

MINUTES

ALC-ARKANSAS HEALTH INSURANCE MARKETPLACE LEGISLATIVE OVERSIGHT SUBCOMMITTEE

November 15, 2018

The ALC-Arkansas Health Insurance Marketplace Legislative Oversight Subcommittee met Thursday, November 15, 2018, at 1:30 p.m. in Room B of the Big MAC Building, Little Rock, Arkansas.

Senate Marketplace Legislative Oversight Subcommittee Members Attending: Senators Cecile Bledsoe, Jason Rapert, Terry Rice, and David Wallace.

House Marketplace Legislative Oversight Subcommittee Members Attending: Representatives Deborah Ferguson, Co-Chair; David Meeks, Vice Chair; Kenneth Bragg, Karilyn Brown, Reginald Murdock, and Jeff Wardlaw.

Other Legislators Attending: Senator Scott Flippo. Representative Aaron Pilkington.

Members-Elect Attending: NONE

Call to Order & Comments by the Chairs

Representative David Meeks called the meeting to order.

Consideration to Adopt the October 18, 2018 Meeting Minutes (EXHIBIT C)

Representative David Meeks stated that without objection, the October 18, 2018, meeting minutes are adopted.

Report on How Various States Have Organized Their Health Insurance Marketplaces (Handout #1)

Jessica Beel, and Alix Stephens, Staff Attorneys, Legal Division, Bureau of Legislative Research (BLR)

At the request of the chairs, the subcommittee staff attorneys researched and studied different structures and designs of marketplaces in all 50 states. Ms. Beel stated that this study is completely non-partisan, as are all reports of the Bureau of Legislative Research.

Ms. Beel briefly described some of the marketplace plans in several states. Ms. Beel reported that states that have state run marketplace tend to impose a financial assessment on the insuring providers at a rate of per member per month; instead of a user fee percentage. These states tend to appropriate some state funds or a combination of state funds and financial assessment to fund their operation.

Idaho is able to maintain their user fee at 1.50%, because they are solely a state exchange and do not utilize the federal technology and as a result do not charge the 3% technology fee.

Report from the Arkansas Health Insurance Marketplace (AHIM) Board and Staff—Status of Open Enrollment and Recommendations for User Fees and the Required Federal Technology Fee—BKD Audit, October, 2018

Brett Kirkman, Chair, and John Womack, Secretary/Treasurer, both with AHIM Board of Directors; and Angela Lowther, Director, Arkansas Health Insurance Marketplace; presented this report. Ms. Lowther stated that open enrollment for the exchange for Plan Year 2019 is in effect from November 1 through December 15, 2018.

Brett Kirkman and Angela Lowther both stated that the AHIM Board recommended that the AHIM Fee remain at 1.25% for Plan Year 2020. They said that rate was needed to build a reserve fund for AHIM to weather any unforeseen circumstances in the future. Several subcommittee members disagreed with that reasoning, because it impacts the rates that insurance companies charge on the exchange; and as a result it is more expensive for consumers buying insurance on the marketplace exchange.

Ms. Lowther discussed the most recent BKD Audit, dated June 30, 2018. The subcommittee members asked questions about statements in the audit report, which said the organization needed to strengthen controls and processes related to monthly and year-end accounts payable and accounts receivable.

There were also questions by members of the Subcommittee, about the need for navigators to assist consumers in obtaining health insurance on the marketplace exchange--if the marketplace exchange were moved to the Arkansas Insurance Department. The Insurance Department noted the need to change the special language in their appropriation, to allow them to contract for navigators. Current state appropriation language does not allow the Arkansas Insurance Department to contract for navigators, and is in direct contrast with the Centers for Medicare and Medicaid (CMS) language which requires the use of navigators.

After the presentation and much discussion between the members, the marketplace representatives, and the Arkansas Insurance Department; Senator Rapert made a motion that the Subcommittee recommend to the Arkansas Legislative Council, to alter the recommendation from the AHIM Board of a 1.25% user fee to a 1% User Fee for AHIM for the Plan Year 2020,,, for all policies sold on the marketplace exchange. The motion carried.

Representative Meeks requested a report from the Bureau of Legislative Research (BLR) containing comparative data on the finances of retaining the Arkansas Health Insurance Marketplace as a separate entity; versus moving the functions of the marketplace to the Arkansas Insurance Department (AID).

The meeting adjourned at 3:50 p.m.