



Board Meeting Minutes

**Mile High Room, COPIC
7351 E. Lowry Blvd. Denver, CO 80230
March 11, 2013
8:30 AM – 12:10 PM**

Board members present: Richard Betts, Susan Birch, Steve ErkenBrack, Mike Fallon, Eric Grossman (via phone), Gretchen Hammer, Jim Riesberg, Arnold Salazar, and Nathan Wilkes.

Staff present: Marcia Benshoof, Cammie Blais, Stephanie Eng, Patty Fontneau, Caren Henderson, Lindy Hinman, Christa McClure, Patti Meyer, Myung Oak Kim, Kelly Ryan, Gary Schneider, Laura Villanueva, and Adele Work.

Approximately 20 people attended the meeting in person and additional people joined by phone.

I. Business Agenda

There was one edit made to the February 11, 2013 Board meeting minutes. Commissioner Riesberg pointed out that the second sentence in the second paragraph on Page 3 should read “providers” instead of “provides.”

Vote: The minutes were unanimously approved with the noted change. There were 7 voting members present.

Gretchen Hammer asked for any changes to the agenda. Commissioner Riesberg asked for time to speak on the Alignment Bill at the appropriate time.

Gretchen asked for any new conflict of interest disclosures. Richard Betts stated that he sits on the Board of a nonprofit that he recently learned is in the process of applying for Assistance Network funding.

II. Board Development and Operations

1. Board Chair Report

Gretchen Hammer spoke to the busy time coming up as COHBE prepares for an October 1st launch. She reminded the Board about their agreement to move back to two meetings a month with the understanding that the second meeting may be cancelled if not needed.

III. Exchange Development and Operations

1. Report from CEO/ED

a. Optional Benefits – Embedded and Stand Alone

Patty Fontneau gave an update on optional benefits. At the direction of the board, the Exchange technology has been developed to allow carriers to offer stand alone, embedded, and bundled options. However, COHBE has learned that the templates that will be made available (in SERFF) for carriers to send data to the Division of Insurance only allows for optional benefits to be embedded in a plan, not as a bundled option. From a consumer



choice standpoint, this will not impact their ability to opt for additional benefits; this only changes the way the optional benefits are being displayed and purchased. Patty went on to explain that if carriers wish to offer options, they will have to offer multiple plans i.e. one plan with no additional option and one plan with the additional option, both of which will need to be approved at the DOI level. Carriers have been made aware of this.

Richard Betts asked for clarification about dental benefits. Patty Fontneau replied that there will be stand alone pediatric dental plans, so carriers will have the option to either include pediatric in their plan offerings or not include it.

Steve ErkenBrack asked if the shopping experience will still be a fairly transparent process for the consumer and if they will be able to sort by benefits. Adele Work replied that consumers will be able to select upfront if they would want dental and/or vision; however, consumers will not be able to sort by benefits. Steve asked if the pricing will be transparent. Adele replied that the prices shown will be different, but for go live the consumers will not be able to see the additional cost of an optional benefit as a specific dollar amount.

Stephanie Eng went on to clarify that SERFF's templates have been developed by CCIIO and that COHBE is not able to gather additional data outside of these templates. This is why COHBE will be restricted in their ability to show breakout costs.

Steve ErkenBrack asked how the consumer will determine the network of a provider that offers ancillary benefits. Stephanie replied that COHBE is requiring that carriers submit their provider networks so consumers will be able to search the entire network based on a particular provider.

Gretchen Hammer asked about the proportion of buyers in the current market that purchase riders and what the scale of impact might be based on this update. Marc Reece from the Colorado Association of Health Plans commented that they cannot be sure since many carriers do not currently have a rider structure to their benefit structure now. This may impact consumers that currently have this option, but from a practical consumer choice standpoint, it does not have as large an impact.

Mike Fallon commented that this seems to go against the transparency that COHBE seeks to offer its consumer. Nathan Wilkes agreed and stated that COHBE should advocate for a change in the future. Patty Fontneau replied that COHBE is pushing to have the additional options available in the future.

b. Legislation Update

Patty Fontneau informed the Board that House Bill 13-1245 will be read in the Health, Insurance and Environment Committee on Thursday, March 21st at 1:30pm. This legislation will address future funding support for COHBE.

c. Other Updates

Patty Fontneau informed the Board that the future call center has been narrowed down to two locations, both of which are in Colorado Springs. Patty will keep the Board up-to-date as this process moves forward.

Patty introduced two new COHBE staff members: Jessica Rosenthal, Eligibility and Enrollment Coordinator and Christa McClure, Director of Partner Engagements.

Commissioner Riesberg provided an update on the Division of Insurance alignment bill. The DOI has received feedback from COHBE staff and the governor's office in drafting the alignment bill, and there has been a



tremendous amount of public support. The final format was completed on March 8th and should be introduced within the week.

2. Grant Committee Update

a. Introduction Regarding the Level 2 Grant Application

Gretchen Hammer informed the Board on the process for the upcoming Level 2 Grant application. Now that the Legislation Implementation Review Committee (LIRC) has been seated, COHBE will need to work with legislative staff to set up meetings on the Level 2 grant application, which is a federal grant only opened to those states with a State Exchange in place.

The deadline for submission is May 15th. The Grant Committee will meet regularly until then in order to guide the grant application's development and identify the issues that will need to be brought before the full Board over the next few meetings.

3. Finance Committee Update – Sustainability Discussion/Carrier Administrative Fees

i. Presentation

Cammie Blais [presented](#) on sustainably and carrier administrative fees for Year 1 of the Exchange. She reviewed two modeling assumption scenarios with varying assumptions.

Federal grant funding in 2014 may be used for the operation and implementation of the Exchange. Any program revenue collected in 2014, including the carrier fees collected, will reduce the amount of COHBE's federal grant funding by an equal amount.

Patty Fontneau clarified for the Board that COHBE was asking for two votes. The first ask was for a vote of support for the balanced revenue approach as outlined in the presentation. By having a balanced approach, COHBE feels that operational risk is minimized. Gretchen Hammer added that risk mitigation aligns with COHBE's mission of providing access, affordability, and choice to the consumer. The second ask was for a vote of approval of the carrier administrative fees at 1.4% of the premium for 2014.

Commissioner Riesberg asked is the fee would be attributed to all carriers or only those participating in the Exchange. Cammie Blais clarified that the fee would only apply to those carriers participating in the Exchange on products sold.

Nathan Wilkes asked why COHBE would not allocate any surplus funds to a reserve. Patty Fontneau replied that COHBE cannot build a reserve in 2014 with operational revenue under the federal grant guidelines.

Richard Betts asked Patty Fontneau to recap the Finance Committee discussion around how COHBE reached the estimated Exchange enrollment numbers. Patty explained that COHBE worked with Milliman to model about 50 different enrollment scenarios. Based on these models, the Exchange is targeting a range of 75,000 to 200,000 enrollees for Year 1. The final 136,300 estimated enrollment number for Year 1 was an average that fell comfortably within that range that is neither too conservative nor too aggressive a goal.

Steve ErkenBrack prefaced his questions with a note that he had a conflict of interest and would be abstaining from the vote. He asked if the estimated premium was based on the existing premium or based on half of the most recent trends. Cammie Blais replied that the existing trend was used for 2014 but it was half for the years



after. Patty Fontneau clarified that the model is not meant to be a prediction of what will happen in the market in 2014 and beyond.

Nathan Wilkes asked if the expected operational/technology budget was an honest assessment or if COHBE expected it to increase. Patty Fontneau replied that COHBE set the budget in the model at the highest level for the conservative data point.

Arnold Salazar asked when COHBE will need to know if legislative support is possible. Patty Fontneau replied that COHBE will not know what will happen before the carrier administrative fees are set for 2014. Once the legislation question is answered, the model can be revisited.

Mike Fallon asked if COHBE is barred from using funds from the State of Colorado for ongoing operations of the Exchange. Patty Fontneau replied that Senate Bill 11-200 states that general fund money cannot be used to implement the Exchange, but funds are allowed from carriers.

Eric Grossman asked COHBE's confidence level on enrollment projections for Year 1 and if there is a contingency plan in cash flow if numbers are not met. Patty Fontneau replied that the enrollment numbers are COHBE's best estimate at this time given the modeling. Eric asked for confirmation that if enrollment numbers are met, there would not be any cash flow issues. Cammie Blais confirmed this assumption.

Arnold Salazar moved to accept the recommendation from COHBE to support a balanced revenue approach, minimizing operational risk through the use of a multi-revenue source model. Richard Betts seconded the motion.

Steve ErkenBrack declared a conflict of interest and opted to abstain from the vote.

No further Board discussion.

ii. Public comment

No public comment.

iii. Vote

Vote: The motion to support a balanced revenue approach was passed with a vote of 5-1, with one member abstaining from the vote. There were 7 voting members present (Yes: Richard Betts, Eric Grossman, Gretchen Hammer, Arnold Salazar, and Nathan Wilkes. No: Mike Fallon. Abstain: Steve ErkenBrack).

iv. Second Recommendation

Richard Betts moved to accept the recommendation from COHBE to approve a carrier administrative fee for products being sold on the Exchange at 1.4% of premium for 2014. Arnold Salazar seconded the motion.

Steve ErkenBrack declared a conflict of interest and opted to abstain from the vote.

No further Board discussion.

v. Public Comment



George Lyford from the Colorado Center on Law and Policy (CCLP) expressed concern that limiting administrative fees to participating carriers on the Exchange may put COHBE at a competitive disadvantage. He cited the recent rating rules that administrative fees may be spread to the entire risk pools of the carriers. His concern with restricting the fee is that if the pooling rules do not pan out as broadly as they could, then the enrollment fees could be higher per member in the Exchange. George urged the Board, COHBE, and the DOI to look at the possibility of expanding the fees to all Colorado health issuers and consider expanding into the larger group market. He concluded by stating that the Exchange provides a financial benefit to all insurers in the state, irrespective of whether they participate in the Exchange, because of the reduction in the cost shift due to covering the uninsured. A broad-based administrative fee structure would reflect the value the Exchange brings to Colorado as a public good by reducing the number of uninsured.

Eric Grossman asked Marc Reece to comment on the reaction from carriers on the administrative fees being a percentage of the premiums instead of per member per month (PMPM) fee. Marc replied that carriers requested the PMPM fee but the argument was lost at the federal level. Since then, there has not been pushback.

Gretchen Hammer shared that the federal fee has been set at 3.5% of the premium in those states with a Federally Facilitated Exchange.

vi. Vote

Vote: The motion was unanimously approved, with one member abstaining from the vote. There were 7 voting members present (Yes: Richard Betts, Mike Fallon, Eric Grossman, Gretchen Hammer, Arnold Salazar, and Nathan Wilkes. Abstain: Steve ErkenBrack).

4. Policy & Process Topics – Broker Appointments

i. Presentation

Patty Fontneau walked through the [memo](#) on broker appointments with carriers. Patty referred to the August 27, 2012 Board decision that set guiding principles for broker roles & relationships. COHBE asked the Board to approve additional language that would require carriers doing business through the Exchange to appoint brokers that have gone through the certification process on the Exchange. COHBE is willing to allow carriers to wait until the first business is placed before carriers actually appoint brokers as long as carriers review the list of prospective brokers and make known their concerns about the ones they consider potentially problematic.

Richard Betts asked Commissioner Riesberg about the current process in the DOI. There was brief discussion on the DOI licensing process. Patty Fontneau added that once the DOI has licensed a broker, COHBE will be responsible for the training process. COHBE will work with the DOI to ensure that the hours required will also fulfill continuing education requirements so as not to add an additional burden of work.

Commissioner Riesberg asked that if a broker brings business to a carrier in the Exchange, would the carrier also be required to keep them as a producer outside the Exchange. Patty Fontneau clarified that from COHBE's perspective, this will only apply to products sold in the Exchange. Additional language was added to COHBE's recommendation to clarify that all carriers doing business through the Exchange, except those who do not market their products through brokers, will be required to appoint all brokers who are certified by the Exchange for the sale of their products within the Exchange. Patty Fontneau also clarified that compensation comparable inside and outside the Exchange means that compensation is the same inside and outside the Exchange.



Richard Betts moved to accept the recommendation from COHBE with the additional clarification that the requirement would only apply to brokers selling products within the Exchange. Nathan Wilkes seconded the motion.

Steve ErkenBrack declared a conflict of interest and opted to abstain from the vote.

ii. Public comment

Marc Reece commented that if carriers have any objections to a particular broker going through COHBE's certification process, they can bring their concerns to COHBE's attention. He believes that carriers are comfortable with not needing to appoint a broker until their first business is placed with the carrier. Additionally, he expressed concern about the "all or nothing" approach to brokers that would affect carriers that do not currently use brokers and require them to change their business model if they wished to have brokers on the Exchange sell their products. Patty Fontneau replied that COHBE does not feel it is their place to force carriers to use brokers.

Steve ErkenBrack asked if there are disclosure requirements to let the consumer know that when working with a broker, they are only authorized to sell products from the carriers they are contracted with. Since the existing market does not really have this issue, Gretchen Hammer commented that COHBE will be creating a certification process, which will present the opportunity to further work through these disclosure issues.

iii. Vote

Vote: The motion to require carriers doing business through the Exchange, except those who do not market their products through brokers, to appoint all brokers who are certified by the Exchange was passed with a vote of 4-1, with one member abstaining from the vote. There were 6 voting members present (Yes: Richard Betts, Mike Fallon, Gretchen Hammer, and Nathan Wilkes. No: Arnold Salazar. Abstain: Steve ErkenBrack).

5. Quality Display Update

Stephanie Eng summarized her [memo](#) on quality display and data collection. She also reviewed some quality display [samples](#) for illustrative purposes.

Nathan Wilkes asked if the math and percentiles started with an average based on national statistics and not Colorado specific statistics. Stephanie replied that COHBE's consultant, Lisa Latts, recommended using the national averages. The detailed ratings display national averages, but the ability to see all ratings & results will be color coded and available to consumers in an expanded section. Stephanie added that when looked at by the Advisory Groups, members were comfortable with the breakdown proposed.

6. Dental Update

Patty Fontneau presented a quick [update](#) on pediatric dental based on the recent regulations that provided clarity on the issue. Gretchen Hammer opened the topic up for public comment.

Kate Paul, President and CEO of Delta Dental, asked for clarification on what "reasonably assured" encompassed. Patty Fontneau replied that at this time, the regulations have not provided standards on this matter.



7. Introductions

Patty Fontneau [summarized](#) two topics, Facilitated Enrollment and Dedicated Carrier Sales Teams, that would be going to Advisory Groups in the coming month.

i. Facilitated Enrollment

The question to be brought before the Advisory Groups asks a) how to handle the current book of business carriers have today and b) ensure that those customers eligible for advanced premium tax credits will be able to obtain access to the subsidies they qualify for.

ii. Carrier's Dedicated Sales Force

The questions ask a) what role does a carrier's dedicated sales teams play in supporting Coloradans in gaining coverage through Exchange products and b) how can COHBE work with these sales teams to provide access to the Exchange.

Preliminary conversations with carriers have already begun.

Due to the time constraint, the marketing and communications update was tabled and will be addressed in the next Board meeting.

IV. Executive Session – Personnel and Legal Discussion

Richard Betts moved to go into executive session to discuss the quarterly review of goals and objectives for Patty Fontneau and to confer with COHBE's attorney regarding a legal matter.

No discussion on motion.

Vote: The Board unanimously approved the motion to go into executive session to discuss confidential personnel and legal matters. There were 6 voting members present.

The executive session adjourned at 12:09 PM.

V. Adjourn

The Board meeting adjourned at 12:10 PM.