The meeting was called to order by the chair, Rosemarie Greco. Members in attendance and on the phone introduced themselves.

The first agenda item was review of the revised goals for the Exchange. One member suggested that the word “spirals” be substituted with a better word. Otherwise the members were satisfied with the revisions.

Sandy Ykema, from the Insurance Department, reviewed the responsibilities that the Exchange “shall” be required to do and what responsibilities that the Exchange “may” choose to undertake. Questions asked were:

Does the law address how the Exchange should be governed? Sandy said that it could be a state agency, an authority or a nonprofit corporation.

Is a pediatric dentist required? She said she did not know, but would try to find out. (Note: Sandy has since reported that the law is not clear on that point.)

Does the Exchange have to provide information and access in multiple languages? Sandy stated she suspected that was the case.

One member noted that avoiding fraud and abuse needed to be a major priority of the Exchange. Another member indicated that it will be important to balance access and accountability and to not have verification requirements so onerous to be a barrier to access. In response to a question about what innovations would be permitted, Sandy indicated that the law was vague. It was agreed that in subsequent meetings the group should try to determine what choices could be explored that might meet the qualification as an innovation.

Next the committee reviewed the draft letter to the General Assembly to accompany the Kingsdale timeline for exchange implementation. Several members felt that a better explanation of the function of the Exchange was needed. Others thought the letter should specify a timeframe (2011) for legislation authorizing the Exchange. It was also suggested that a list of the members of the Advisory Committee should be attached. Rosemarie Greco stated that the Advisory Committee would have another opportunity to review the letter before it is sent to the members of the General Assembly.

The Advisory Committee was briefed on the status of Pennsylvania’s high risk pool, PA Fair Care, by Joel Ario and Shelley Bain. Applications were accepted starting the first week of August and 2100 have been received. Applications must first go to the Social Security Administration for citizenship verification. The department is receiving about 100 applications a week. Coverage for approved applications will begin October 1, 2010. During the first year, 3000 consumers will be covered but, depending on claims, it could be as many as 6000 in subsequent years. Highmark will be administering the program with HHS paying the claims, very similar to a self-insured claim. Highmark will
be using the Highmark fee schedule and their network. A concern was raised about consumers having to pay more if they lived outside the Highmark service area. Because Highmark will use the Blues network in those areas, there will be no additional cost to the consumer. In response to a concern that more people could be covered with lower reimbursement, Shelley noted that they needed to assure statewide access to providers for these enrollees with serious chronic illness. In response to a question about mental health coverage, Shelley replied that it would cover all serious mental illness, as defined by PA law. In response to why a person had to be uninsured for six months before applying, she answered it was in the federal law and a requirement to receive the funds. The department did advise the adultBasic waiting list about the plan; however, because of the pre-existing condition requirement, not all waiting list members could qualify. In response to a question about the percentage of uninsured that would qualify because they had a pre-existing condition, she stated about 20%-30%. Shelley also noted that the adultBasic premium is $30 compared to PA Fair Care at $280/month. This is only transitional coverage until 2014, to which one member noted that it was an underfunded bridge to 2014. It was noted that the department should be commended for how quickly they have this program up and providing health care coverage.

It was noted that the extensive resource material that the Governor’s Office of Health Care Reform sent to members before the meeting was appreciated, but a listing of all the federal grants received or applied for would also be helpful. Ann Torregrossa promised to get this information to the Advisory Committee before the next meeting.

Next the committee was briefed on the Consumer Assistance Grant proposal by Commissioner Ario. The one-year grant will help: (1) assist consumers with complaints and identify patterns of problems; (2) provide consumers education and outreach; and (3) improve PDI’s complaint data (right now PDI can’t look up complaint data by plan). PDI also wants to make sure that eligible small businesses take advantage of the tax credits that are available this year for providing health care coverage to their employees. This includes involving the PA Association of CPAs, the PA Department of Revenue, the Chamber, NFIB and the National Association of Women Business Owners. One member noted that the problem is getting documentation of coverage from the insurance plan. Rep. Boyd offered to use his CEO as a guinea pig and recommended talking to Rep. Mustio, who is very knowledgeable about this issue. Concern was addressed about the amount of misinformation there is and will be with the election concerning federal health care reform. Another member said the Consumer Assistance grants should fund road shows so that consumers will be able to understand their rights and responsibilities with health care insurance, the independent representations of individuals with complaints, the aggregation of data on complaints to see what is going on and should create a platform that can be used to carry on these activities after the one year grant has ended. The department is applying for $1.2 million for the first year.

Commissioner Ario described the nine mandated categories in the Exchange Planning Grant proposal:

1. Market study
2. Stakeholder involvement
3. Program integration with Medicaid
4. Resources needed to operate the Exchange, which would depend on how it functions
5. Governance
6. Finance, noting that the Exchange has to be financially self-sufficient by 2015
7. Technical infrastructure (how many Exchanges)
8. Business operations

In answer to a question about how decisions on these domains will be made, Commissioner Ario said he hoped the Advisory Committee would work together with them to offer advice on the options. The timing is tight. The planning grant is one year, one year to create the structure, one year to put it in place and make it operational. In response to what percentage of the market will use the Exchange Commissioner Ario said that Massachusetts was only 3% after three years. The first decision to be made is what the governance structure should be and he thought it would be cumbersome to have a state agency selling insurance. Massachusetts has an independent authority with public-private board members and it seems to work well. One member said controlling costs and transparency is critical and needs to be prioritized. It was noted that the Exchange could not do that alone and that delivery system and payment reforms and wellness programs need to be included. Massachusetts is an example, but not the answer. In our country health care costs have gone from $1.2 trillion to $2.2 trillion in 10 years and this growth rate is unsustainable. A comprehensive approach is needed, with the Exchange just one component.

Commissioner Ario reported that we are “tantalizingly close” to a deal with the Blues to provide funding to have adultBasic continue through June 2011, which would give the new Governor an opportunity to review what to do for another 2.5 years until federal health care reform coverage occurs in 2014.

The following materials were promised to the Committee before the next meeting:

1. Another draft of the letter to the General Assembly
2. The list of federal grants received or applied for
3. The Consumer Assistance grant application
4. The Exchange planning grant application
5. Timeframes for the grant