

From the Desk of Jim Genetti

## October Health Care Task Force Meeting

### Report

#### **Chip and Access Card**

The first speaker of the day was Paul Leary, Deputy Administrator, Division of Medicaid, Department of Health and Welfare:

Mr. Leary's primary focus was on the Chip –B and the Access card. Mr. Leary reported that Chip enrollment had dropped by almost 500 participants as compared to June of last year. With the plans being rolled out under the Federal plan, along with premium subsidies we may see further decrease in participation in the future. Mr. Leary's budget report indicated that there is 8 million dollars available for fiscal year 2011 with an expected balance as of June 12, 2012, of 2.3 million.

#### **Department of Insurance**

Director Bill Deal gave an update on the Department's efforts to comply with the federal health reform.

Director Deal reported that a 2,000 page law on health reform had turned into 20,000 pages of rules, and that there were still many areas that needed clarification.

The Department had to collect data from carriers on premiums and benefits and submit the information to the Feds so that it could be included in the HHS website, this task was completed.

The Department opted to allow the Federal government to create their own high risk pool in the state of Idaho, rather than the state creating its own, because the funding allotted to pay claims and administer the program was viewed as inadequate. Thus far 300 applicants have applied for the Federal High Risk Pool Plan and only six policies have been issued. Evidently, the Feds are having trouble identifying those applicants who are eligible for the plan.

The department spent over 300 hours collecting data and completing the Grant application for Grant Funds to administer rate overview and to put together the Health Exchanges by 2014. 48 states were given 1 million dollars apiece to complete the task. The Idaho Department did not see a need to apply for the full million and ask if they could apply for less. HHS stated that they had to apply for a million, no more no less. Larger states, such as New York and California complained that a million dollars was not enough. Director Deal hopes to have the Exchange Plan completed by 2013 to be implemented in 2014.

In summation, the Director stated that his two priorities were number one to get the exchanges up and running and second to be sure that the private side of insurance was maintained, and to develop flexibility in the plan so that the Producer had a place in the final scenario. He stated that licensing of all individuals dealing with public was imperative to have strong regulatory oversight. The Director stated:

“It was evident at the NAIC Western Zone meeting that the Commissioners and Directors all felt that the Producers are an essential part of this program.” He stated that some companies were using the internet , " and some of those companies do not understand the value of the producer.”

The Director stated that given the mandates of the Federal Health Plan, the department would need to add five or six new people in the coming year.

### **High Risk Pool**

Laren Walker, High Risk Pool Administrator, gave an update on the financial status of the pool. Mr. Walker stated that last year was the first year the pool declined in value from the previous year. In other words claims and exceeded expenditures. He stated that this trend was predicted based on the fact that the pool is now 5 years old and claims were expected to increase as the plan ages. The high risk pool is currently paying out about 1 million dollars per month. The Pool is currently experiencing about a 250% claims-loss ratio based on premium paid. However, with premium assessments the plan should remain solvent.

### **Hyatt Erstad**

Mr. Erstad reported that the Idaho High Risk Pool was the envy of many states because of its fiscal position. He stated that 23 states had declined to create a new Federal High Risk Pool and had instead opted to allow the Federal Government to implement their own pool.

Mr. Erstad commented that a decrease in the Employer based insurance plans is probably coming since many employers will move their employees toward accessing insurance through the exchanges.

So far, the Federal High Risk Pool has not impacted Idaho’s pool since only six individuals have actually received coverage through the pool. The board is presently looking at ways to be able to transition individuals from our high risk pool to the Federal pool; this is problematic now because the Federal pool requires that an individual go without coverage for 6 months before they qualify for the Federal plan.

### **Health and Welfare**

. The Director stated that the Department had experienced a 5.5% increase in Medicaid enrollment. The Department presently has a 168.3 million dollar shortfall.

A report on the impact of the Patient Protection and Affordable Health Care Act on Health and Welfare was postponed until the November meeting since Director Armstrong spent most of his time explaining why the department’s computer system had failed to pay providers in a timely manner.

### **Blue Cross**

Jack Meyers, Chief Financial Officer, reported that Health plans currently in place would have no changes that would cause them to become ineligible under the Grandfather Clause of HHS Rules. He stated that any significant benefit changes as well as employer contribution decreases could affect the Grandfather status of a policy.

Mr. Meyers summarized the Federal mandates effective in September. Mr. Meyers showed that the MLR for the company would include:

Claims- 77.20%

Admin-13.60%

**Broker-5.70%**

Prem.Tx1.50%

Resrv.2.00%

Senator Cameron questioned the Broker's percentage since Blue Cross pays a flat fee and not a percentage. Mr. Meyers explained this is a typical or average commission if you convert the flat fee to a percentage.

It appears that Blue Cross is meeting the requirements of the Federal Government by decreasing non-essential benefits. Blue Cross has not taken into account the effect increasing the number of insureds will have on cost shifting by providers. When questioned about access and cost, Mr. Meyers said: "There is nothing in the health care bill that addresses directly health care costs."

### **Regence Blue Shield**

Scott Kreilling reported that Blue Shield was on-target to meet all Federal Health Care requirements. His report was very short and uninformative. Mr. Kreilling did report that were cancelling all grandfathered plans and issuing plans that meet the federal requirements.