



# Small Business Insurance Group

Wednesday, November 20, 2019

9:30 – 11:00am

United Way of Rhode Island

# SYLLABUS: MEETING 4

## RI Small Business Insurance Group (SBIG) Schedule

Topic(s) for Discussion	Meeting Date	Meeting Location
<b>Meeting 1</b> Introductions + Setting the Stage	Wednesday, Sept 25	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

# REMINDER: OUR CHARGE

## 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 market options that are attractive to small group market participants (businesses, carriers and employees);
2. Keep costs stable and affordable by addressing cost drivers and balanced risk pools;
3. Maximize the value of insurance coverage for all small businesses.

## Goals

Identify and propose sensible, state-based policy options for RI that will be in service to those Principles.

# TODAY'S AGENDA: Insurer Observations

## Purpose of Today's Meeting

- Learn from the national expert, Sabrina Corlette, what other states have done to improve their small group market, and what options make the most sense for Rhode Island.
- Begin to discuss what policy options could work in RI.

## Today, we ask that you:

- Consider what policy options make sense for RI?  
Are we missing any options?
- What other information do we need before we begin to consider recommendations?

## Agenda for Today

1. Review of the minutes from the last meeting
2. Follow-ups from the last meeting
3. National expert analysis of Rhode Island's policy options
4. Discussion about policy options
5. Next Steps: continued policy-deep dive

# REMINDER: KEY CONCERN - SMALL GROUP MARKET



## Employers

- Premiums/Costs
- Employee participation
- Benefits



## Members

- Access and choice
- Affordability protections
- Cost-sharing
- Benefits



## Carriers

- Carrier participation
- Financial stability

# NATIONAL EXPERT ANALYSIS



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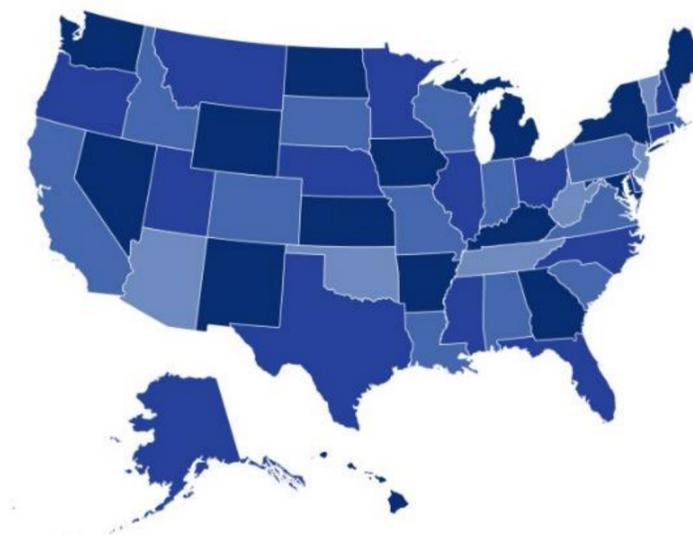
# **CENTER ON HEALTH INSURANCE REFORMS**

## **Rhode Island Small Business Insurance Group**

**Meeting 4: Policy Deep-Dive**

November 20, 2019

Sabrina Corlette, J.D.



# About Georgetown's Center on Health Insurance Reforms (CHIR)

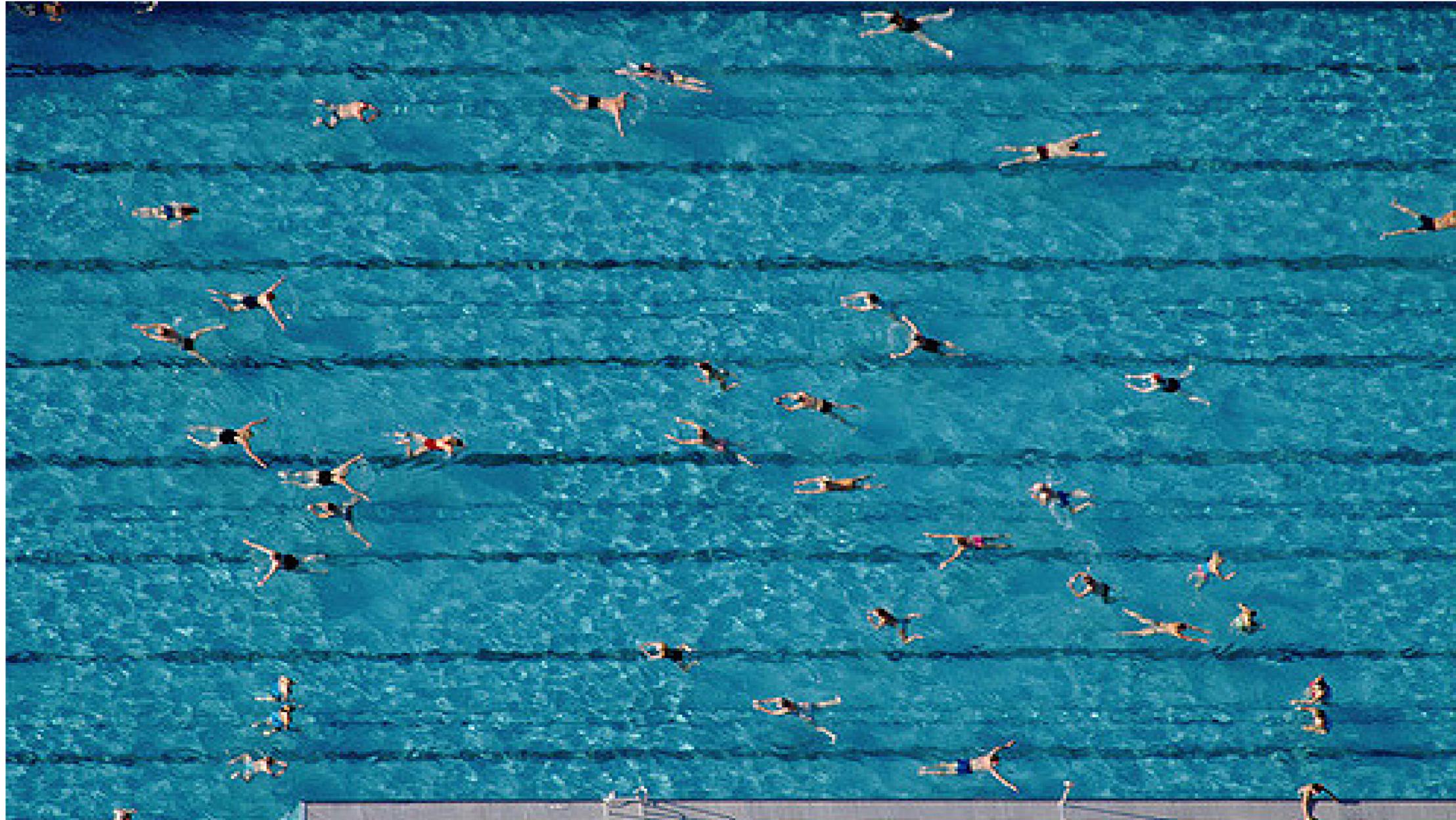
- A team of experts on private health insurance and health reform
- Conduct research and policy analysis, provide technical assistance to federal and state officials and consumer advocates
- Based at Georgetown University's McCourt School of Public Policy
- Learn more at <https://chir.georgetown.edu/>
- Subscribe to CHIRblog at <http://chirblog.org/>
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# Vision 1: Everyone in the pool together



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# Vision 2: Everyone gets their own pool



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# Small-group market: We're all in this together?

Single risk pool!  
Guaranteed issue!  
Rating rules!

Health benefits!  
Risk adjustment!



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# Small-group market: young & healthy first?

Different pools!  
Different rules!

Everyone gets  
their own risk  
rating!



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# POLICY OPTIONS -- STARTING LIST OF IDEAS

Category	Policy Option	Guiding Principles		
		Market Options	Costs & Risk Pool	Value of Coverage
Products	1. Alternative plan design (e.g., limited networks, reduced benefits)	√		√
	2. Micro-group (<5) targeted products, administration	√		√
	3. Alternative provider payment methods			
	4. Encourage SHOP enrollment with full choice	√		√
Rates and Incentives	5. Reinsurance for small group market	√	√	
	6. Enhanced Small Group rate regulation	√	√	
	7. Cost sharing subsidies	√	√	
	8. Targeted employer incentives for coverage	√	√	
Employer/consumer protections	9. Regulatory protections re: stop loss/self insurance		√	
	10. Regulatory protections re: PEOs		√	
	11. Regulate allowable employee eligibility restrictions		√	
Market Structure	12. Merge markets (Ind/Small Group) potentially with HRA	√		√
	13. Merge markets (Small Group up to 100)	√		
	14. Alternative structures using AHPs, HRAs			

# Alternative Plan Designs: Narrower Networks, Reduced Benefits

## Pros:

- Lower priced products
- Narrower doesn't necessarily mean lower quality
- Price concessions from providers?

## Cons:

- Will employers buy these plans?
- Cost-shift to employees
- Less choice of providers



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# Microgroup Targeted Products, Administration

## Pros:

- Better customer service
- Products may better fit needs
  - HRAs?
- Improve risk in larger SGM
- Employee choice (SHOP)

## Cons:

- Greater admin costs
- Cost-shift to employees (HRAs)
- Uncertainty in individual market
- Potential for adverse selection



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# Alternative Provider Payment Methods

## Pros:

- Addresses underlying cost drivers
- Pay for quality, not volume
- Alignment with other payers

## Cons:

- Will providers agree?
- Access issues?
- Lack of evidence on ROI



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# Encourage SHOP Enrollment with Full Choice

## Pros:

- Employers able to offer choice of insurers, plans
- Ability to choose lower-cost plans can mean lower costs for employers

## Cons:

- Investments needed (marketing, maybe add'l tax credits?)
- Insurer interest?
- Broker interest?



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# Discussion & Questions

Category	Policy Options
<b>Products</b>	Alternative plan designs
	Microgroup targeted products
	Alternative payment models
	Encourage SHOP enrollment



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# Reinsurance for Small-group Market

## Pros:

- Lowers premiums
- More attractive market for insurers

## Cons:

- Requires investment
- Administration



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# Targeted Employer Incentives for Coverage

## Pros:

- Likely to increase offer rates
- Make coverage more affordable for lower-income

## Cons:

- Requires state investment
- Doesn't address underlying cost drivers



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# Discussion & Questions

Category	Policy Options
<b>Rates &amp; Incentives</b>	Reinsurance in small-group market
	Enhanced rate regulation
	Cost-sharing subsidies
	Targeted employer incentives



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# Health Insurance Protections under the ACA: Application to Small-group, Large-group, and Self-funded Coverage

ACA Market reform	Small-group Market	Large-group Market	Self-funded plans
Guaranteed issue	Yes	Yes	N/A
Rating rules	Yes	No	No
Pre-existing condition exclusions	Yes	Yes	Yes
Essential health benefits	Yes	No	No
Out-of-pocket maximum	Yes	Yes	Yes
Minimum coverage values	Yes	No	No



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# Regulatory Protections re: Stop-Loss/Self-Insurance

## Pros:

- Improve SGM risk pool, lower premiums
- Protect small biz from unanticipated liability
- Comprehensive benefits

## Cons:

- Fewer options for healthy groups
- Pushback from insurers marketing these products



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# Regulatory Protections re: PEOs/AHPs

## Pros:

- Improve SGM risk pool, lower premiums
- Comprehensive benefits
- Protect small employers from experience rating

## Cons:

- Fewer options for healthy groups
- Pushback from entities marketing these arrangements



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# Discussion & Questions

Category	Policy Options
<b>Employer/ Consumer Protections</b>	Stop loss/self-insurance
	PEOs/AHPs
	Employee eligibility restrictions



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# Merge Markets: Individual/Small-group

## Pros:

- Bigger risk pool
- More stable premiums

## Cons:

- Winners & losers on premiums
- Depending on approach, disruption for firms



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# Merge Markets: 2-100

## Pros:

- Bigger risk pool
- More stable premiums

## Cons:

- Winners & losers
- More self-funding?
- Disruption



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# Health Reimbursement Arrangements (HRAs)

## Pros:

- Predictable (capped) employer contributions
- Employee choice of Ind. Mkt plan

## Cons:

- Cost-shift to employee
- Less generous coverage
- Complex to administer
- Adverse selection?
- Employee confusion



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# Discussion & Questions

Category	Policy Options
<b>Market Structure</b>	Merge markets: individual/small-group
	Merge markets: 2-100
	HRAs



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# Thank You!

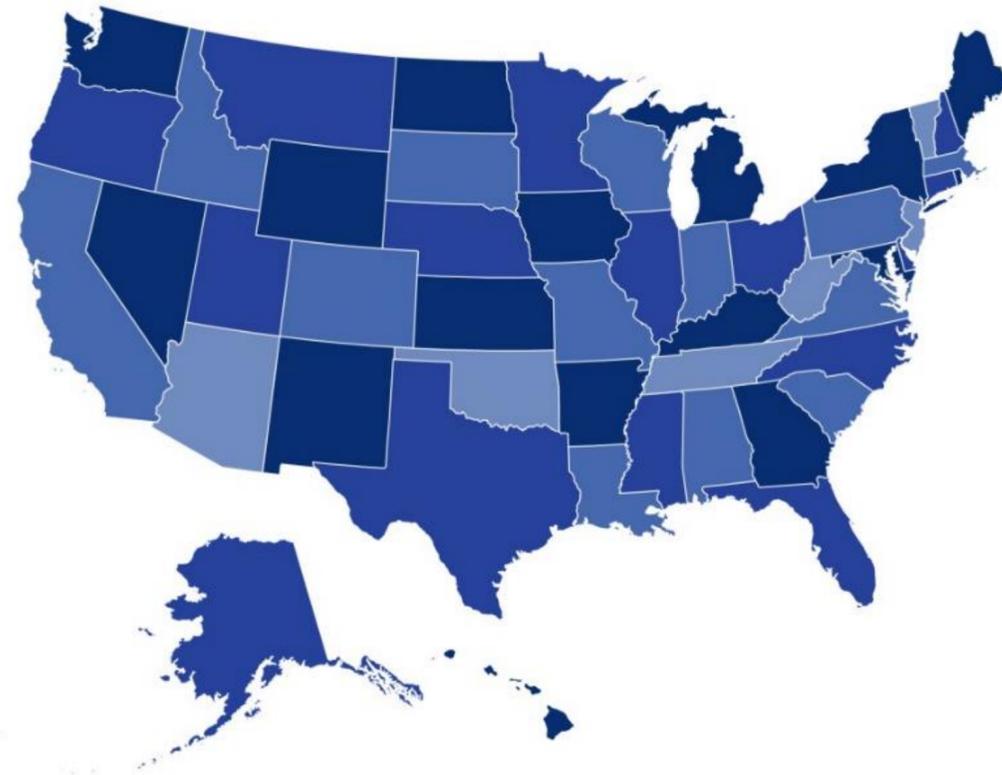
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## **FOR DISCUSSION**

- From your vantage point, what are your biggest concerns?
- Which market segments or populations are you most concerned about?
- In light of the charge of this workgroup, what do you view as the most imperative actions/interventions needed to stabilize the market?

## **NEXT STEPS**

Are there policy options that come to mind that you would want to learn more about as we move further into the syllabus?

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**PUBLIC COMMENT?**

**THANK YOU**



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STATE OF RHODE ISLAND