NMHIX Advisory Task Force
Financial Sustainability Subcommittee Meeting Agenda

Human Services Department, Income Support Division Office

1711 Randolph Road SE, Albuquerque NM

Thursday, January 10, 2013

9:00 – 11:00 a.m. **Call in:** 1-888-340-0567, Room number: 655, Pass code: 53156

Time	Agenda Item	Owner
9:00 a.m.	Welcome & Introductions	Chair
9:05 a.m.	Process, Housekeeping, Review/Approve Minutes from Previous Meeting	Chair
9:10 a.m.	Update from the NM Office of Health Care Reform	Milton Sanchez
9:20 a.m.	Financial Sustainability Subcommittee Goal: Provide input and recommendations to the Exchange Advisory Task Force regarding the ongoing financial sustainability of the NM HIX.	Chair
9:25 a.m.	1) Recommendations regarding NM HIX Operating Costs a. Sustainability start date b. Administrative versus Medical costs c. Other cost drivers?	Group
9:45 a.m.	Recommendations regarding Primer Question #1: Operating costs/financial Sustainability: 1) Should assessments be imposed? a. If so, against whom (e.g. consumers, insurance carriers, providers, employers, hospitals, etc)? 2) What other creative ways may be used to fund operating costs?	Group
10:20 a.m.	Recommendations regarding Primer Question #2: Other Financial Considerations: 1) Should assessments be fixed amounts or percentages? a. Should they evolve from one type to another as the exchange grows and threshold scales are met? 2) Are there means of financing available that could be used in the early stages before the exchange achieves economies of scale?	Group
10:40 a.m.	Final Review of Recommendations	Group
10:58 a.m.	Next Steps	Chair
11:00 a .m.	Adjourn	Chair

NMHIX Advisory Task Force Financial Sustainability Subcommittee Members	
Name	**Group Represented**
Dominica Rush	Hospitals
Babette Saenz, D.O.M.	Providers
David Roddy	Providers
*Mark Padilla	Insurance Companies *Subcommittee Chair
Matthew Maes	Insurance Companies
Lisa Shin, Optometrist	Small Businesses & Self-Employed Individuals
Devon Day	Agents & Brokers
Susan Loubet	Underserved Populations
Andy Vallejos	State Government Agencies
Shelly Chimoni	Tribal
Joyce Powers, NP	Consumers at Large
Karen Lucero	Consumers at Large

Estimated State Health Insurance Exchange Operating Costs

State	Per Member Per Month Cost	Annual Operating Cost
Illinois	$6.74 - $13.47	$57 - $89 million
Minnesota		$54 million
Washington	$9.75 - $12.39	$51 - $55 million
Maryland		$38 - $51 million
Oregon		$34 million
Massachusetts	$12.04	$27.5 million
North Carolina	$2.77	$23.8 million
Colorado		$22 - $26 million
Ohio	$3.01 - $5.31	$19.16 - $33.77 million
Nevada	$8.04	$18.8 - $19.3 million
Delaware	$9.74	$7.8 million
Alaska	$7.33	$6.77 million
Wyoming	$11.46	$4.2 million
Utah*	$7.42	$650,000

*Utah's costs are based on the current Exchange, which is only a SHOP, and does not contain many of the requirements set forth by PPACA.

Health Insurance Exchange Financial Sustainability: State Comparison

State	Operations Financing
California	All QHPs offered will be charged an amount that is reasonable and necessary to support "prudent" exchange operations. In addition, the California Health Facilities Financing Authority is permitted to provide a working capital loan of up to $5 million to assist in the establishment and operation of the Exchange.
Colorado	The Exchange is pursuing the following types of funding: transitional funding currently associated with Cover Colorado, enrollment-based funds, and other revenue sources including website advertising, grants, and new product offerings.
Connecticut	The Exchange can charge fees on QHPs to generate necessary Exchange funding.
D.C.	The Exchange can charge fees on all QHPs or qualified dental plans sold in the District.
Hawaii	The Exchange may receive multiple sources of financial contribution (grants or QHP fees) for the purposes of carrying out exchange operations.
Illinois	An assessment on participating QHPs has been assumed, at a rate of 2% to 4% of premiums.
Maryland	The Exchange operations will be funded through consumer transaction fees, in addition to broad based assessments.
Massachusetts	Fees are assessed to insurers as a percentage of premiums; usually 3% - 4%.
Minnesota	Work Group recommendations included funding from Medicaid, for Medicaid costs associated with the Exchange, as well as user fees or carrier fees.
Nevada	The Advisory Board recommended a per member per month assessment on carriers, based on enrollment in the Exchange. They also recommend supplementing Exchange revenue through user fees on standalone dental and vision products, and advertising on the web portal. In addition, the Exchange Executive Director may request an advance not to exceed 25% of expected revenues from the state if expenses exceed available funds.
Oregon	Fees may be collected from all insurers (including fees to cover insurance producers' commissions) and state programs participating in the Exchange, in an amount ranging from 3% to 5% of the premium for each enrollee, depending on the number of enrollees. There is a cap on the amount of fees that may be collected.
West Virginia	The Exchange Board is authorized to assess fees on carriers selling QHPs or qualified dental plans—including those sold outside the exchange—based on premium volume.
Vermont	The Exchange Board must recommend two financing strategies to the Legislature by Jan 15, 2013.
Utah	The Exchange charges an assessment fee to participating employers on a $6 per employee per month basis.

In summary, the following methods have been considered by other states to fund Exchange operations:

1. Insurer Assessments
2. User Fees
3. Provider Taxes
4. Revenue Diversion (e.g., state high risk pools, public employee insurance, Medicaid)
5. Excise Taxes on products or services (including those associated with unhealthy lifestyles, such as tobacco)
6. Advertisements