

BeWellnm
New Mexico Health Insurance Exchange
Special Board Meeting Minutes
Friday, April 26, 2019, 8:30 AM
Indian Pueblo Cultural Center
2401 12th St NW
Albuquerque, NM 87104

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| <p>Board Members Present:</p> <ul style="list-style-type: none">• Dr. J.R. Damron• Mr. Damian Esquibel• Ms. Terriane Everhart - via phone• Mr. Dan Foley• Superintendent John Franchini• Ms. Patsy Romero• Dr. J. Deane Waldman• Dr. David Leachman• Ms. Teresa Gomez• Mr. Brandon Fryar• Mr. David Shaw• Dr. Martin Hickey• Secretary David Scrase | <p>Board Members Absent:</p> |
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1. Welcome, Roll Call, and Confirmation of Quorum - Chairman J.R. Damron

The meeting was called to order at 8:45 a.m. Roll call was taken and a quorum was established.

2. Approval of Agenda - Chairman J.R. Damron

Chairman Damron indicated he would like to add public comment to agenda item no. 4 prior to entering executive session.

Motion to approve modified agenda: Director Shaw

Second: Director Waldman

The motion passed unanimously.

3. Matters from the Search and Transition Committee

Director Hickey identified the members of the Search and Transition Committee as Directors Hickey, Shaw, Fryar, Waldman and Gomez. Director Hickey noted that the committee met by phone last week and agreed to initiate the search process immediately, via the existing contract with REDW, as the current contract covers personnel matters and recruiting. The committee believes that the price is reasonable. The committee's next step will be to review a detailed job description for the CEO position and evaluate salary based on qualifications and experience. The committee anticipates being able to

complete the process within the next four months. The committee believes there is handful of qualified candidates in New Mexico, but it will also do a national search. Director Hickey noted that he reached out to Amy Dowd, beWellnm's former CEO, for recommendations of qualified individuals. The committee will vet the pool of candidates and will report back to the Board.

4. Discussion regarding beWellnm plan to develop a state-based individual marketplace for plan year 2021.

Mr. Bustamante indicated the primary focus of today's meeting is to discuss past projection assumptions and review revised projections. Mr. Bustamante noted that he met with Secretary Scrase and they will be presenting together to the Board today. Mr. Bustamante noted that the individual marketplace and customer engagement center RFP was released March 1; the proposals were due April 1; and the scoring committee has been evaluating the proposals. Some of the information will be presented in the closed executive session as the procurement is still active and confidential.

Mr. Bustamante indicated the projections presented in September 2018 and March 2019 considered a 3% federal user fee, as well as premium increases between 8% - 24%. There was feedback that the premium increase projections were too high. The final Notice of Benefit and Payment Parameter for 2020 was released last week and the federal user fee was finalized at 2.5%. Another assumption previously presented to the Finance Committee involved the cost of the individual exchange build, which was projected at \$52 million for the first two years (combined), then approximately \$18 million, then roughly \$16 million annually thereafter.

Mr. Bustamante and beWellnm staff have reviewed the prior projections and budget and present revised projections. Mr. Bustamante discussed the basis of the revised projections. First, benchmark premiums have consistently gone up. Because beWellnm pays a percentage of total premiums, as premiums shift, so do the anticipated costs, including the assessment of the federal user fee. As New Mexicans enroll in more comprehensive coverage, this budget line item increases.

Mr. Bustamante noted that the Board's decision last year to move forward with the state-based exchange was made shortly after a stark increase in premiums nationally, resulting in an average increase of 24% year after year. Since that time, the market has matured and premiums have stabilized. Excluding last year's 46% increase, the average annual premium increase is roughly 10-12%.

The Directors revisited the assumptions and figures used last September when deciding to proceed with a state-based exchange. They discussed what a reasonable premium percentage increase might be based on market history and trends, and how the rate affects the individual exchange build. Secretary Scrase, Superintendent Franchini, and Directors Fryar and Romero believe that 5-8% is reasonable, based in part on actuary predictions of roughly 6 – 6.5%. Secretary Scrase and Director Waldman agreed that a 10% increase is likely unsustainable.

Mr. Bustamante noted that key assumptions were based on premium growth, federal user fee rates (overall percentage of premiums paid to CMS), administrative cost increases, and enrollment. Health care spending per capita is expected to increase, affecting premiums. The New Mexico population is unique, which explains some of the volatility. Some of the information surrounding the revised assumptions will be presented in the closed executive session as the procurement is still active and confidential.

Director Foley stated that he has seen no indication of a 6% average increase, and recommended using a higher number to forecast premium rate increases, then adjust accordingly. Superintendent Franchini distinguished between the trend in spending on health care vs. increased costs to consumers. Rises in premiums and increasing deductibles contribute to increasing costs for consumers. Director Fryar noted that New Mexico individual and small group markets are volatile, but by and large have matured and reached the tipping point of unaffordability.

Secretary Scrase expressed that the State Medicaid Director has concerns about whether there is sufficient time to integrate the Medicaid system with the Exchange system. Specifically, having two rule engines could negatively impact Medicaid members caught in between and could limit the ability to complete real-time eligibility determinations. Also, no state has yet to successfully operate two separate rules engines.

Mr. Bustamante presented revised assumptions using 3%, 5%, and 7% premium increases as well as the 2.5% user fee rate. The revised assumptions also included a shortened timeline, 3% increase in administrative costs, and 2% enrollment growth. The Directors agreed to run the projections for various scenarios using 3%, 6%, and 10% premium rate increases as well as 2.5% – 3% user fee rates. Secretary Scrase noted that what drives the projections the most are the premium rate increase and the federal user fee rate.

Public Comment:

Mr. Colin Baillio, Director of Policy and Communication of Health Action New Mexico, commented that Health Action New Mexico supports a state-based exchange for multiple reasons. It would allow the State of New Mexico the ability to respond to policy changes at the federal level and to build in features that improve the consumer experience on the enrollment portal. It would also give New Mexico the ability to pursue innovative policy solutions to drive down the cost of health care and increase enrollment, and to maximize the uptake in enrollment in the Exchange.

Barbara Webber, Executive Director of Health Action New Mexico, confirmed that Health Action New Mexico supports a state-based exchange. New Mexico does not have access to good data and thus cannot make the evidence-based decisions that will become more critical with its changing economy and demographics. Also, innovations being contemplated for New Mexico would be more easily incorporated into a state-based exchange (e.g. Medicaid buy-in opportunities, auto enrollment, extension of enrollment periods).

No further comment from the public.

5. Executive session pursuant to NMSA 1978, § 10-15-1(H)(7) for the discussion of threatened or pending litigation in which beWellnm may become a participant.

Chairman Damron moves that the Board move into executive session for discussion of the contents of competitive sealed proposals submitted in response to the RFP (#2019-001) for an individual marketplace and customer engagement center; and discussion of threatened or pending litigation in which beWellnm may be a participant.

Motion: Chairman Damron

Second: Director Esquibel

The motion passed with 13 yay's (Chairman Damron, Directors Esquibel, Waldman, Everhart, Hickey, Romero, Shaw, Foley, Gomez, Fryar, Leachman, Secretary Scrase, Superintendent Franchini)

Chairman Damron stated that the Board met in executive session to discuss only the matters identified in the motion and on the agenda, and no action was taken.

Chairman Damron thanked the Board for the opportunity to serve as Chairman for the last six years. Ms. Romero thanked the Board for the opportunity to serve as Treasurer.

6. Adjournment

Motion: Director Foley

Second: Director Leachman

The motion passed unanimously.