

# EXHIBIT C

## MINUTES

### ALC-ARKANSAS HEALTH INSURANCE MARKETPLACE LEGISLATIVE OVERSIGHT SUBCOMMITTEE

August 16, 2018  
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The ALC-Arkansas Health Insurance Marketplace Legislative Oversight Subcommittee met Thursday, August 16, 2018 at 9:00 a.m. in Committee Room B of the Big MAC Building, Little Rock, Arkansas.

**Senate Marketplace Legislative Oversight Subcommittee Members Attending:** Senators Ronald Caldwell, Chair; Cecile Bledsoe, and Jason Rapert.

**House Marketplace Legislative Oversight Subcommittee Members Attending:** Representatives Deborah Ferguson, Co-Chair; David Meeks, Vice Chair; Karilyn Brown, and Kim Hammer.

**Other Legislators Attending:** Senators Lance Eads, Trent Garner, Keith Ingram, and Gary Stubblefield. Representative Joe Jett.

#### **Call to Order & Comments by the Chairs**

Representative Deborah Ferguson called the meeting to order.

#### **Consideration to Adopt the May 17, 2018 Meeting Minutes (EXHIBIT C)**

Representative Deborah Ferguson stated that without objection, the May 17, 2018 meeting minutes are adopted.

#### **Update on Recent Activities and Financials of the Arkansas Health Insurance Marketplace (AHIM) (EXHIBIT D)**

Greg Hatcher, Chair, and Angela Lowther, Director, both with the Arkansas Health Insurance Marketplace; presented the update. Ms. Lowther stated the main goal of the marketplace is to help Arkansans find affordable health coverage. Then she explained and discussed AHIM's Budget Report (Exhibit D). The existing SHOP plans will continue through October of this year. Mr. Hatcher explained how the marketplace operates.

Representative Ferguson asked Commissioner Allen Kerr to look at the operational budget prepared by AHIM, and then prepare a budget showing the estimated cost to the Arkansas Insurance Department (AID) if the legislature voted to transfer the duties of AHIM over to the Arkansas Insurance Department. Representative Ferguson asked AHIM and AID to bring these reports to the next meeting for the subcommittee members to review and compare these reports. Representative Ferguson also asked AHIM to bring a detailed six-month cost report to the next meeting.

#### **Federal Risk Adjustment Payments and Their Impact on Insurance Plan Rates**

Allen Kerr, Insurance Commissioner, and Zane Chrisman, Insurance Deputy Commissioner, both with the Arkansas Insurance Department (AID); presented the impact of the federal risk adjustment payments on Arkansas insurance plan rates.

Commissioner Kerr stated that the insurance department has a division called "The Senior Health Insurance Program" (SHIP) that is federally granted. This program has been operational for a long time and is very successful.

Mr. Kerr said the proposed new rates have been filed, but have not been approved. The insurance department is still waiting for review from the actuary. The following insurance companies have applied for the following rate increases:

- ❖ Blue Cross/Blue Shield 4.4%
- ❖ Ambetter/Centene 4.6%
- ❖ QualChoice 1.0%
- QualChoice had hefty rate increases over the last few years and have been doing very well, so in view of that, their rate request is reasonable. Probably needed for maintenance.

Zane Chrisman stated three risk corridors were set up to stabilize the Marketplace. Two of which were temporary, and the "Federal Risk Adjustment" is the only remaining risk corridor.

## **Possibility of State Using Reinsurance to Lower Premium Costs to Consumers and Other 50-State Comparative Information (Handout #**

J. Craig Wilson, JD, MPA, Director, Health Policy, Arkansas Center for Health Improvement (ACHI) presented this report.

### Mr. Wilson presented the three risk mitigation strategies:

- ❖ Risk Adjustment Program
  - Prevents insurers from ‘cherry picking’ clients
- ❖ Risk Corridor Program (temporary and ended in 2016)
  - Protected insurers who underpriced their premiums
- ❖ Reinsurance Program (temporary and ended in 2016)
  - This was insurance for insurers, protecting them from catastrophic events among their members.

In 2017 the marketplace began to suffer substantially nationwide as competition fell and Affordable Care Act (ACA) rates rose. Some of the strategies to stabilize the marketplace are:

- ❖ Arkansas Marketplace:
  - Large guaranteed purchaser for 80% of the market through Medicaid
  - Aggressive rate review and new tools to check actuarial justifications
  - Budget neutrality cap in AR Works Waiver
  - Medicaid purchasing guidelines
  - Alignment of public/private sector to shift to value-based provider payments
  - Solutions addressing high-risk enrollees, such as *reinsurance* or high-risk pools
    - Alaska and Minnesota have implemented this through a 1332 Medicaid Waiver
  - Leveraging Medicaid through premium assistance
  - Enacting state-based individual mandate
  - Extending tax credits to mitigate subsidy cliff
  - State-based regulation of exempt plans, particularly limited-duration plans
- ❖ Federal action impacting the market (2018-2019)
  - Individual mandate changes
  - Health plan regulatory changes
  - Elimination of cost-sharing reduction payments
  - Temporary elimination of risk adjustment program
- ❖ Expanded plan choices (Non-ACA)

The meeting adjourned at 11:30 a.m.