

# Minutes



## Market Stability Workgroup

Date of Meeting: September 25, 2019  
Meeting Time: 9:30 am  
Meeting Location: United Way of Rhode Island  
50 Valley St., Providence RI 02909

**Workgroup Members Present:** Co-Chair Marie Ganim, Co-Chair Lindsay Lang, Marc Backon, Marcela Betancur, Steve Boyle, Sarah Bratko, Al Charbonneau, Dave Chenevert, Ralph Coppola, Erin Donovan-Boyle, Marie Ganim, Dr. Peter Hollman, Dr. John Luo, John Marcantonio, Joyce Therrien, Scott Mathieu, Heather Beauvais (for Elizabeth McClaine), Jamie Moran, Monica Neronha, Sam Salganik, Justine Oliva (for John Simmons), Susan Storti, Melissa Travis, Larry Warner

## Minutes

**I. Meeting was called to order** at 9:30 am by Commissioner Ganim.

**II. Introduction and Purpose**

- a. Commissioner Marie Ganim welcomed everyone and introduced Lindsay Lang, Acting Director of HealthSource RI (HSRI) and co-chair of the Small Business Insurance Group (SBIG). Commissioner Ganim proceeded to state the purpose of the workgroup is to address the stability of the small business health insurance market. The workgroup will do this through utilizing data, pooled resources from OHIC and HSRI and facilitation and market research from Faulkner Consulting Group. Several RI insurers also at the table will be presenting on their data and speaking to the trends they have seen in the market place.

Commissioner Ganim spoke to the market stability work done for the individual market. A year ago. OHIC and HSRI put together a group to address the stability of the individual market and sole proprietors. The goal of this group was to assess changes happening at the federal level that threatened affordability and coverage in the individual market. The workgroup evaluated what could be done at a state level to stabilize the market, resulting in the following recommendations which have been adopted and enacted by the State:

- i. Establishment a state penalty
- ii. Development of a reinsurance program
- iii. Submission of a 1332 federal waiver

Commissioner Ganim continued stating we are now turning our attention to small business between the size of 2-50 and thanked RIPEC, who has been working with business associations and chambers of commerce to recognize that the current market is not working. This group and the guiding principles are an outgrowth of those the

# Minutes



conversations. Commissioner Ganim asked the Workgroup to review the mission and guiding principles:

## **Mission:**

As health care costs increase, the ability of Rhode Island small businesses (2-50 group size) to provide group coverage is impacted and fewer small groups participate in the small group risk pool.

Since 2010, the number of lives in the Small Group Market has decreased by 44%, and many small groups seek affordable insurance options.

The Small Business Insurance Group (SBIG) on Market Stability will investigate the origins and nature of these issues, reviewing Rhode Island's Small Group Market as well as market stabilizing strategies from other states.

Based off this analysis, the SBIG may consider recommendations to improve Rhode Island's Small Group Market, whether legislatively or otherwise.

## **Guiding Principles:**

1. Maintain a Small Group market that is attractive to businesses, carriers and employees;
2. Keep costs stable by sustaining a balanced risk pool; and
3. Maximize value of insurance coverage for all small businesses
  - i. Sam Salganik suggested for the third principle that we add "and their employees and dependents".
  - ii. Al Charbonneau stated he is of the opinion that there are other factors to keep cost stable beyond a balanced risk pool and to address costs, we need to engage providers in discussions around payment. This was seconded by Scott Mathieu.

Without further comment, Commissioner Ganim stated that these will guide future discussions and asked the group to think through options which will be discussed further at the next meeting.

- b. Lindsay Lang reviewed several housekeeping details including that there will be seven meetings, meeting every 2-3 weeks. All meetings will be on Wednesday mornings with the exception of one meeting to be held on Tuesday 10/8 in the afternoon. All meetings will be at United Way. All meetings are public and meeting materials and minutes will be posted to the Secretary of State's website. At the conclusion of the workgroup, the goal is to have set of recommendations that can be shared with Governor's Office.

# Minutes

- c. Commissioner Ganim reviewed the syllabus for the upcoming meetings:

Topics for Discussion	Meeting Date	Meeting Location
<b>Meeting 1:</b> Introductions + Setting the Stage	Wednesday, Sept 25 9:30 – 11:00am	United Way of Rhode Island – 50 Valley St, Providence
<b>Meeting 2:</b> What has been accomplished + What is at risk in RI	Tuesday, Oct 8 1:00 – 2:30pm	United Way of Rhode Island – 50 Valley St, Providence
<b>Meeting 3:</b> Local carrier and national expert perspectives	Tuesday, Oct 29 9:30 – 11:00am	United Way of Rhode Island – 50 Valley St, Providence
<b>Meeting 4:</b> Policy Deep-Dive (Based on Meeting 2/3 material)	Wednesday, Nov 20 9:30 – 11:00am	United Way of Rhode Island – 50 Valley St, Providence
<b>Meeting 5:</b> Policy Deep-Dive Continued	Wednesday, Dec 11 9:30 – 11:00am	United Way of Rhode Island – 50 Valley St, Providence
<b>Meeting 6:</b> Developing Recommendations	Wednesday, Jan 8 9:30 – 11:00am	United Way of Rhode Island – 50 Valley St, Providence
<b>Meeting 7:</b> Finalizing Recommendations	Wednesday, Jan 22 9:30 – 11:00am	United Way of Rhode Island – 50 Valley St, Providence

### III. Small Group Market Background, Challenges, and Opportunities

- a. Commissioner Ganim introduced Deb Faulkner from Faulkner Consulting group. Deb emphasized the importance and uniqueness of groups such as this to tackle the challenge of how to optimize the small group market.

Deb began her presentation with a few preliminary remarks about Rhode Island's accomplishments since the enactment of the ACA, highlighting the following:

- The rate of uninsured in RI has dropped by nearly two-thirds, from almost 12% to 4% today
- OHIC has reduced proposed premiums by \$273 million since 2012
- HSRI benchmark premiums have decreased in 3 of the past 6 years.
- Through 2018, Rhode Islanders have benefitted from approximately \$450 million in federal financial assistance provided under the ACA to help make coverage more affordable
- Consumers (individuals, employers and employees) have all had a choice of plans and carriers

Deb continued stating that premiums are closely monitored, and RI has maintained choice, however, small group rates are increasing disproportionately to overall inflation of the consumer price index. Additionally, in the small group market there has been a slow and steady decline, from approximately 90,000 covered lives in 2011 to approximately 52,000 covered lives in 2019. Carriers now have a much smaller risk pool and when does that pool become more volatile, risky, and unpredictable? Deb asked what, if anything can be done to change or slow this trend?

- i. Al Charbonneau asked if the decline related to people entering the individual market? Deb responded that is something that we will look at through data. We know that we have coverage, which is not the issue, but where are those people going in the decline in small group participation and why? Why is this

# Minutes



- decline a trend? Is it because employees aren't offering, employees aren't eligible, or employees can't afford it?
- ii. Ralph Coppola asked if we have information on adverse selection? Deb responded that the insurers may have that.
  - iii. Steve Boyle asked if we have information on the makeup of the business. Deb answered yes, we will be looking at micro groups, businesses with 2-10 employees, and businesses with 11-50 employees
  - iv. Dr. Peter Holman requested that we provide additional information about the current employers on the Exchange. Deb indicated that this would be included in future presentations.
  - v. Sam Salganik asked if there is a real difference in adverse selection in micro groups? Deb responded that this is something we will try to look at, we don't have the utilization information but that it would be interesting to see if the carriers do.
  - vi. Monica Neronha stated that we believe some of the decline is the exit of small business from the state, is this something we will look at? Deb said the group will be looking at that, however, it is surprisingly not as big of a factor as you would think.
- b. Deb continued her presentation to describe some of the key concerns for the small group market. She highlighted that for employers, concerns include (1) premium/costs (2) employee participation (3) benefits. For employees concerns include (1) access and choice (2) affordability protections (3) cost-sharing (4) benefits. Lastly for carriers, main concerns include (1) carrier participation and (2) financial stability. Deb emphasized that a functioning small group market has to work for employers, members, and carriers.
- i. Melissa Travis commented that looking at the key concerns of the small group market, we should add what is pulling the small groups out. Where are they going? Deb agreed. The group will use survey data, reported information to OHIC, and the workgroup's input to better understand what is happening. We need to understand the problem before we can start to define good policy options.
  - ii. Sam Salganik said it would be interesting to compare the individual market, and also the small/larger group market (50-100 employees). Deb said we can look at participation trends, premium trends and determine if the different market segments are having the same or different experiences.
  - iii. Ralph Coppola commented that we should be looking at states that have small group markets with 100 employees and below (not necessarily just states with just 50 employees and below). He asked if there are other states in similar size with a higher employee threshold?
  - iv. Sam Salganik added there are a number of consumer protections in place that are currently at risk and are currently in litigation, we should explore what those protections are, and which ones might matter.

# Minutes



- v. Melissa Travis also commented it would be helpful to share policy information about what we can and cannot do. She asked what are the policy rules currently for our health plans, what applies nationally but may not apply in Rhode Island? Melissa added that PEOs and association plans are also something the group should look at. Melissa explained that a Professional Employer Organization (PEO) is an agency that will run the human resource and health benefit components of your business. For many firms it is great for year one but disastrous for year two, and to get out usually involves big payments. Deb Faulkner added one of the things we asked the carriers to inform us on, was when you lose your accounts where are they going?
- vi. Commissioner Ganim commented that this may be a good time to discuss reaching out to some small business and brokers. Deb stated we are looking to do some small focus groups with brokers to gather information in from their perspective and to do a survey of small businesses. We are hoping to secure funding to do such a small business survey.
- vii. Scott Mathieu asked how small group is being defined, how are FTEs counted? Are we looking to solve the affordability issues or coverage? Are we going to look at what is driving cost? Scott emphasized you can't get away from looking at what is driving cost even if it is not within scope for this group.
- viii. Erin Donovan-Boyle asked if we are going to look at what percentage of small businesses under certain number of employees actually offer insurance? Also, what is the breakdown of what percentage of cost is being covered by employers and is there a relation to employee uptake correlated to this? Deb answered we have some of this information in survey form and we can look at it.
- ix. Sam Salganik asked to come back to underlying cost issues, those costs exist for those in PEOs and association plans, but they are screening for health risks. He added that he supports the notion that this group look at whether risk segmentation can be addressed.
- x. Jamie Moran said he would be curious to know how many groups shifted from small group to large group when the definition of FTE changed, or shifted to self-insurance.
- xi. Sam Salganik commented that healthy groups want to get out of the small group market, sick groups would like to get into the small group market. Its about burden shifting.
- xii. Jamie Moran stated this [health benefits] is the second biggest line item, we need to be cautious about what we put out there for policy, if they make the cost rise it is easy for a business to move out of state. Deb agreed that we cannot have policies that make things worse for existing small businesses. Scott Mathieu added that Massachusetts is more expensive for benefits however, they have a better economy so they can afford the higher rates.
- xiii. Melissa Travis asked that because we have an opportunity here to have the business association to send out an anonymous survey to 35 companies about

# Minutes



what they are seeing employer insurance trends. Deb responded this is the idea of the survey we are looking into developing. We need to secure funding for the survey first and want to make sure that it is unbiased in its design, so we are not capturing one type of business.

- xiv. Monica Neronha asked if HSRI asks for employment status in the individual application? Would it be possible to pull that information from HSRI and see if there is a difference over the years in the number of respondents that say 'yes' to employee coverage? Deb noted this was something we could look into.
- xv. Jamie Moran stated many businesses with lower-paid employees are most likely getting coverage and subsidies from the Exchange. Dave Chenevert commented that in the manufacturing industry most employers have to offer healthcare benefits to all because we cannot find people to work for us if we don't.
- xvi. Dave Chenevert added that right now based on the information from a recent survey, manufacturing companies are averaging 33-50% of employees over the age of 55 and that is going to have a huge impact on the cost of healthcare for companies.
- xvii. Melissa Travis commented that one of the challenges is small group employees on Medicare.
- xviii. Ralph Coppola added that one of his goals make it legal to allow dependents of employees to stay on the group plan if the employee goes on Medicare.
- xix. Dr. John Lu added that a lot of companies have employees going on Medicare. If most of the company is on Medicare or close to it, rates are high and businesses may drop coverage. Scott Mathieu asked do you think that helps the small group pool long term if older members move out?
- xx. Natalie Almeida pivoted the conversation, commenting as much as you're looking at the older populations, you also have a lot of young adults for whom rates are exceptionally high, or who are not able to afford through their employer. Are we looking at the gap, for the young healthy population? Deb responded that this is something that should be included, we can look at how much of the decline is because employees are not taking up their employee offerings.
- xxi. Jamie Moran said if we look at the data and identify certain groups are likely going to pull out membership, and we determine we're going from 50k-30k, then what is the goal? Should we maintain the small group or eliminate it? Deb stated it is our goal to decrease the decline or to better manage the risk pool size.
- xxii. Heather Beauvais brought up the HSA action at the federal level and would eliminate the requirement for a plan to be a high deductible plan to qualify as an HSA. Deb added that is a policy question to look at, and posed the question of whether this would potentially result in more people pulling out of small group market?

# Minutes



- xxiii. Ralph Coppola asked where do programs such as Good Rx fit into this? An individual can get a prescription for less on Good Rx but it doesn't count towards their deductible. Trying to be a good consumer of healthcare ultimately doesn't help decrease the individual cost. Where does the pharmacy and prescription costs fit into this puzzle? Steve Boyle concurred that he has had similar experiences. Commissioner Ganim offered that OHIC regulations have removed gag' orders through commercial contracts and pharmacies are now allowed to provide consumers with information if there is a cheaper option available.
- xxiv. Sam Salganik asked to circle back to the question about what would the impact be of eliminating the small group market. Commissioner Ganim provided that Massachusetts has combined small group and individual, another option could be increasing the size of small group from 50 employees to 100. Sam added if there is no small group they would have to get coverage through the individual market or through a spouse. He also asked if having everyone enter the individual market would ultimately bring more federal dollars to the table.
- xxv. Monica Neronha reminded the group of a previous report in which OHIC had looked at this issue and suggested that we revisit the report, although conditions may have changed. Deb stated that the initial find of the report indicated that merging markets would result in clear winners and losers, however if there are similar risk profiles in both markets now then there may not be any losers.
- xxvi. Ralph Coppola asked now that we are a couple of years into the ACA, and most people have coverage and are taking care of themselves, are we seeing utilization trends that reflecting healthier people in general? Would this suggest a lower cost for new members entering market because they are healthier? Does this change the considerations for merging the small group and individual market places because a larger pool means more predictability?
- xxvii. Erin Donovan-Boyle commented that the idea of merging markets should be something that should be included in the survey being sent out to the businesses, in addition to any other possible policy options. Erin continued that with HSA options could have an impact. Deb responded that HSA policy could be a good policy option to explore other than combining or eliminating a market place.
- xxviii. Dr. Peter Holman said that it is always been helpful to go back to the guiding principles for these conversations and with that being said, principle number one should be modified to say, "we want to maintain a market that is attractive to businesses, carriers, and employees that are currently in small group markets"
- xxix. Deb concluded the discussion asking if there were any additional thoughts and reiterated to the group that we would revisit the guiding principles.

## **IV. Public Comment**

Commissioner Ganim asked for any public comment, there was none.

## **V. Adjourn**

Commissioner Ganim adjourned the meeting at 10:58 am.