

Oregon Medical Insurance Pool
Board Meeting Minutes
April 17, 2013
Wilsonville Training Center of Clackamas Community College
29353 Town Center Loop East, Room 111
Wilsonville, OR 97070

Board Members Present

Ken Provencher, Health Care Services Contractor Representative
Patrick Allen, Department of Consumer and Business Services
Robin Richardson, Reinsurer Representative
Kelly Ballas, Oregon Health Authority
Don Antonucci, Regence
Sue Sumpter, General Public Representative
Robert Gluckman, M.D., Non-designated Representative (via teleconference)
Chris Ellertson, Non-designated Representative (via teleconference)

Board Members Absent

Rocky King, Public Representative Emeritus
Andrew McCulloch, Health Maintenance Organization Representative
Suzan Turley, Public Representative
Dave Houck, Public Representative Emeritus

OMIP Staff Present

Don Myron, Administrator
Linnea Saris, Program Development Specialist
Napua Catriz, Program & Operations Specialist
Matt Smith, Budget Analyst OPHP

Others Present

Steve Villanueva, Regence
Judith Anderson
Tom Jovick, Cover Oregon
John Walters
Roseanne Combs, Regence
Wendy McDaniel, Regence
Kevin McCartin
Csaba Mera, Regence
Mark Lazzo, Regence
Carolyn Espinoza, Regence
Laurel Klaus, Regence

Judy Wheeler, Regence
Ted Rydmark, Impact NW
Rob Schultz, Impact NW
Sarah Goldhammer, Impact NW
Marie Dahlstrom, Familias En Accion
Janet Hamilton, Project Access NOW
Linda Nilsen-Solares, Project Access NOW
Barney Speight, OHA Policy Advisor

Approval of Minutes

Mr. Antonucci motioned to approve the February 13 Board meeting minutes. Mr. Ellertson seconded the motion and all approved.

Administrators Report

Mr. Myron recognized Linnea Saris who had been reassigned to a new position within the Oregon Health Authority and Roseanne Combs who will be moving to Alabama, still with Regence.

OMIP enrollment as of February was at 11,076; the decline leveled off and is not expected to increase. FMIP enrollment was at 1615 in February and there is an enrollment suspension in affect that will likely continue through the remainder of 2013. FMIP suspension began March 1st, 2013.

Income demographics were provided as previously requested; the income is self-reported on applications and may not provide accurate numbers. Ms. Sumpter inquired about navigator involvement in transitioning members. Mr. Myron believes they will be a part of the collaboration leading up to the transition when OMIP ends; there will be an update at the July Board meeting. Mr. Richardson also added that discussions on communication methods and related subjects will also take place during our July Board meeting. Mr. Gluckman is concerned about those people that have a disadvantage with the cost and are unable to get assistance.

Care Management Subcommittee

Ms. Nilsen-Solares began the group presentation with an overview of their role in the navigation of OMIP members during the last six months. She had referred to the presentation used at the July 2012 Board meeting for their original introduction. Concern from some Board members at that time was if this would be the best use of OMIP grant funds given the short timeframe remaining in the state high risk pool. The points presented by PA NOW at that time were that this would be good use of OMIP grant funds because it would help stabilize current patients, a valuable investment in the Coordinated Care Organization's healthcare transformation, and the potential

applicability to commercial insurers. PA NOW would be a pilot program providing a chance to learn, determine outcomes, and provide cost savings.

PA NOW did not have data available during the March subcommittee meeting and were excited to provide this information within their presentation. Ms. Nilsen-Solaris went on to provide a recap of the varying factors in their program structure different from that of Familias en Accion; their method of payment on Pathways outcomes and their approach in sub-contracting with a network of navigator programs rather than staffing their own.

During the first month of navigation for OMIP, 11 individuals began navigation with 64 emergency department (ED) visits and were reduced to 4 visits over six months. At \$2,400 per visit, this is a savings of \$144,000. Of the same 11 individuals there was also a reduction of inpatient days from 45 days to 3 days. At \$7,000 per day this is \$294,000 in savings. This is a significant amount of total savings at \$438,000 for the OMIP program. Dr. Gluckman pointed out that the volume of ED visits shows the value of navigation. As for inpatient days, it is difficult to know that navigation is the true impact.

Mr. Schultz provided a brief synopsis of two individuals they have successfully engaged, their diagnosis, barriers, and successful outcomes were discussed. Dr. Gluckman explained that during the first subcommittee meeting the focus was around determining continuation of the program. By the second subcommittee meeting discussions were focused more on expanding criteria to provide a larger quantity of referrals. Mr. Robinson requested that the subcommittee continue to hold meetings between Board meetings.

Assessment Forecast

In the Board discussion regarding the OMIP and CRP assessments included in the February Board memo. Staff emphasized the increasing complexity and uncertainty in assessment projections. Due to potential changes in enrollee behaviors as the programs near the closure date, this can cause fluctuations in enrollment costs. Insurance market adjustments for upcoming changes in 2014, also pose an inherent lack of data necessary to develop a reasonably precise OMIP and CRP assessment forecast.

Staff noted that assessment amounts collected for OMIP and CRP are commingled in one account and the Board is authorized to use these total funds to meet the financial obligations of either program.

Kevin McCartin provides assistance and guidance to OMIP staff regarding the assessment forecast model. Mr. McCartin is a consultant with an extensive background

in claims analysis. In working with him, staff had incorporated a variety of assumptions and factors in the forecast for both assessments in February.

Staff indicated that a report would be available at the April Board Meeting that provided information on the 'underlying factor' requiring additional research. The Board also requested that staff provide updated OMIP and CRP assessment projections. The following response addresses these two items.

The "Underlying Factor" in Recent OMIP Claims Actuals

Assessment #44 Memo to the Board at the February 2013 meeting indicated that "recent trends in the overall total claims expenditure history between July 2012 and December 2012 suggest there may be an underlying factor influencing cost and/or utilization that is partially offsetting [dialysis] savings."

As explained further, "we will be working with Regence to review and research actuals in the coming months to determine whether this is in fact an emerging increase in trend, or a minor aberration, and will report back to the Board with our findings."

Following the February meeting, staff continued work with Mr. McCartin and Regence actuaries to review the claims history and lag reports, and based on the results of a conference call on March 22nd, the group concluded the underlying factor is not an emerging trend.

Detail in the claims history and lag reports through March 2013 have indicated a significant volume of dialysis claims originally reimbursed at the old contract levels or previous rates that have been adjusted in subsequent months. This resulted in credits that went back to dates of service in the early months of the reimbursement change (i.e., June & July 2012). With these adjustments, the resulting trends are now consistent with the expected level of savings from the dialysis reimbursement change and therefore, there is no unexplained underlying trend.

Projection assumptions in February already incorporated this activity, but due to the lack of detail available at the time, the concern was that the activity was related to an emerging trend that would suggest the projection assumptions were insufficient. Confirmation that the fluctuations were not an emerging trend means the assumptions made in the February projection remain reasonable and appropriately conservative based on currently available information.

Updated July 2013 OMIP and CRP Assessment Estimates

The OMIP and CRP assessments anticipated in July 2013 are intended to be the final assessments necessary to support all expenditures through run out in 2014 for both programs. As a result projection assumptions are conservative in an effort to avoid the need for additional assessments after July.

OMIP Assessment

Only two months of actuals have elapsed since the last OMIP assessment projection, and assumptions regarding the factors incorporated in the previous projection – including benefits packing and potential reduction in new enrollees with no credits in the last six months of the program – remain valid, and the two additional months of actuals do not suggest that any upward adjustments are necessary in the assumptions.

The resolution regarding the ‘underlying factor’ issue described above also required no changes to the projections, and as a result there is only one notable change that has developed in the two months following the last assessment projection that may impact the estimated total.

Two days after the Board meeting on February 13th, CMS/CCIIO announced that enrollment in all state-run PCIP programs would be suspended starting March 1st. This change has the potential to impact the OMIP program if new enrollment shifts from FMIP to OMIP.

However, the initial report from Regence indicates that following the FMIP enrollment suspension on March 1st, there have been only six individuals to date who had initially applied for FMIP that chose to enroll in OMIP when they learned of the suspension.

One month of actuals does not reflect a trend, and this data may not reflect individuals who learned about the FMIP enrollment suspension through the web site, news outlets, or other sources and changed to OMIP on their own.

While uncertainty remains until trends begin to emerge in the actuals, the current assumption is that the FMIP suspension will have minimal impact on OMIP due to a combination of the following: differences in enrollee profile between the FMIP and OMIP program; the pre-existing condition wait period in OMIP minimizing the majority of expenses for prospective enrollees who shift from FMIP to OMIP until October 2013 at the earliest (and only for the contingent entering the program in April); actual enrollment in the first quarter of 2013 is slightly less than projected in the model, offsetting some potential increases associated with FMIP; and the initial report from Regence indicating only six applicants shifting from FMIP to OMIP.

The OMIP assessment projection assumptions are very conservative, and at this point it appears they will be sufficient to cover potential increases in excess of our assumptions above, and as such our projections remain unchanged in this report from the February estimate.

The OMIP assessment projections are included at the end of this report.

OMIP staff will continue to closely monitor this issue and all other factors in the coming months and adjust the assumptions and forecast as necessary with guidance and assistance from Mr. McCartin and Regence. Updates will be provided to the board if substantial issues arise before the July meeting.

CRP Assessment

As discussed at the last board meeting, the CRP program is not a mature program like OMIP, and by statute the amount of data gathered from ceding carriers is considerably less detailed than the data available for projecting the OMIP assessment. As a result, projections for the CRP assessment are necessarily less precise.

This lack of history and detail is further exacerbated by the rapid pace of growth experienced in the CRP that is typical for newly implemented programs, and due to this lack of detail it remains unclear whether enrollment growth will continue at the same pace.

Staff has worked with Mr. McCartin since the last Board meeting to refine the CRP projections to the greatest degree possible based on the limited data available and the result (prior to the reserve adjustment) is relatively close to Mr. McCartin's initial very rough estimate of \$20 million mentioned during the discussion at the February meeting.

Due to the Board's intent to have no assessments beyond 2013, our projections continue to conservatively assume the current rapid pace of growth continues through program close, resulting in substantial increases between assessments 3 (Jul-Dec 2012), 4 (Jan-Jun 2013) and 5 (Jul-Dec 2013).

The Board decided to increase the assessment in excess of reimbursement needs for the February 2013 assessment in anticipation of this rapid growth, with the intent of using the reserve to make the increase more gradual in the assessment.

Assessment Projection Updates

As described above, the OMIP assessment projections provided at the February meeting remain appropriately conservative, and as such were not adjusted in the summary table. The rough CRP projection from Mr. McCartin has also proved to be relatively consistent with our update, and as a result the only substantive change is the application of the reserve against the July assessment.

OMIP Legislation – HB3458

Mr. Speight spoke to the Board regarding Oregon's Transitional Reinsurance Program bill (HB 3458). The Affordable Care Act (ACA) presents serious premium rate implications for the commercial individual health insurance market. There is an estimated 35% average increase in premiums including the impact of the Federal Reinsurance Program. Guaranteed issue is expected to have a significant impact including an estimated 22% increase due to OMIP/FMIP and portability members entering the individual market.

The proposed State reinsurance program is estimated to reduce average individual premiums by an additional 4%. Maximum participation in the individual market is key to rate stability. The program would operate alongside the federal reinsurance program to help carriers offset the annual claims costs of certain high-risk populations. The amount is fixed at \$4 per member per month in 2014 and declines over three years through 2016.

This bill introduced in House Health Care Committee, passed to Ways & Means Subcommittee hearing. There are ongoing discussions with legislators and the bill is supported by insurers and small business. The rate filings are due by April 30 and Governor Kitzhaber has already indicated that he will sign the bill and work closely with the small business community.

The OMIP Board will change to governance and OMIP/Reinsurance Board. Responsibilities will also be for OMIP run-out and state reinsurance program administration. Two additional reinsurance board members from the business community will be added. Implementation planning for this program will include rulemaking, procurement process and ongoing analysis.

Public Testimony

Mr. Walters is a resident of King City whose wife is currently an OMIP member and he had also been an OMIP member himself. Mr. Walters first thanked our Board and explained that having the OMIP coverage saved his wife's life on two occasions. With a monument of pill bottles in tote, he had continued with his brief presentation. Though he understands the logic of only being allotted 34 days of pills at a time given that people tend to cycle in and out of the program; he presented two issues and 200 pill bottles.

There are 377,000 bottles dispensed a year, a lot of trash. Cost per prescription is high and there could be a cutoff of some sort. When you include the inserts there are 287 sheets of paper, we are up to 528,000 pieces of paper. We are all paying for this or 88 boxes a year. Due to varying Dr. Visits between us, our pills need to be picked up once a week.

Board members expressed appreciation to Mr. Walters for sharing his real life experiences with them. Ms. Sumpter explained that we had discussed this in the past but were unable to do so due to the potential significant loss to OMIP and need to protect our program.

Mr. Ellertson asked Mr. Walters if he would be interested in entertaining an unrelated question. He inquired about Mr. Walters thoughts of moving into other coverage as ACA is implemented. Mr. Walters reply was for us to vigorously communicate to members.

Mr. Richardson extends his gratitude on behalf of the OMIP Board to Rosanne and Linnea for their years of service and dedication.

Meeting adjourned at 4:00 p.m.