oversight Subcommittee Members Attending: Senators Ronald Caldwell, Co-Chair; Larry Teague, Vice-Chair; Cecile Bledsoe, Jim Hendren, and Terry Rice.

House Marketplace Legislative Oversight Subcommittee Members Attending: Representatives Deborah Ferguson, Co-Chair; Jim Dotson (Alternate), Jon Eubanks, Kim Hammer, Ron McNair (Alternate), and Chris Richey.

Other Legislators Attending: Senators None. Representatives Charles Blake, Kenneth Ferguson, David Fielding, Charlene Fite, Vivian Flowers, George McGill, Milton Nicks, Jr., Marcus Richmond, James Sorvillo, and Danny Watson .

Call to Order & Comments by the Chairs

Senator Ronald Caldwell called the meeting to order.

Consideration to Adopt the August 17, 2017 Meeting Minutes (EXHIBIT C)

Senator Caldwell stated that without objection, the August 17, 2017 meeting minutes are approved.

Health Insurance Rate Changes for 2018, Considering Cost Sharing Reduction (CSR) Changes for Marketplace Plans (Handout #1)

Allen Kerr, Commissioner, Arkansas Insurance Department, and Zane Chrisman, Deputy Commissioner, Regulatory Health Link Division, Arkansas Insurance Department, presented the new changes. Commissioner Kerr presented a detailed explanation of insurance rate increases requested by Arkansas insurance companies for the upcoming plan year of 2018, and of cost-sharing reduction (CSR) payment changes. The rate increases are *due to the termination of cost-sharing reduction (CSR) payments from the federal government to the insurance companies*; and the implementation of the new federal tax against health insurers. CSRs are payments which go to insurance companies to off-set the cost of insuring this population.

There are several plan levels within the Gold and Silver Plans offered by insurance companies. Blue Cross/Blue Shield is the only insurance company to offer the Bronze Plan. Zane Chrisman stated that cost-sharing is available only within the Silver Plans.

Ms. Chrisman will find out what the new federal premium tax is for 2018, and bring this information back to the members. The state premium tax for Arkansas is 2.5%. In addition, there is a state fee and a federal IT fee. Angela Lowther stated that the user fee (3%) is earmarked for operating funds for AHIM, however 2% of this user fee goes to the federal government for an IT fee. Mr. Kerr stated that rates cannot be legally raised in the middle of the year.

Representative Hammer wanted to know how many people did not pay their premium, and therefore, lost their plans in the marketplace. Mr. Kerr agreed to get this information to the members.

Discussion of Health Insurance Cost Reduction Methods Used in the Affordable Care Act—Tax Credits and Cost-Sharing Reductions (Handouts #2-Maps, Handout #3-Fact Sheet)

Joe Thompson, M.D., MPH, Director, Arkansas Center for Health Improvement (ACHI), presented and explained the health insurance cost reduction methods used in the Affordable Care Act (ACA).

Dr. Thompson stated that the information in his presentation is in complete agreement with everything that Mr. Kerr and the Arkansas Insurance Department have presented. Dr. Thompson referenced the maps in Handout #2, which show:

- ❖ The percentage of uninsured by county in 2015
- ❖ The nationwide declining number of insurance carriers in the Affordable Care Act (ACA) markets
- ❖ The changing ACA premium rates nationwide.

Dr. Thompson explained the relationship between the Silver-Level Plan Premium and the Cost-Sharing Reduction (the two cost reduction methods) and how they work in the Affordable Care Act.

There are 60,000 insured Arkansans in the Marketplace, and 20,000 of these individuals are on Medicaid. When CMS (Centers for Medicare and Medicaid Services) approves the waiver, individuals will be terminated from Medicaid in phases, and they will have two months to sign up in the Marketplace.

If the federal government reinstates CSR payments in the future, it won't be until 2019, and they will only be for two years. Federal law would trump any state law on CSR payments. Mr. Kerr stated that Arkansas is in the top 10 of states having the lowest increase in insurance rates over the last several years.

Health Insurance Plans Offered in the 2018 Marketplace Exchange

Max Greenwood, Director, Government and Media Relations, Arkansas Blue Cross/Blue Shield, Michael Stock, President, CEO, QualChoice, and John Ryan, President, CEO, Arkansas Health and Wellness—Ambetter (Centene); presented and explained the diverse plans offered by their respective companies.

Ms. Greenwood, Mr. Stock, and Mr. Ryan answered questions posed by committee members regarding MLR (Medical Loss Ratio), rate and fee changes, reimbursement/rebate policies, and transactions between and with providers.

Update on Recent Activities and the results of Open Enrollment for 2018 (*Handout #4*)

Greg Hatcher, Chair, Arkansas Health Insurance Marketplace (AHIM) Board of Directors, and Angela Lowther, Director, Arkansas Health Insurance Marketplace Board; presented an update on the recent activities of the AHIM Board of Directors and the status of the 2018 open enrollment which closes December 15, 2017.

Ms. Lowther, stated that CSR payments impact about 70% of the insured people in the marketplace, and that the CSR payments were cancelled through an executive order. The maximum out-of-pocket premium for insured individuals cannot be changed by executive order because it is specifically mentioned in the law; and if it is changed, that change will have to be made in a law that is passed by Congress. The people who buy plans on the marketplace are people who make more than 138% of the federal poverty level.

There are 51,000 people currently enrolled in the 2017 plans, and as of December 9, 2017, slightly over 32,000 individuals have enrolled for the 2018 plans. AHIM will have the final 2018 open enrollment figures in January, 2018.

The meeting adjourned at 12:05 p.m.