

NH HealthFirst Advisory Committee

10/30/2008

Meeting Minutes

Present:

Insurance Department staff Roger Sevigny, Commissioner, Alex Feldvebel, Deputy Commissioner, Leslie Ludtke, Health Care Policy Analyst, Michael Wilke, Life, Accident and Health Director, David Sky, Actuary, Tyler Brannen, Health Care Statistician. Governor's Office Katja Fox. Advisory Committee Members Rosamond Cain, Marilinne Cooper, Mary Ann Kristiansen, Robert Good, Steve Delissio. Consultants Daniel Cronin, CGI, Jeff Watson, CGI, Robert Bergan, CGI, Lisa Manderson, Compass Health Analytics, Heather Staples, Middleway Group.

Opening Remarks

Commissioner Roger Sevigny and Leslie Ludtke provided the opening remarks. The Commissioner thanked the Advisory Committee for their hard work, their commitment as volunteers and their excellent counsel and guidance. Commissioner Sevigny reviewed the guidance from the 10/09/2008 meeting, as follows:

- Reduce the administrative costs;
- Translate the per member per month cost to premium equivalents;
- Improve the wellness rewards in Year One;
- Ensure the target wage was reflective of the affected population;
- Present the plan design to focus groups to assess its market appeal;
- Address the deductible style so that an individual does not have to satisfy the full family deductible before coverage begins.

Leslie reviewed the format of the meeting, which would include an overview of administrative expenses, background on the data sources used to develop the rates, source information for the target, changes to the plan design and comparable designs and equivalent rates.

Target

Leslie explained that the target has gone up and followed with a discussion of what the number means and what it represents. The Department found that there are two sources of wage information. The first is the Employee Survey, which is effectively a payroll dump from NH employers, comprised of both full and part-time wages and including information for student workers. The second data source is the Population Survey, with data for NH residents, providing distinctions for worker status. In the latter source of data, the difference between full and part time wages was 14.8%. This variance was applied to the Employee Survey, to produce a more accurate reflection of the applicable wages. The Insurance Department had many discussions with, and is thankful for, the efforts of the Department of Employment Security, in clarifying the target.

Leslie further explained that the increase in the target allows the Department and the Consultants to revisit the initial plan design.

Claims Expense

Lisa Manderson walked the Committee members through the methodology for development of the claims expense. Tyler pulled claims data from NHCHIS and compared the data against the rate filings from the carriers for Q32008. They used the Anthem filings as they have the lion's share of the membership, their numbers tied to NHCHIS and their filings were the most comprehensive, with all of the categorizations in place for the plan design components. They looked at total claims costs and then drilled into the data to come up with the category expenses.

Lisa reviewed some of the key assumptions, including the strong likelihood that this plan design will see favorable selection, due to its wellness components and incentives. The pricing was performed off of the average HMO, and as a result, they expect to see at least a 10% favorable selection impact for this design.

Lisa also reviewed trend expectations from the filings, historical trend and what the expectations were going forward. She explained that there was pretty wide variation for trend expectations in the filings, with carriers reporting from 8.7% to 13.1%. Only one carrier was below the 11% range and the others were clustered in the 12% to 13% range.

Administrative Expense

Lisa explained that a factor of 14% was used, a combination of profit and administrative expense. The Q32008 filings showed expenses in the range of 12.1% to 20.3%. Although only one carrier was down at the 12.1% level, there was better distribution for administrative expenses than there was for trend. She discussed a Milliman study of the annual statements for 900 health plans, which cite an average of 15%, 12% expense and 3% profit, across all lines of business. She further explained that administrative expenses are generally higher for small group business due to fixed costs such as enrollment and billing, benefit set up and account management.

Target, Plan Design and Comparable Small Business Quotes

Lisa reviewed the target and how it was both trended forward and adjusted to reflect full time wages only. Lisa then reviewed the plan design and noted the variations from the original Plan A which included:

- Deductible style which now reflects a traditional style design;
- 100% coverage for both routine and diagnostic laboratory services;
- No coverage for chiropractic services;
- \$35 copay for Tier 2 pharmaceuticals.

The plan design, with the changes, meets the target and includes the Year One wellness incentives from the original design.

Heather Staples reviewed the wellness design which combines the Year One incentives into one bundled amount, requiring completion of all program components to earn the reward. All other program components have remained the same.

Dan Cronin discussed the findings from the focus groups, in which five different firms were presented with the plan design and pricing and asked whether the plan had appeal and whether they would purchase the design, if offered. 100% of the employers indicated they would, in fact, purchase this plan, particularly given the favorable pricing for a comprehensive design. The firms were from all different industries and included a brokerage firm, plumbing and heating company and a real estate company.

Lisa reviewed the comparable small business quotes, all of which, despite the census information, showed favorable pricing for the HealthFirst design, even when the design was more comprehensive than the comparable plan.

Recommendation

Leslie queried the Advisory Committee as to whether they had questions or concerns and whether they would approve the recommended plan. Despite individual reservations for individual components of the plan, Bob Good moved to approve the plan and the Advisory Committee universally endorsed the wellness plan.

Next Steps

Commissioner Sevigny thanked the Committee again for their participation and let them know that they are a standing Committee, upon which the Department could call if necessary to review components of the design either after the outside actuary review, or within the period stipulated in the legislation. The legislation calls for the design to be reviewed every three years, at a minimum. If necessary, the design could be reviewed earlier.

Katja Fox extended thanks from the Governor's office for their hard work, effort as volunteers in this process and thoughtfulness.

The meeting was convened.