

Florida Health Insurance Advisory Board (FHIAB) Meeting Summary

July 19, 2012
Tallahassee, Florida

Chairman Kevin McCarty

Convened the Board Meeting around 1pm after a quorum was reached. In his opening remarks, he made it clear that although the purpose of the FHIAB is to make recommendations to the Florida Legislature and the Governor – this Board meeting was informational in nature featuring invited guests to provide a broad overview of the conditions of the Florida health insurance marketplace, and provide initial reactions to the U.S. Supreme Court decision on the constitutionality of the Affordable Care Act (Obamacare). He also provided a brief summary of the U.S. Supreme Court Decision (*National Federation of Independent Business v. Sebelius*). This was the first FHIAB meeting since the U.S. Supreme Court Decision on June 28, 2012.

Deputy Insurance Commissioner for L&H – Michelle Robleto

Delivered a Powerpoint presentation about the status of federal healthcare reform. Her presentation was divided into two principal parts: 1) reforms that have already taken effect, and 2) future reforms (and state decisions) for reforms taking effect in 2014.

She provided an overview of the six-month federal reforms that became effective September 23, 2010 (first dollar coverage for preventative care, limitations on rescissions, dependent coverage up to age 26, etc.), provided Department of Health & Human Services (HHS) statistics for the Medical Loss Ratio rebates nationally and in Florida, and showed HHS data for costs of the transitional high-risk pools. (Florida did not elect to create a high-risk pool, and deferred this obligation to the federal government; Florida has roughly 6,600 enrollees – there are roughly 72,000 enrollees nationally --- 38,000 in state run plans, and 24,000 in federally run plans).

The two main decision points for the future are: 1) whether to establish a state-exchange, a state-partnership exchange, or defer to the federal government; and 2) whether or not to expand Medicaid. She made it very clear the Gov. Scott has stated emphatically that he is against Florida establishing a state-based exchange, and against the expansion of Medicaid. The consensus of the Board was that this decision will not be finalized by the state until after the November elections.

Ed Haislmaier, Senior Research Fellow at the Heritage Foundation

In his featured presentation, he discussed implementation issues surrounding Obamacare, its effect on competitive markets, as well as insights into the lesser known elements of this legislation. Some of his key points included:

- While implementation is proceeding in some states, some key issues for states may not be resolved until after the November elections – specifically if the election outcome provides impetus for amending, replacing, or repealing some portions of the ACA.
- In an arena of uncertainty and “standardization” of the insurance model, employers may decide to “opt out” of this system. Either by not offering health insurance to its employees, or to limit exposure by developing defined contribution systems in lieu of providing what is today known as employer-based coverage.
- Discussed horizontal inequities – basically involving a scenario with two people making equivalent salaries. A person may be more advantaged by having an employer not offer coverage, so they can seek subsidized coverage through an exchange. Another issue is that health insurance (generally) is not taxed – and employers would rather have employers buy health insurance than provide equivalent compensation via salary.
- When carrier excise taxes come on line in 2014 and the full impact of required mandates begins to accumulate, premiums will increase – and costs in subsidies could be greater than earlier anticipated.
- The Congressional Budget Office is in the process of updating estimated costs to include the impact of states choosing not to expand Medicaid. The updated financial analysis should be available within several weeks.
- Emphasized the uncertainty with several of the regulations – including the definition (and selection) of Essential Health Benefits. There are upcoming statutory and operational deadlines --- ultimately carriers need to know what is in the plan and how they will be reimbursed.
- He mentioned that the current framework of the ACA that includes subsidies, standard products, and regulated exchanges – could lead to less product variation based on benefits or price. Therefore, the regulatory model for insurance could become more like that of a regulated utility rather than a competitive market for risk-assuming entities.

Dr. Michael Garner, President & CEO of the Florida Association of Health Plans

Mr. Garner outlined concerns by Florida carriers regarding the effect of the federal legislation, and attempted to provide some national figures associated issues raised in Mr. Haislmaier’s presentation. Some of his main points included:

- Several studies have shown that premiums will increase in the near-term (2014) due to the implementation of the Affordable Care Act. (Taxes would be officially paid in 2014, although these could show-up in premiums as early as 2013 based on policies that overlap the 2014 date).
- One new element of the ACA is the national premium tax (also called excise taxes) on carriers of \$8 billion nationally in 2014 increasing to \$14.3 billion by 2023. This equates to roughly 1.9-2.3% of the premium dollar in 2014.
- A brief discussion ensued about the advent of Affordable Care Organizations (ACOs), and whether this would save money. He stated studies have been mixed.
- A board discussion also ensued about how better to encourage wellness initiatives into the healthcare insurance industry (anti-obesity, anti-smoking initiatives).

David Rogers, Assistant Deputy Secretary for Medicaid Health Systems at AHCA

Mr. Rogers provided an update on managed care initiatives for Medicaid in Florida. Among his points were:

- In 2011, the Florida Legislature created a new program, Statewide Medicaid Managed Care (SMMC).
- Statewide Medicaid Managed Care has two program components:
 - Long-term Care Managed Care Program
 - Will begin in the fall of 2013
 - Managed Medical Assistance Program
 - Will begin in the fall of 2014
- There was a discussion about both programs requiring federal waivers.
- Florida's own Medicaid program is making important strides towards consolidating different programs into an integrated system of managed long term care – one of the largest items in the state's Medicaid budget.

Rose Naff, the CEO of Florida Health Choices

She discussed the kick-off of Florida Health Choices, our home-grown marketplace to purchase health insurance coverage scheduled to commence operations on October 1 (with coverage beginning January 1, 2013). The initial phase will offer coverage to small groups with 4-50 employees.

It is important to note that Florida Health Choices was passed by the Florida Legislature prior to the passage of the Affordable Care Act in 2010; it would not be considered to be an "exchange" under the federal definition, but is considered a marketplace, currently for small employer groups only.

Ms. Naff previewed the marketplace website including shopping, comparison, and application screenshots, and demonstrated the user experience from the perspective of a consumer, and an employer.

She concluded by stating that Florida Health Choices is on schedule to implement a marketplace program for small employers that will begin coverage in 2013.

Laura Goodhue, Board Member and Executive Director of Florida CHAIN

She offered consumer perspectives on:

- Concerns about the impact of defining essential health benefits and a "benchmark" plan for Florida that adequately addresses coverage for persons with special needs, with high cost medical conditions, and whose medical conditions would benefit from appropriate case management.
- She mentioned wanting a public forum to have this discussed; the general consensus was that this issue would not be decided until after the November elections; moreover,

it is still unclear whether or not the state will have input into defining Essential Health Benefits if the state defers to the federal government for the creation of the exchange.

- She also requested more transparency and improved functionality for consumers to learn about significant rate filings, and to have a mechanism to comment on rate filings.

Michelle Robleto, Deputy Insurance Commissioner

Provided a brief presentation on consumer resources involving health insurance rate filings.

These resources include:

- The Florida Department of Financial Services (DFS) Division of Consumer Services.
- The Florida Insurance Consumer Advocate (specifically charged with providing consumer input on form and rate filings).
- The Office's I-File system that allows the public to view all rate filings, and associated documents. Filter mechanisms include: 1) date of filing 2) type of filing 3) type of insurance (e.g., Accident and Health), and 4) company name.
- Ms. Robleto did state the Office is committed to improving mechanisms for consumers to file comments on pending rate change filings in the future, and is in the process of developing/programming this functionality.

Michelle Newell, Acting Executive Director of FHIAB

Ms. Newell was asked by Chairman McCarty to deliver the Manager's Administrative Report, which included a balance sheet of assets and liabilities, an income statement, budget, and status of assessments. Given the FHIAB's current resources, she recommended consolidating some of the accounts to reduce overhead expenses.

On a related FHIAB issue, Chairman McCarty praised Ms. Newell for her work as acting executive director, and asked Vice-Chair Harry Spring to have his audit committee review the possibility of hiring a permanent executive director for the FHIAB. Mr. Spring agreed to have his committee review this issue.