

From: Teresa Gallinaro
Sent: Tuesday, May 27, 2014 3:01 PM
To: Sawicki, Marlene
Cc: Beth Roberts
Subject: Harvard Pilgrim's comments re SHOP Employee choice for NH in 2015

Dear Ms. Sawicki

Please accept these comments that reflect Harvard Pilgrim's concerns with implementing employee choice in the SHOP in 2015. Harvard Pilgrim has worked extensively in 2014 to be ready to enter the Individual and SHOP Marketplace in 2015. The rate filings are due on June 1 and they reflect the plan benefit designs previously submitted in early May. The plan benefit designs for the SHOP, in turn, were based on a set of key assumptions, one of the most important being that the small employer would select the metal plan for their employees in 2015. If we had known that employees of a small group plan would be able to choose among a variety of plans in the same metal tier that would be offered by different carriers, we may have used a different set of assumptions in both our plan design and rate development. We, like other carriers, have little to no experience with employee choice in the SHOP and the potential for adverse selection is a real one. Even if we were given the opportunity to either change plan designs or rates in response to the likely possibility of greater adverse selection, the fact remains that with so much work to be done yet for the Individual Marketplace, the time is very short between now and November to perform a thoughtful re-evaluation of our proposed small group portfolio and associated premium rates.

In addition, while we recognize that CMS has succeeded in correcting many of the issues around enrollment that plagued the Individual Marketplace last October, there still appear to be a number of back-end transaction issues that need to be worked out in 2014 before anyone can say that the Individual Marketplace is fully functional. The fact that the Individual Marketplace mechanisms still need substantial work in 2014 is another argument for going slow with the SHOP Marketplace. We support an approach that would first require the SHOP to be fully functional both on the front and back ends and able to successfully handle various transactions in the more traditional employer choice scenario before moving to the more complicated scenario of employee choice among different carriers and different plans on the same metal tier. Another roll-out fraught with problems could very well lead to the SHOP being designated a failure by the small business community.

I would like to thank the Department for its consideration of these comments.
Teresa M. Gallinaro
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