

MINUTES

ALC-ARKANSAS HEALTH INSURANCE MARKETPLACE LEGISLATIVE OVERSIGHT SUBCOMMITTEE

September 18, 2018

The ALC-Arkansas Health Insurance Marketplace Legislative Oversight Subcommittee met Tuesday, September 18, 2018 at 10:30 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; Linda Chesterfield, Terry Rice, and Bill Sample.

House Marketplace Legislative Oversight Subcommittee Members Attending: Representatives Deborah Ferguson, Co-Chair; David Meeks, Vice Chair; Ken Bragg, Jim Dotson, Kim Hammer, and Brandt Smith.

Other Legislators Attending: Representative Dan Sullivan.

Call to Order & Comments by the Chairs

Representative Deborah Ferguson called the meeting to order.

Consideration to Adopt the August 16, 2018 Meeting Minutes (EXHIBIT C)

Representative Deborah Ferguson stated that without objection, the August 16, 2018, meeting minutes are adopted.

Discussion of the Report to the Arkansas Legislative Council Recommending Action on AHIM (Act 4 of the First Extraordinary Session of 2017) (EXHIBIT D)

Jessica Beel, Staff Attorney, Bureau of Legislative Research, presented the discussion on Act 1500 of 2013 and on Act 4 of the First Extraordinary Session of 2017.

ACT 1500 of 2013

Act 1500 requires the Arkansas Health Insurance Marketplace Legislative Oversight Subcommittee to report by December 1st of each year, any recommendations for changes in the assessments and/or user fees, and for any appropriate action by the General Assembly; to both the President Pro Tempore of the Senate and to the Speaker of the House of Representatives. This report is based upon the Arkansas Health Insurance Marketplace (AHIM) report that is presented annually to this subcommittee by October 1st, regarding assessments and/or user fees.

In addition, the AHIM Subcommittee has to submit by December 15th, an annual report on any analysis or findings that have resulted from the AHIM Subcommittee's activities during the year.

ACT 4 of the First Extraordinary Session of 2017

Act 4 of the 1st Extraordinary Session of 2017, requires the AHIM Subcommittee is to perform the following tasks:

1. To review the operations, programs, and finances of AHIM
2. To study approaches by other states regarding health insurance marketplace structure, design, and operations
3. To provide recommendations concerning AHIM for continued availability of health insurance to the citizens of Arkansas
4. To explore and recommend options for the future efficiency and sustainability of AHIM

All of the findings from the above-mentioned four (4) tasks must be submitted in a report to the General Assembly and a copy of this report sent to the Governor. This report will also include recommendations for legislation--but this report has no deadline.

Update on the Possibility of Transferring AHIM Functions to the Arkansas Insurance Department (AID) (Handout #1)

Allen Kerr, Insurance Commissioner, and Zane Chrisman, Insurance Deputy Commissioner, both with the Arkansas Insurance Department (AID), presented this update.

Before introducing this presentation, Representative Ferguson, for clarity, stated that the Arkansas Insurance Department is not asking to take over AHIM. As requested by this subcommittee, AHIM and AID have submitted their financial budgets and a listing of their operations to the AHIM Subcommittee. The subcommittee will compare, analyze, and review this information. This informative study should enable the subcommittee to decide whether to merge AHIM into the AID or to continue with AHIM as it is.

Ms. Chrisman described the requirements for operating a *State Based Marketplace on a Federal Portal (SBM-FP) plan*, and the current process for recommending and certifying plans:

- ❖ The Arkansas Insurance Department (AID) currently enforces federal guidance
- ❖ AID is the state manager for the Arkansas plan review portal, the *System for Electronic Rate and Form Filing (SERFF)*
- ❖ AID uses federal tools for reviews (they also have a solid path of communication with the Centers for Medicare and Medicaid Services (CMS))
- ❖ AID recommends the plans for certification to AHIM, who then certify the plans to CMS within CMS timelines
- ❖ AHIM then transfers these plans to AID and they review and confirm the plan list to AHIM.

If the subcommittee dissolves AHIM and delegates AHIM's duties to AID, the following annual reports will have to be submitted, so that the Arkansas Insurance Department will remain in compliance with CMS:

- ❖ Annual Program Compliance Report
- ❖ Annual Marketplace budget

The rest of Handout #1 (the presentation from the Arkansas Insurance Department) focuses on comparing AHIM and AID, so the members of this subcommittee can make an informed decision as to whether to dissolve AHIM and delegate their duties to AID; or to keep AHIM as it is.

Representative Hammer requested that the financial budgets from AHIM and AID be sent to the Fiscal Division of the Bureau of Legislative Research for verification.

Update on Recent Activities and Recent Financials of the Arkansas Health Insurance Marketplace (AHIM)

Angela Lowther, Director, Arkansas Health Insurance Marketplace, and Mark Meadors, Vice Chair, AHIM Board of Directors, Arkansas Health Insurance Marketplace; presented an update on the recent activities and financials of AHIM.

Ms. Lowther stated that in addition to the financial information AHIM submitted to this subcommittee last month, the numbers AHIM provided were supplemented with a detailed breakdown after last month's meeting. AHIM submits an annual independent financial audit to Legislative Audit, however the latest audit has not been finalized. AHIM's user fee is set up so the exchanges will have sufficient operating funds and be self-sustainable.

Mr. Meadors stated that AHIM will have a surplus of approximately \$400,000 this year, which will allow them to spend more on outreach. If there is not a significant drop in enrollment numbers, AHIM can adjust the 4.25 user fee down. Mr. Meadors discussed in detail AHIM's costs, collections, and fees; and reiterated that AHIM does not receive any state funds. AHIM is totally self-sustainable on the collection of user fees, and grant money from the federal government.

Representative Ferguson stated that this subcommittee cannot vote on a recommendation regarding user fees, because this subcommittee has not received an official letter from AHIM stating their user fees for the year 2020, and also, the subcommittee does not have a quorum present today.

Representative Hammer requested evidence that shows how consumers will be affected if the AHIM is dissolved.

**Discussion of the Process of Transferring AHIM Functions to the Arkansas Insurance Department (AID)
(EXHIBIT G)**

This discussion will be presented at a future meeting of the Arkansas Health Insurance Marketplace Legislative Oversight Subcommittee.

The meeting adjourned at 1:00 p.m.

APPROVED