

ARKANSAS HEALTH INSURANCE MARKETPLACE BOARD OF DIRECTORS
SATURDAY, MARCH 8, 2014
LAKE DEGRAY RESORT, EGRET ROOM
ARKADELPHIA, ARKANSAS

The Arkansas Health Insurance Marketplace (AHIM) Board of Directors met Saturday, March 8, 2014 at 9:30 AM at Lake DeGray Lodge in Arkadelphia, Arkansas.

Board Members present: Ms. Sherrill Wise, Chairman; Mr. Steve Faris, Vice Chair; Mr. Chris Parker, Secretary/Treasurer; Mr. Fred Bean (Saturday only), Mr. Mike Castleberry, Mr. John Denery (arrived at 2:00 PM on Saturday), Ms. Cindy Crone, Mr. Jay Bradford, Ms. Annabelle Imber Tuck, Mr. John Selig, Mr. Jerry Jones

Ms. Sherrill Wise, Chairman, called the meeting to order at 9:33 AM.

LEGISLATIVE OVERSIGHT COMMITTEE DISCUSSION

Mr. Chris Parker noted that, for the next fiscal year, the legislature has prohibited the Insurance Commissioner and the Director of the Department of Human Services from being voting members of the Board. However, the Board operates as a non-profit corporation, which provides default procedural rules and does not provide for two classes of board members (voting vs. non-voting). **Ms. Wise** noted that, in her experience, most boards have ex officio members who attend meetings but do not vote. **Mr. Faris** suggested that the Board wait for clarification from **Senator David Sanders** later in the day. **Ms. Annabelle Imber Tuck** stated that the Board needs guidance on how to weigh the Nonprofit Act against Act 1500 in order to figure out how the two pieces of legislation work together.

Ms. Wise stated that the Board needs to know whether or not the special language from the Legislative Oversight Committee regarding ex officio members is already in effect. If so, the Board probably does not need to amend its Operating Rules because, as **Mr. Faris** stated, special language goes into effect upon passage. **Mr. Parker** stated that the Board needs to clarify whether or not they need to address the issue further and if that action will put the Board into conflict with the Nonprofit Act. **Ms. Tuck** stated that, if all else fails, the Board can request an official opinion from the Attorney General's office in order to rectify any conflicts between the two statutes. **Ms. Wise** stated that the Board should revisit the issue after clarification from Senator Sanders.

PER DIEM STIPEND DISCUSSION

Ms. Wise stated that her understanding is that board members can claim the stipend when they are attending official Board meetings or when conducting other board-related business (ex: attending Legislative Oversight Committee meetings). **Mr. Faris** stated that if a Board member is working on something board-related for a few hours a day, then they should be able to claim the stipend for that work. This would allow board members to have the flexibility to work with staff and consultants as needed. **Ms. Mary Leath, Arkansas Center for Health Improvement (ACHI),** stated that the benchmark is usually "official" board business, so a quick phone call

would not count, but a meeting with staff would. **Mr. Fred Bean** asked if Act 1500 has any clarification on when the stipend can be claimed. **Mr. Jones** states that Act 1500 only states that work needs to be “substantial” to claim stipend.

ACCOUNTING SERVICE RFP DISCUSSION

Mr. Mike Castleberry reported that he had worked with **Ms. Leath** on developing a Request for Proposals for Accounting Services for the Board. **Ms. Wise** noted that, in choosing a vendor to provide accounting services, the Board should take into account how its operation is going to change and grow over the next year. **Mr. Castleberry** stated that, once submissions are received, the Board can review them to see who would be able to offer scalable services and expand as the Health Insurance Marketplace grows. **Ms. Wise** advised that this Request for Proposals would probably not require a full board interview.

ACHI CONTRACT DISCUSSION

Ms. Wise explained that the initial contract with ACHI was set up to flow through FirstData, but that the initial contract will end in March so the Board needs to decide whether to set up a new direct contract with ACHI or wait until consultants are chosen. **Mr. Parker** asked if anybody had a preference regarding how the contract is handled and for what duration of time. **Ms. Leath** advised the Board that ACHI would be flexible and available to meet the needs of the Board, even if that means providing support on a month-to-month basis. **Ms. Wise** suggested executing a one month contract that would carry the Board through the end of April. **Ms. Leath** stated that under the Board’s procurement rules, ACHI would be eligible to provide support services for the short-term. However, because ACHI has to go through UAMS each time a new contract is executed, it would be better to do a multiple-month contract with the option to renew on a month-to-month basis. Then, if the Board selects a vendor with board support services, ACHI can transition those responsibilities over to them.

LEGISLATIVE OVERSIGHT COMMITTEE DISCUSSION CONTINUED

Mr. Parker stated that the Board needs to amend its Bylaws to reflect a change in the numbers needed to reach quorum is the ex officio board members are not going to count. **Ms. Wise** stated that the Board needs to advise the Legislative Oversight Committee that they have addressed the issue and give them the opportunity to approve the change before making it official. **Mr. Parker** noted that it may not be necessary to go through the Legislative Oversight Committee because Act 1500 states that all rules are official 30 days after filing. **Ms. Wise** and **Mr. Jerry Jones** both agreed that, in order to preserve the Board’s working relationship with the Legislative Oversight Committee, they should ask them to approve any rule changes prior to submitting them.

Ms. Tuck stated that the Board would probably need to make the change in the Operating Rules as well as the Bylaws. **Mr. Jones** made a motion to clarify the rules. **Mr. Bean** made a second to

the motion and the motion carried. **Mr. Parker** volunteered to handle the rule change. **Ms. Wise** also advised that if the Board is going to amend the rules, they would have to go through the public comment process.

SENATOR DAVID J. SANDERS – LEGISLATIVE INTENT OF ACT 1500

Senator David J. Sanders spoke to the Board regarding the legislature's intent in passing Act 1500, which was to bring low-income populations into the private insurance market. **Senator Sanders** emphasized the legislature's desire to push Medicaid towards becoming more like private insurance and not the other way around.

Mr. Parker asked what the legislature's intent was regarding the Board's regulatory authority. **Senator Sanders** stated that the legislative intent was for the Board to work in coordination with the Arkansas Insurance Department and the Arkansas Department of Human Services, but that the Board's actions should not be dictated to by those entities.

Ms. Wise asked whether the legislature had given any thought to revenue and expense models. **Senator Sanders** responded that, once an Executive Director is in place, they will be responsible for making the case for whatever model the Board chooses. **Mr. John Selig, Department of Human Services (DHS)**, stated that it could be argued that a portion of the premium tax on the Private Option should be paid to the state health insurance exchange but that it would be difficult to follow that model if the Private Option ceases to exist at some point in the future.

Senator Sanders advised the Board to consider its governance model and decide whether they want to be an implementation board or a policy board.

DISCUSSION: HOW TO GET TO JULY 2015

The Board spent time discussing what their vision of a successful marketplace would be. The questions that arose in the ensuing discussion are outlined below.

Mr. Parker asked how the Board can ensure that people who are getting their insurance through the Private Option are picking the plan that best meets their needs and not just the plan that is the most expensive one that they can get for free. **Ms. Crone** advised that, at some point, the marketplace will have to focus on consumer education so that consumers can understand the different qualities associated with different plans.

Mr. Castleberry asked board members for their thoughts on whether the board should be an active working board or just provide oversight to an Executive Director. **Mr. Steve Faris** stated that the Board should be an active working board because they will still be called upon to testify

in front of the legislature and will need to be available to work directly with the Executive Director. **Ms. Wise** stated that it would probably take some time for the Board and the Executive Director to develop a good working relationship and trust, so the Board will need to be very active during the Executive Director's onboarding.

Mr. Parker asked when and how the Board is going to make a decision about whether to target a January 2016 or January 2017 start date. **Ms. Wise** asked for clarification on the final date to apply for Level 2 grant funding. **Ms. Crone** advised the Board that November 15th, 2014 is the final deadline for Level 2 funds, which can be used for up to three years.

Mr. Castleberry asked for clarification on benchmark dates that the Board should be targeting for 2014. **Ms. Crone** stated that there are opportunities for funding from CCIIO in May, August, October, and November of 2014 with the caveat being that CCIIO expects to see some level of re-use of things that have worked in Arkansas and other states rather than starting from scratch. **Ms. Crone** also advised that the Board would need to make a lot of progress prior to the November funding deadline so that an accurate implementation timeline could be provided to CCIIO.

Ms. Wise suggested that the Board set a target of having enough work done by August to determine the model for the state insurance exchange. **Ms. Crone** suggested that having a clear plan by the first of October should allow time for preparation of the November 2014 grant application. The board would need to be able to demonstrate how all the pieces work together prior to asking for money. Arkansas must show legal authority for a state based exchange (which we have) in order to apply for Level II funds. **Ms. Crone** also clarified that, in order for the state insurance exchange to transition from AID to the Board in July 2015, the state would need to be approved as a state-based exchange, which requires the declaration letter to be submitted by the Governor at least 30 days prior to application submission. To be approved for a state-based exchange for Plan Year 2016, the blueprint would need to be submitted in time for approval six months in advance of the plan year. For example, June 2015 for plan year 2016 or June 2016 for plan year 2017. **Ms. Crone** further stated that the State Based Exchange would need to provide guidance on plan certification criteria to issuers in the spring prior to the January start-up plan year – close to a year in advance.

Mr. Bean raised the question of how the Board should deal with IT if everything is not perfect by the deadline. **Ms. Crone** noted that state-based exchanges are allowed to use the federal hub and that three states (CO, DC, and CT) are trying to sell their IT packages with customizable options to states that are moving towards state-based exchanges. **Mr. Castleberry** offered to start conversations with the three states that are selling their packages so that the Board can start exploring options.

Ms. Crone noted that the sustainability of the exchange depends on getting people enrolled in the exchange and that the Board would need to address how they will do that. **Mr. Parker** stated that, because the Board is a quasi-governmental agency, limitations on outreach from state agencies may not apply. **Ms. Crone** noted that operating a Navigator program is a requirement for a State-Based Marketplace.

DR. JOE THOMPSON – CONSIDERATIONS FOR THE STATE-BASED MARKETPLACE

Dr. Joe Thompson, Arkansas Surgeon General, spoke to the Board about the different issues that they would need to consider in building-out a state-based insurance exchange in Arkansas, including the Arkansas Payment Improvement Initiative and the Patient Centered Medical Home model. The ensuing discussion is outlined below.

Dr. Thompson pointed out that the waiver for the Private Option expires at the end of 2017, so the legislature will have to decide during the 2015 regular session or 2016 fiscal session whether or not they want to continue the waiver. **Mr. Castleberry** asked how many Medicaid-eligible individuals are still unenrolled. **Dr. Thompson** stated that 225,000 is the target number for newly eligible enrollees, minus 10% to account for the medically frail population. **Mr. Selig** stated that the Private Option could see enrollment of 175,000 by the end of the calendar year.

Mr. Parker asked **Dr. Thompson** to explain how churn works. **Dr. Thompson** explained that 20-25% of the Medicaid-eligible population will see income fluctuations that push them out of Medicaid. The IRS determines eligibility based on the previous year's income, while Medicaid relies on self-reporting of monthly income. **Mr. Bean** asked if there is any way to simplify the income calculations. **Dr. Thompson** clarified that there is just one calculation; the different agencies just use them at different times.

Ms. Tuck asked if there is anything that the Board needs to be particularly aware of due to the Private Option. **Dr. Thompson** stated that the Private Option requires the state to be active in the marketplace and that MOUs between the Division of Medicaid Services and AID as well as AID and insurance providers could potentially be amended to include the Health Insurance Marketplace Board.

Mr. Bean requested that the Board get a semi-annual report on how payment improvement initiatives are working in order to better understand them when the time comes to streamline.

EXECUTIVE DIRECTOR CANDIDATE DISCUSSION

The Board went into Executive Session at 2:30 PM.

The Board returned from Executive Session at 3:03 PM. **Mr. Faris** made a motion to invite Ms. Sharon Barnett-Smith, Mr. George Brandes, Mr. Alonzo Pendleton, and Ms. Cheryl Smith to interview for the Executive Director position. **Mr. Bean** made a second to the motion and the motion carried.

PROFESSIONAL CONSULTING SERVICES RFP DISCUSSION

Ms. Wise asked what type of payment structure the Board would want to pursue once they selected a vendor. **Mr. Castleberry** noted that a pay-as-you-go structure could result in the Board getting overcharged. **Ms. Wise** pointed out that it would be difficult to pay per deliverable since it is not clear yet what deliverables would be and suggested the pursuit of a fixed-fee payment model based on a minimum number of hours worked.

Mr. Parker made a motion to enter into contract negotiations with Public Consulting Group (PCG). **Mr. Bean** stated that AID would need to be involved in contract negotiations in order to make sure that PCG's resources are adequately divided between contracts. **Ms. Wise** stated that she would contact PCG and try to have information by the Board's next meeting on March 12th.

Ms. Crone asked if a joint agreement between the Board and AID might be an option to maximize efficiency and cooperation between the two agencies. **Ms. Wise** said that she would prefer to keep the two contracts separate during the start-up period.

LONG-TERM GOALS DISCUSSION

Ms. Wise asked if the Board could spend some additional time discussing its future goals and governance models. **Mr. Castleberry** stated that most board members seem to be on the same page about being an active working board. **Ms. Wise** asked what the Board's interaction with the Executive Director should be. **Mr. Bean** suggested that the Executive Director should be in charge of staffing decisions. **Ms. Wise** stated that it would make sense to agree on an organizational structure first and then let the Executive Director fill any necessary positions. **Ms. Crone** suggested that once an Executive Director is in place, the Board should consider having a 2-3 hour orientation to help them understand the current landscape in Arkansas. This could also include a conversation with Arkansas' federal project manager.

NEXT MEETING

The Board will reconvene at 9:00 AM on Sunday, March 9, 2014 in the Egret Room at Lake DeGray Resort.

ADJOURNMENT

The Board adjourned at 4:05 PM.