

# CALIFORNIA HEALTH BENEFIT EXCHANGE BOARD

August 23, 2011

Employment Development Department  
Auditorium  
800 Capitol Mall  
Sacramento, CA 95814

## MINUTES

### **Agenda Item I: Call to Order, Roll Call, and Welcome**

Chairwoman Diana Dooley called the meeting to order at 10:03 AM.

Board Members Present:

Kimberly Belshé
Diana Dooley
Paul Fearer
Susan Kennedy
Robert Ross, MD

### **Agenda Item II: Closed Session**

### **Agenda Item III: Announcement of the Closed Session Action**

Chairwoman Dooley announced the actions taken by the Board during closed session, stating that the Board accepted and approved the salary survey report from Towers Watson, establishing the salary range for the Executive Director as between \$200,000 and \$300,000 a year. She announced that the Board had accepted a finalist for the Executive Director position and had authorized the Chair to complete negotiations with the candidate at a salary of \$250,000, noting that as soon as the negotiations are complete there will be a public announcement. Chairwoman Dooley said that the contract of Pat Powers, Acting Administrative Officer, California Health Benefit Exchange, was extended through December for an amount not to exceed \$62,500.

**Public Comment:** None.

### **Agenda Item IV: Election of Chair**

Chairwoman Dooley noted that the statute requires the election of a chair every year, saying that she had been elected as the interim chair.

**Discussion:** Ms. Belshé moved to elect Ms. Dooley as the permanent chair, noting her work as the chair for the first six meetings demonstrated her ability to be the permanent chair.

**Public Comment:** None.

**Motion/Action:** Ms. Belshé moved to elect Ms. Dooley as the permanent chair. Dr. Ross seconded the motion.

**Vote:** The roll was called, and the motion was approved by unanimous vote.

### **Agenda Item V: Report from the Acting Administrative Officer**

Ms. Powers gave her report, noting that the two key milestones established at the outset of her tenure, applying for and receiving an establishment grant, and facilitating the hiring of the fulltime Executive Director (ED), were completed. She said that in the time before the ED joins the Exchange she wants to focus on (1) putting in place contracting and hiring processes and (2) presenting Exchange eligibility and enrollment design options to the Board to keep to the aggressive timetable for selecting a vendor partner(s). She relayed that the Exchange team is now located at the Office of Systems Integration offices near Garden Highway.

Ms. Powers noted there are two actions requested from the Board during her report and talked about the conflict of interest policy.

#### **Discussion: Conflict of Interest Policy**

Presentation: [Conflict of Interest Code](#)

Chairwoman Dooley asked Gabriel Ravel, Staff Counsel, to outline any changes from the discussion of the conflict of interest policy at the July Board meeting. Mr. Ravel said there was one significant change that added some entities that weren't previously included on the disclosure list, saying that those entities added include pharmaceutical companies, medical device and equipment manufacturers, and organizations representing individuals with specific medical conditions.

Dr. Ross asked Mr. Ravel about the gift limits, questioning the \$420 limit on gifts from entities on the disclosable list. Mr. Ravel answered that it is prohibited for a Board member to receive an aggregate of gifts of \$420 or more per year.

**Public Comment:** Kathleen Hamilton, Director of Governmental Affairs, Children's Partnership and the 100% Campaign, asked the Board to consider postponing a vote on the conflict of interest policy until stakeholders had a chance to look it over again.

Beth Capell, Policy Advocate, Health Access, concurred with Ms. Hamilton and asked the Board to postpone the vote until the September meeting.

**Discussion:** Ms. Kennedy asked for confirmation that gifts, particularly travel, are subject to the \$420 limitation unless they're from a nonprofit or government agency until the conflict of interest policy is accepted. Mr. Ravel confirmed that this is correct.

**Motion/Action:** Dr. Ross moved to postpone the vote on the conflict of interest policy until the next meeting. Ms. Kennedy seconded the motion.

**Vote:** The roll was called, and the motion was approved by unanimous vote.

**Discussion: Administrative Issues**

Presentation: [Level 1 Establishment Grant Contract Process](#)

Presentation: [Business and Operations Plan Procurement](#)

Presentation: [Executive Staffing Recruitment Procurement](#)

Presentation: [Executive Recruitment Resolution](#)

Ms. Powers discussed administrative issues regarding planning grant contracts and the solicitation process, outlining the five projects under the planning grant. Joe Munso, acting chief deputy, presented the model contract solicitation process and the extension of the delegation authority for a recruitment firm contract and asked for Board approval.

Chairwoman Dooley confirmed her understanding of the requested actions and started discussion of the authorization of the negotiation of a contract for the second level of the recruitment process. She noted that the Board adopted a resolution at the first or second meeting delegating authority to the Executive Director to contract up to \$150,000 and clarifying that staff was requesting the Board to pass a resolution extending the delegation for the recruitment firm contract from \$150,000 to no more than \$300,000. Mr. Munso confirmed.

**Public Comment:** None.

**Motion/Action:** Ms. Belshé moved to extend the delegation for the recruitment firm contract to no more than \$300,000. Dr. Ross seconded the motion.

**Vote:** The roll was called, and the motion was approved by unanimous vote.

**Discussion:** Chairwoman Dooley began discussion of the model contract for the procurement of assistance for developing the business operations plan. Mr. Munso explained that this contract was included in the Level I Establishment grant for \$460,000. Chairwoman Dooley said that she assumed that staff wouldn't come back with a contract for more than \$460,000 and Mr. Munso confirmed that that is the goal.

Dr. Ross asked if there was a statement of principle on the importance of keeping in mind the recruitment of minority- and women-owned firms included in the solicitation process.

Mr. Munso answered that such a consideration would part of the final contracting process that comes back to the Board for approval.

**Public Comment:** Ms. Capell said she appreciated the transparent way in which the Board and the staff have tried to work and hoped that with the large contracts there would be an opportunity for stakeholder input into the statement of work. She noted that she was dismayed at the approach to the Market Research Questionnaire, saying that it presumed some decisions that she thought should have been subject to Board discussion.

Chairwoman Dooley, in response to Ms. Capell's comment, said that the Board has a robust stakeholder process in place and is in the process of establishing a process for engaging stakeholders formally. She said that it has been a stated priority of the Board to be transparent and inclusive as they move through the issues, noting that there is a point where conversations will have to end and the Board will have to make decisions.

**Motion/Action:** Dr. Ross moved to approve the model contract solicitation process. Ms. Kennedy seconded the motion.

**Vote:** The roll was called, and the motion was approved by unanimous vote.

### **Discussion: Update on Level I Establishment Grant and Eligibility, Enrollment, and Retention**

Presentation: [Level I Establishment Grant Press Release \(Posted 8/22\)](#)

Presentation: [HHS Letter to the Governor \(Posted 8/22\)](#)

Presentation: [Eligibility and Enrollment Report](#)

Presentation: [Market Research Vendor List](#)

Presentation: [California Health Benefit Exchange IT Support Project Governance Plan \(Posted 8/22\)](#)

Presentation: [California Health Benefit Exchange IT Support Project Charter \(Posted 8/22\)](#)

Presentation: [CWDA Follow-up Letter to Questions from Board Member Belshé \(Posted 8/22\)](#)

Ms. Powers gave an update on the Level I grant and noted that staff would be attending a grantees meeting in Washington, D.C. in September. She gave an update on the eligibility, enrollment, and retention planning, explaining the stakeholder path and the IT path, including the Market Research Questionnaire. Ms. Powers noted that the Board packets include a letter from Frank Mecca of CWDA that provides follow-up information in response to questions from Ms. Belshé.

Yolanda Richardson, Consultant, California Health Benefit Exchange, and Bill Obernesser, IT Policy Advisor, California Health Benefit Exchange presented on the stakeholder processes and IT activities, respectively. Ms. Powers noted that, in regards to the Market Research Questionnaire, there was no intent to be leading in a particular direction through any of the questions, emphasizing that there are no preconceived solutions for the Exchange at this time.

Ms. Belshé asked about how the questionnaire was developed. Mr. Obernesser explained that the questionnaire was developed to cast a broad net looking for entities that could speak comprehensively about the various Exchange functions while also looking for entities that had California-specific knowledge, resulting in 19 responses. Ms. Belshé asked if this is an informing process to which Mr. Obernesser answered that it is.

Chairwoman Dooley commented on the flow chart on page 7 of the Exchange IT Support Project document, noting that a fairer depiction of the governance is that the Steering Committee is in a side-by-side relationship with the Exchange Board and that every effort is being made by all parties to work collaboratively.

**Public Comment:** Elizabeth Landsberg, Director of Legislative Advocacy, Western Center on Law and Poverty, said she had concerns regarding the governance plan, questioning when the governance plan had been approved by the Board, agreeing with Chairwoman Dooley on the depiction of the relationship between the Steering Committee and the Exchange Board, and questioning the resolution process should there be disagreements between the Steering Committee and the Exchange Board. Ms. Landsberg echoed the comments of Ms. Capell and Health Access, saying it is important for stakeholders to see the statement of work.

Chairwoman Dooley thanked Ms. Landsberg for her comments and noted that the stakeholder meeting originally scheduled for September 9, 2011 had been moved to September 15, 2011 to accommodate stakeholders involved in the legislative process. She noted that the governance plan was part of the Level I grant but said there is an iterative nature to some of the processes, saying there could be formal action in the future if the Board determines it's necessary. Ms. Landsberg commented that, in regards to the eligibility and enrollment system, it's very important as to who is in charge and voiced her hopes that the Eligibility and Enrollment Workgroup would have some input on that decision.

Ms. Capell commented that there have been issues in the past with not having public and transparent rules for eligibility determinations. She said that the stakeholder process had not approached the questions of what they want from the Exchange but was limited to narrow questions, saying that the vendor questionnaire asked about vendor capabilities but noting that there are state employees who can do the same work.

Betsy Imholz, Director of Special Projects, Consumers Union, commented that it's very important for stakeholders to be aware of and comment on the policy decisions that will affect the design of the IT system. She asked about the consultants referenced in the

Level I grant application and the reimbursement to DHCS. Ms. Powers explained that DHCS hired consultants to look at how the Exchange would affect Medi-Cal and that the Exchange recognized a similar need, resulting in collaborative work with DHCS. Mr. Obernesser described the work of the consultants. Ms. Powers clarified the \$25 million figure referenced in the IT section of the grant, explaining that it is a portion of the total cost estimate for a system build.

Lucy Quacinella, Advocate, Maternal and Child Health Access, commented that stakeholders are looking forward to the opportunity to have some detailed involvement with the eligibility process and how that interfaces with the technology. She commented on the governance structure, requesting that there be a more direct role for consumers somewhere in the governance structure.

Cary Sanders, Director of Having Our Say Coalition and CPEHN Senior Policy Analyst, California Pan-Ethnic Health Network, commented that there will be cultural and linguistic access issues that need to be addressed.

Dr. Ross asked if there is a way to rectify the oversight in the governance structure regarding stakeholder involvement. Chairwoman Dooley noted that the stakeholders are represented in the governance structure by a stakeholder manager and said that active stakeholder outreach will also be represented. She said that she believed the stakeholders were asking for an actual vote in the process and noted that if this needs more discussion then the Board needs to be properly briefed by staff.

Ms. Quacinella commented that this was not her request but rather than there be integration and formalization of the role for input, noting that the Stakeholder Management Coordinator was not satisfactory.

Ms. Powers said that there is a contract in the Level I grant for developing a complete stakeholder process that would be incorporated into all functions of the Exchange, noting that the current process is a short-term, rapid-cycle stakeholder process to get feedback for the September Board meeting. Ms. Quacinella thanked Ms. Powers and said the confusion may be a question of definitions and clarifications.

Ms. Belshé acknowledged the response letter from the County Welfare Directors Association, commenting that the Board is very interested in having a better understanding on a county-by-county basis of the four different pathways to enrollment and noting that she looks forward to more data.

### **Discussion: Update on Legislation**

Presentation: [Legislative Summary](#)

Ms. Powers discussed legislation, noting that all bills, with the exception of AB 1083, are in suspense. She explained the differences between federal law and AB 1083 and noted that, as discussed in the July meeting, premium adjustments for tobacco and wellness

incentive purposes are not allowed. She said her personal opinion would be to support the bill and sponsor legislation later that relates to incentives, opening it up for discussion.

Chairwoman Dooley noted that she would not be joining any decision to take positions on bills but Ms. Powers said that it was a discussion item only on the agenda and no action could be taken.

**Public Comment:** None.

## **Agenda Item VI: Strategic Visioning**

Ms. Powers discussed strategic visioning for the Exchange, noting the materials given to the Board members and the timeline for a September action.

Presentation: [Option Statements – Vision, Mission, Guiding Principles](#)

Presentation: [Summary of 7-22 Public Comment on Strategic Visioning](#)

### **Discussion: Vision**

The Board discussed their personal choices for the vision by presenting their responses to a prepared worksheet. Mr. Fearer said that his first choice is statement five. Ms. Belshé explained that her choice is statement four but that the vision of the Exchange should encompass all five statements. Before answering, Dr. Ross asked about the options and where they had come from. Chairwoman Dooley explained that they were the result of the strategic visioning discussion held at the July Board meeting, saying that the Board, staff, and stakeholders were involved in the process. Dr. Ross agreed with Ms. Belshé in that the vision statement should include pieces of each statement to create a long-term vision. Chairwoman Dooley said her choice is statement two. Therefore, while Board members were split on their decisions, they acknowledged that there should be integration of the five different vision statements into a long-range vision.

**Public Comment:** Gretchen LaChance, Vice President, Legal and Regulatory Affairs, California Association of Health Plans, commented that she agreed with Chairwoman Dooley on statement two.

Anthony Wright, Executive Director, Health Access, commented that while statement two is the closest to the Health Access mission statement he feels that the concept of the Exchange being a consumer ally in the marketplace is not reflected. He said that the vision of the Exchange needs to be about health and economic security for California families.

Kathy Ochoa, Director, Strategic Initiatives, SEIU-UHW West, commented that she agrees with Ms. Belshé and Dr. Ross in that statement four leads and that the others wrap up into it.

Ms. Lachance commented that the main priority of maximizing enrollment is missing from the vision and mission statements.

Austin Price, Health Care Associate, California Public Interest Research Group, commented that he agreed with Mr. Wright regarding the recognition of active purchasing and the idea of pulling resources together. Mr. Price said it's great that both options explicitly articulate lowering costs and affordability.

Micah Weinberg, Senior Policy Advisor, Bay Area Council commented on the vision, saying that while he's excited that both options articulate that the Exchange will be creating a functioning insurance marketplace he's concerned that there's a disconnect between the Exchange being a marketplace for private insurance and the many conversations that frame the Exchange as a public program among a number of other public programs. He noted that it seems as if it's unclear what the Exchange is trying to accomplish; is it a functioning marketplace for insurance or is it trying to protect consumers from a marketplace that some believe doesn't work for them?

## **Agenda Item IX: Notice of Proposed Rulemaking Comments**

Chairwoman Dooley

### **Discussion: Mission**

Dr. Ross said he chose statement one and Chairwoman Dooley agreed with him and reiterated that all statements have value. Ms. Belshé said she thought number one was great but insufficient in capturing the mission of coverage and access and said that integration of the multiple mission statements is necessary.

### **Public Comment:**

Ms. Landsberg commented that statement one was good but the term "offer" is too passive and Chairwoman Dooley said they would look for a stronger verb.

Ms. LaChance said she was drawn to statement five but agreed that integration of statements was good.

Micah Weinberg, Senior Policy Advisor, Bay Area Council, commented that it seems odd that the mission statement wouldn't include anything about the Exchange as a marketplace and suggested keeping that in mind while developing the mission statement.

Ms. Capell commented on the importance of prevention and the role of health reform in helping with financial security.

Michael Johnson, Director, Public Policy, Blue Shield of California, commented that if the Exchange can create an efficient and transparent marketplace that focuses on competition, cost, and quality then it will catalyze delivery system reform. Mr. Johnson



said that transparency is also very important and not noted on any of the mission statements.

Dr. Ross said that he appreciated Mr. Weinberg's comment, noting that the Exchange is but one part of health care reform and that the Exchange is playing a pivotal role in a broader and more compelling vision.

**Discussion: Guiding Principles**

Chairwoman Dooley said her guiding principles were statements three, four, five, eight, ten, and thirteen. Mr. Fearer noted that he chose his guiding principles by looking for key words, such as transparency, and said he agreed with statements three, eight, ten, and thirteen by defining them as transparency, accessibility, innovation, and efficiency. Ms. Belshé aligned with what was shared regarding transparency, innovation, and efficiency but also added accountability in regards to statement one. Dr. Ross said he chose guiding principles based on key words, like Mr. Fearer, and chose transparency and power, trust, innovation, culturally and linguistically appropriate, and efficiently; of those, innovate and efficiently stood out the most.

Ms. Dooley discussed consistency, noting that while it's important to have consistent rules and consistent application of those rules she did not want to create an expectation that everything's going to be consistent all the time because situations can change. Mr. Fearer called special attention to the issue of accessibility, noting that there are many populations that will need access and thus it needs to be thought of as more inclusive than culturally and linguistically accessible.

Ms. Belshé commented that either Mr. Fearer or Chairwoman Dooley had brought up the importance of partnership and said that she hopes a guiding principle of the Board's work will be developing and nurturing strategic partnerships, noting that it works better as a principle rather than a mission. Mr. Fearer said he agreed with Ms. Belshé and wanted to add specific actors to the principle of partnership, such as stakeholders.

**Public Comment:** Ms. Imholz commented that consumer interest should be the number one priority of the Exchange, noting that this is what underlies making the Exchange a trusted resource. She said that the principle of adaptability is also important, understanding that the circumstances today may not be the same as the circumstances five or ten years from now.

Ms. Sanders commented on accessibility, noting that it's important to talk about disabled access and saying that they've been working with their allies to develop language that fully reflects accessibility. She said that statements six and eight work together, noting that quality will be important and that consumers are important to reiterate.

Bill Wehrle, Senior Legislative Representative, Kaiser Permanente, commented that the Exchange, as nearly the fifth largest purchaser of health insurance in the country come 2014, should take the opportunity to create reform that reduces the share of GDP that

goes to healthcare. He noted that he likes statement four in both the vision and the mission statements.

Ms. LaChance commented that she would choose statements one, two, three, and four, noting that high quality, affordable healthcare products and efficiency are also important.

Ms. Capell commented that the use of the word “consistency” is troubling because care is delivered in different ways in different parts of the state.

Chairwoman Dooley thanked the Board, stakeholders, and staff for participating in this exercise, noting that it’s an important task for the Board to perform.

### **Agenda Item VII: Notice of Proposed Rulemaking Comments**

Ms. Powers presented an overview of the Notice of Proposed Rulemaking (NPRM) process and introduced Lesley Cummings, Consultant, California Health Benefit Exchange, to present on the specific NPRMs. Ms. Cummings said that the Exchange has asked stakeholders to provide initial thoughts before the August 23 meeting but understood that some people weren’t able to provide them and therefore she hoped to hear from them sometime before the comments are due (September 28, 2011). Ms. Cummings presented the Establishment of Exchanges and Qualified Health Plans NPRM and the Standards Related to Reinsurance, Risk Corridors, and Risk Adjustment NPRM. She noted a concern with the Exchange regulations, saying that there are two places where the federal government will be contracting for plans that the Exchange must offer, in multi-state plans and CO-OP programs. Ms. Cummings noted a concern under the qualified health plan standards in that plans must contract with community-essential providers and the state must ensure that there are a sufficient number of plans in the network, saying that there will have to be a discussion of the definition for “sufficient.” Ms. Cummings also noted some concerns regarding the timing and funding of Navigator programs and a conflict of interest provision that could cause adverse selection.

Presentation: [Cover Memo on Proposed Rulemaking Comments](#)

Presentation: [RWJ Memo](#)

Presentation: [Wakely Memo](#)

Presentation: [IHPS Comments on Proposed Federal Regulations Dealing with Exchanges, Qualified Health Plans, Reinsurance, Risk Corridors and Risk Adjustment \(Posted 8/22\)](#)

**Discussion:** Dr. Ross asked if there were any plans to set up a CO-OP program in California and asked what problem a multi-state plan is trying to solve. Ms. Cummings said she would answer the CO-OP question at a later point in the presentation and acknowledged that she did not know exactly what the thinking behind multi-state plans is; however she ventured a guess that they were created to provide a standard plan across state lines that could allow employers with employees in multiple states to have the same plan. Ms. Powers said that it could be the federal government wanted to increase competition in states with few options. Ms. Cummings suggested that the Board tell

federal HHS that California has robust coverage options statewide and does not need a multi-state plan.

Mr. Fearer commented that while he thought multi-state plans weren't industry-driven they could pose a real challenge for California. Chairwoman Dooley noted that it could provide California with an opportunity to request flexibility. Ms. Cummings said that federal HHS did not ask for comment on this section when they'd asked for it in others. Dr. Ross commented that the multi-state plan may be attempting to solve a problem that California doesn't have, and in the process may undercut the marketplace leverage of the Exchange. Ms. Cummings responded that the multi-state plan could be solving the issue of employees living in different states, which is a problem the California Health Benefit Exchange could face. Chairwoman Dooley said that this is an issue that needs to be addressed in the comments and asked for public comment.

**Public Comment:** Elizabeth Abbott, Director of Administrative Advocacy, Health Access commented that, in her role as a National Association of Insurance Commissioners consumer representative, she worked on a comment paper cautioning HHS about the pitfalls of multi-state plans and said she'd be happy to give this paper to Ms. Cummings.

Ms. Imholz commented that Consumers Union is focusing its comments on preventing adverse selection and referenced Ms. Cummings' discussion of Navigators, brokers, and agents.

Ms. Sanders commented that CPEHN is focusing its comments on the issue of notices and the requirement that notices be provided for limited-English proficient individuals. She said they are also looking at a provision regarding deceptive marketing and provisions regarding language-access data for plans.

Tahira Bazile, Senior Policy Analyst, California Primary Care Association, commented on the essential community provider provisions and the network adequacy provisions and noted that, in regards to the Navigator program, she didn't read it that there is no Exchange funding for the program but rather than there may be additional funds released for the Navigators that aren't establishment funds. Ms. Bazile suggested that part of the fees assessed on plans could also be used to pay for the Navigator programs. She said she had shared her comments with Ms. Cummings.

Ms. Hamilton commented that it didn't appear that renewal was addressed in the NPRM and noted that the Children's Partnership will be submitting comments on websites, call centers, and the Navigator program, to name a few. She said that she had shared their comments with Ms. Cummings.

Julianne Broyles, representing the California Association of Health Underwriters, said that brokers and agents do not want to be Navigators and recommended that the Board include a comment to federal HHS requesting that they find a distinguishing path for brokers and agents to place business in the Exchange in a manner in which they can be

fairly compensated. Ms. Broyles said she believed that this vital role is being overlooked and wanted to make clear the importance of brokers and agents.

Ms. Capell commented that Health Access is concerned about the interaction between Navigators and agents, not wanting to see the adverse selection that occurred in the 1990s. Ms. Capell noted concern in the regulations requiring open enrollment periods in the Exchange but not in the outside market, saying that this would give insurers the opportunity to peel off healthy lives from the Exchange. Ms. Capell also noted the difference between definitions of self-employed in federal law and state law.

**Discussion:** Chairwoman Dooley asked Ms. Cummings to talk about the CO-OP program. Ms. Cummings explained that the CO-Ops are plans that have to be new, consumer-governed, and operated by private, nonprofit issuers, noting that federal HHS is providing \$2.8 billion in possible loans to such entities. She said they would create a similar situation as with the multi-state plans in that they wouldn't be subject to the Exchanges' rules or certification but that they would most likely not have the same market share or impact as the multi-state plans could have.

**Public Comment:** Ms. Abbott commented that she was on a call regarding CO-OPs and offered to provide her notes to Ms. Cummings.

**Discussion:** Ms. Cummings presented the Reinsurance, Risk Corridors, and Risk Adjustment regulations. She noted that the issue of the Exchange doing risk adjustment internally is not addressed but said that if a state has an Exchange then it can do risk adjustment and if the state does it then the Exchange or an eligible entity must do it. Mr. Ravel explained that an eligible entity is either an independent state agency or a qualified nonprofit, with the regulations defining the requirements and conflict of interest provision. Ms. Cumming suggested putting out a request to stakeholders at a later point to discuss the pros and cons of state administration of reinsurance and risk adjustment.

Ms. Cummings said that according to the regulations a state must do reinsurance and must contract with a nonprofit to administer it but, she said, there currently aren't any nonprofits that could perform this function and thus one would need to be created. Ms. Cummings suggested asking for flexibility if the state does not want to administer reinsurance and recommended discussing this at a future Board meeting.

Ms. Cummings noted that CO-OP comments are due before September 16, 2011, before the next Board meeting. The Board discussed the process with Mr. Munso and decided to take a formal action at the September Board meeting.

Ms. Belshé said that there are hundreds of areas upon which to comment and offered some guiding principles: one, to promote consistency with California's authorizing legislation; two, to minimize adverse selection; three, to promote efficient and simplified Exchange operations; four, to maximize Exchange enrollment and retention; five, to maximize affordability; six, to maximize the ability of the Exchange to be successfully

operational effective January 1, 2014; and seven, to maximize state flexibility in the administration and operation of the Exchange.

**Public Comment:** Ms. Capell commended the list of principles that Ms. Belshé enumerated and added to them the California-specific experience with respect to the dominance of managed care as well as the diversity of California's population that should also inform comments. She noted that California will have a large market outside the Exchange, unlike most other states, and said that it will be important for California to call that out in its comments to federal HHS.

Ms. Imholz commented that risk adjustment requires accurate data and noted that California does not currently have an all-payer claims database, flagging this as an issue that could be a problem in the future.

### **Agenda Item VIII: Adjournment**

The meeting adjourned at 3:44 PM.