CALIFORNIA HEALTH BENEFIT EXCHANGE BOARD

September 27, 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 11:00 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 called the meeting to order at 1:02 PM. Chairwoman Dooley announced that the matters discussed during closed session with regard to contracting would be discussed in detail during the Acting Administrative Officer's report.

Public Comment: None.

Agenda Item IV: Approval of the July 22, 2011 Minutes

Presentation: California Health Benefit Exchange Board July 22, 2011 Minutes

Before discussing the approval of the July 22, 2011 minutes, Chairwoman Dooley introduced Peter V. Lee, Executive Director, California Health Benefit Exchange. Mr. Lee talked about his excitement in coming to the Exchange and the opportunity it represents to deliver better and more affordable health care for all Californians. He also discussed the work that needs to be done, expressing how much he looked forward to building on the good work done to establish the Exchange and to be back in California once more. Chairwoman Dooley also expressed her gratitude to Pat Powers, Acting Administrative Officer, for her continuing work for the Exchange.

Chairwoman Dooley presented the July 22, 2011 minutes to the Board for approval and asked for a motion to approve them.

Public Comment: None.

Motion/Action: Ms. Kennedy moved to approve the July 22, 2011 minutes. Mr. Fearer seconded.

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

Agenda Item V: Approval of the August 23, 2011 Minutes

Presentation: California Health Benefit Exchange Board August 23, 2011 Minutes

Chairwoman Dooley presented the August 23, 2011 minutes to the Board for approval and asked for a motion to approve them.

Public Comment: None.

Motion/Action: Ms. Kennedy move to approve the August 23, 2011 minutes. Dr. Ross seconded.

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

Agenda Item VI: Report from the Acting Administrative Officer

Ms. Powers reviewed the agenda and asked Gabriel Ravel, Staff Counsel, California Health Benefit Exchange, to present the Conflict of Interest Policy.

Discussion: Conflict of Interest Policy

Presentation: Conflict of Interest Code

Mr. Ravel said that the policy is nearly identical to the one that's been in proposal for the last two months, with changes only to the titles of officials who will be included to reflect the new organizational chart.

Public Comment: Kathleen Hamilton, Director of Governmental Affairs, Children's Partnership and the 100% Campaign, thanked the Board for postponing the vote from the August meeting and thanked Mr. Ravel for giving his time to talk about the policy. She said that various advocates had concerns regarding the policy requiring disclosure of income from lobbying or consulting firms that represent entities that might have business before the Exchange, noting that Mr. Ravel assured her that they are covered.

Motion/Action: Dr. Ross moved to approve the conflict of interest policy. Ms. Kennedy seconded the motion.

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

Discussion: Proposed 2012 Board Meeting Calendar

Presentation: Proposed 2012 Board Meeting Calendar

Ms. Powers presented the proposed 2012 Board meeting calendar.

Discussion: Mr. Fearer noted that he had two conflicts with the proposed calendar, in January and February, but said he thinks he could resolve one of them. Chairwoman Dooley asked which meeting he would miss, saying that she might miss the February meeting and suggesting that they could trade off meetings. Mr. Fearer agreed and said he would try to miss the January meeting while Chairwoman Dooley would be absent for the February meeting. Mr. Fearer also noted that when the 2011 calendar was first released he'd said he would be absent for the October meeting, reminding everyone that this remains the case.

Public Comment: None.

Motion/Action: Ms. Belshé moved to approve the 2012 Board meeting calendar. Dr. Ross seconded the motion.

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

Discussion: Solicitation Approvals

Presentation: Update on Solicitation for Executive Recruitment
Presentation: Solicitation Approval for Program Integration Procurement
Presentation: Solicitation Approval for Stakeholder Consultation Procurement
Presentation: Solicitation Approval for Information Technology Procurement Consulting Firm

Joe Munso, Acting Chief Deputy, presented the contract award and solicitation approvals. He first gave an update on the solicitation for the executive recruitment effort, noting that the Exchange has received two proposals and is in the process of evaluating them and saying that there will be a further update at the October meeting.

Mr. Munso discussed the two solicitation approvals provided to Board members to seek approval for two contracts, one related to program integration procurement and one related to the stakeholder consultation procurement process. He said that staff is requesting that these two items be postponed until the October meeting, noting that staff will not be seeking approval to go for a solicitation on those items.

Mr. Munso presented the solicitation approval concept to get approval to seek information technology expertise to help the Exchange create the solicitation for the IT needs. He noted that the procurement for IT expertise would utilize the CMAS process and said that staff is asking the Board to approve the CMAS procurement strategy for the services of consultants, saying that staff would come back to present the final award at the October meeting.

Chairwoman Dooley restated staff's request, saying that the motion proposed by staff is to approve the Exchange IT's project procurement strategy using CMAS to select a private sector consulting firm who will develop the solicitation documents necessary to procure the services required to develop, implement, and operate certain functions of the Exchange.

Public Comment: Betsy Imholz, Director of Special Projects, Consumers Union, noted that it seemed like there would be lag time between the solicitation for the stakeholder process and asked about the Board's intention to carry through with the stakeholder process in the interim.

Mr. Munso said that the Board has every intention to continue stakeholder engagement and processes that occur now, noting that one of the reasons staff suggested delaying the solicitation is so they can speak with stakeholders further about the approach to take with the stakeholder process. Chairwoman Dooley said that, from her perspective, staff is engaging stakeholders and getting input.

Danielle Mole, Project Manager, California Family Resource Association, speaking on behalf of Leticia Alejandrez, Executive Director, California Family Resource Association, said that while Ms. Alejandrez appreciates the stakeholder process and community-based approach, she is concerned that there are many organizations critical to the successful implementation of the ACA that are not included in the stakeholder process. She said they look forward to connecting and working with the Exchange in the future but hope to see more inclusive efforts for stakeholders as well.

Chairwoman Dooley, in response to Ms. Mole, noted that the Exchange has very ambitious timelines and an ambitious process for engaging as many people as possible and as a result there are people participating frequently who are known to the Exchange and known to the process. She said there has to be a realistic expectation of how wide a net the Exchange can throw, noting it's important for the stakeholder community to help the Exchange by consolidating, forming coalitions, and relying on each other to some degree for representation. Chairwoman Dooley said that, with all respect, the Exchange can't be paralyzed by the need to include every group, noting that the Exchange has tried in every way possible to make meetings open and inclusive through webcasts and in-person meetings and will continue to do so.

Motion/Action: Ms. Belshe moved to approve the process for solicitation of IT consultants to develop the solicitation documents to procure the services required to

develop, implement, and operate certain functions of the Exchange. Mr. Fearer seconded the motion.

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

Discussion: Contract Award

Presentation: California Health Benefit Exchange Board Resolution No. 2011-03

Mr. Munso presented the item discussed in closed session: staff's request for action by the Board to provide staff with the ability to enter into final negotiations with a contractor that was being selected to do the business and operations plan for the Exchange. He explained that this is contained in the Level I grant and is one of the first contract efforts that staff recommended. Mr. Munso explained the solicitation process and recommended that the Board provide authority for staff to engage in final negotiations with Public Consulting Group (PCG), noting that staff believes they have the highest and strongest proposal in terms of meeting the Exchange's needs. Mr. Munso said that the action staff is requesting is the approval of a formal resolution that provides the Acting Administrative Officer the ability to do the final negotiations and make a final award because it does exceed her delegated authority.

Discussion: Dr. Ross commended staff for finding a group that knows something about health reform and was involved with the Massachusetts Health Connector. Mr. Munso noted that they also have experience with the IT systems in California that will be important in terms of handling the process and navigating those processes.

Public Comment: None.

Motion/Action: Dr. Ross moved to approve the resolution giving the Acting Administrative Officer the authority to enter into final negotiations with PCG. Ms. Kennedy seconded the motion.

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

Dr. Ross asked that, once PCG is on board, they give a presentation about their work at their experience in Massachusetts. Chairwoman Dooley and Mr. Munso agreed with this sentiment.

Discussion: Legislative Update

Ms. Powers discussed AB 1296 and noted that staff still has concerns about it because it is very prescriptive towards the Exchange's eligibility and enrollment process.

Presentation: AB 1296 - Enrolled

Public Comment: Elizabeth Landsberg, Director of Legislative Advocacy, Western Center on Law and Poverty, said that as sponsors of AB 1296, they worked extensively with the Administration, the Department of Health Care Services, the Department of Finance, and did take amendments. She said that the bill moves California forward outlining the parameters of the eligibility and enrollment system while still maintaining flexibility.

Discussion: Program Integration

Katie Marcellus, Assistant Secretary, California Health and Human Services Agency, gave an update on program integration, stating that the goal is to identify the opportunities where the Exchange can work with state partners to collaborate and identify joint projects. She explained program integration was a part of the Level I grant and discussed the process by which the Exchange is convening program integration meetings and the work that's been done so far.

Public Comment: Beth Capell, Legislative Advocate, Health Access, commented that it's very important that the Exchange work with its partners in various departments, suggesting that at some points it may be appropriate to incorporate stakeholder involvement. She noted that they do respect the need of various departments to work together and understands that that is an accomplishment in itself.

Ms. Powers added that many projects that are coming out of the program integration meetings are projects where the Exchange is also seeking public comment. She gave the example of the comments on the proposed rules, noting that they were discussed and coordinated across departments and that the Exchange reached out for public comment as well.

Agenda Item VII: Exchange Design Options

Presentation: The California Health Benefit Exchange: Design Options
Presentation: CMS - Exchanges: A Proposed New Federal-State Partnership
Presentation: Exchange Design Option #4

Ms. Powers presented the Exchange design options, noting that the stakeholder workgroups for the individual and small group exchanges contributed to the development of the options. She said that a very similar version of this presentation was given at the all-day, in-person stakeholder meeting held September 15 and noted that input in the presentation comes from stakeholders and departments. Ms. Powers said that the purpose of today's discussion is to obtain Board feedback on the design goals and decision criteria for the design infrastructure, and to discuss design options.

Ms. Powers explained the three design options in the presentation and provided pros and cons for each option, noting that there are many permutations within an option as well as other possible options that aren't shown. When speaking of the Exchange, Ms. Powers

noted that it's with a broad understanding because it affects the Medi-Cal program. She called out some of the decision criteria for the Board:

- Does the option comply with federal and state requirements?
- Does the option provide a feasible solution to be operational by 2014?
- Does the option provide a high-quality customer service experience?
- What are the cost considerations and, most notably, ongoing operational costs?
- Does the option maximize federal funding opportunities, not just for the Exchange population but also for the Medi-Cal population?
- Is the option efficient?
- Does the option reduce program redundancies and duplication of work efforts?
- What are the risks associated with the option?
- Does the option promote adaptability and flexibility to ensure ongoing program integration and addition of future programs?

Ms. Powers explained that the Core Automated Business Functions (CABF) box denotes where Exchange consumers would be serviced and shows the connections to County SAWS systems, the MRMIB/Maximus system, and Qualified Health Plans (QHPs) and the responsibilities of each group.

Discussion: Option #1 – Distributive

Ms. Powers presented Option #1 to the Board. Bill Obernesser, IT Policy Consultant, California Health Benefit Exchange, explained that Option #1 makes the heaviest use of the existing systems to perform both the functions they do now and additional eligibility determination function required by the ACA, specifically relating to Modified Adjusted Gross Income (MAGI).

Dr. Ross asked about the key required IT functions and who required them. Ms. Powers explained that they are required by the federal government. Dr. Ross said he was trying to track the key required IT functions with the functions in the CABF box, noting that many in the CABF seem to be supporting functions but not directly required. Ms. Powers explained that while those functions may not be defined as required by the federal government, they would be necessary to perform the required functions and thus were included in the CABF box.

Ms. Belshe commented that IT is a means to an end, noting that the IT infrastructure exists in service to the Exchange's business goals. She said that the infrastructure doesn't tell the Board anything about which option will serve those goals better or worse. Ms. Powers noted that some of the decision criteria are unknown at this time and thus the presentation presents options with pros and cons. She said that this conversation is for the Board to articulate what they think about the options and then it's up to staff to determine if more specificity is necessary before soliciting input from the vendor community.

Ms. Belshe asked if the pros and cons provided for each option focused on if it helps advance the program goals that the stakeholders and the federal government have

identified. Ms. Powers responded that they did but also focused on things such as timing, the 90/10 match, and the level of connectivity while noting that staff doesn't have answers for issues such as cost and risk.

Dr. Ross asked about accountability from all parties and said that there needs to be an answer (although not today) about what functions the Exchange needs to have come 2014 and what would be nice but not necessary. Chairwoman Dooley echoed Dr. Ross' question regarding how to prioritize tasks. Ms. Powers attempted to answer the question, stating that the functions in the CABF box were similar across all the options and that she though the only thing that could be done later is a connection to human service programs. She said that the Exchange needs to do health/coverage programs first and all the functions in the CABF box, regardless of whether they're called key required or supportive functions are necessary tasks.

Ms. Belshe asked about how the option would work in practice and if it would be real-time. Mr. Obernesser explained that the intent is for any application that comes to the Exchange to be sent to the appropriate processor based on eligibility and for that process to occur seamlessly for the consumer. However, he said that because Option #1 makes heavy use of the existing systems there will need to be a lot of work done to get them to a place of real-time screening and enrollment. Ms. Powers noted that staff can't find the answers to all the different criteria, such as if real-time determinations would occur in all three options, without doing some sort of solicitation.

Discussion: Option #2 – Partially Integrated

Ms. Powers presented Option #2 to the Board. She noted that the key difference between this option and Option #1 is that the CABF determines eligibility for the MAGI-eligible Medi-Cal populations. She said that another permutation of Option #2 that was raised by the stakeholders involves retiring the MRMIB/Maximus system and moving those responsibilities into the CABF.

Dr. Ross confirmed that the key issue is where the non-MAGI and MAGI Medi-Cal belong and asked, in Option #2, the rationale as to separating them. Ms. Powers stated that non-MAGI people tend to be seniors and people with disabilities (and thus very complicated cases) and the sentiment was that they should stay with the counties because they have experience dealing with those cases. Ms. Dooley added that another justification would be because this population requires more case management.

Ms. Belshe asked about the case maintenance work that will be required come 2014 in light of the fact that majority of people eligible for publicly supported health care will no longer have to use complicated aid codes. Mr. Obernesser answered that the eligibility determination part may be simpler but did not know about other case maintenance issues.

Ms. Belshe asked if the User Experience Project is exploring opportunities to use the web portal as a way for individuals to take more control over their own cases. Rene Mollow, Chief of Medi-Cal Eligibility, Department of Health Care Services (DHCS), stated that

the User Experience Project would allow people coming through that web portal to provide information in terms of updating their case status. She explained that the provision of changes such as changes in family status, job status, address, et cetera make up other case maintenance activities.

Ms. Belshe asked about the MAGI functionality and where it would reside, saying that in Option #1 her understanding is that both the SAWS systems and the Exchange would be building the MAGI functionality and there would be multiple interfaces required to connect those different systems to deliver on the program goals of real-time screening and enrollment, seamless transitions, et cetera. She said her understanding is that in Option #1 there are separate MAGI functions while in Option #2 much of it is within one system that the different public health programs would use, with the exception of non-MAGI.

Ms. Kennedy asked how interfacing with the county SAWS system to determine eligibility would satisfy the no-wrong-door criteria on the federal level. Ms. Powers said that if the entry points remain the same on all the options and you can gain access through any of them then it satisfies the no-wrong-door criteria. Ms. Kennedy responded that she had a different understanding of no-wrong-door, stating that she thought eligibility had to be determined by the door one entered through. Chairwoman Dooley responded that it's different from single point of entry in that one may come through a variety of doors and their information may go through a variety of interfaces but they'll get the same information at the end. Ms. Belshe said that the vision is that all the complexities of these interfaces will happen in the back room and be invisible to the consumer. She noted that it's a question about the MAGI function and whether it will be built once or built multiple times.

Ms. Belshe said that she struggles with the question of the MAGI function, voicing her concerns that, from a consumer perspective, the more places MAGI exists the more opportunity for interfaces to be problematic and complicated, with the possibility that consumers might fall through the cracks. She asked Ms. Powers how the Board should evaluate the different options against the different program goals, considering the amount of uncertainty and Ms. Powers responded that that's the challenge facing the Board.

Discussion: Option #3 – Fully Integrated

Ms. Powers presented Option #3 to the Board, explaining that in the fully integrated model the MRMIB functionality and the DHCS contractor would retire and move into the CABF and the CABF would handle the MAGI and non-MAGI eligible populations while human services programs would remain with the county SAWS systems. She said that the options provide a continuum from a less integrated approach with more connectivity toward a more consolidated and centralized approach.

Ms. Powers said that the next steps include meeting with the federal partners in October to discuss California and get more information regarding what they're building and what pieces from other states might be helpful in California, continuing to meet internally with

the Exchange team regarding how to go approach a solicitation, and coming back to the Board in October with more information.

Chairwoman Dooley thanked Ms. Powers for her presentation and said she believed that the presentation did a good job of moving the Board forward but noted that priority setting at this time is premature as the Board is still in the process of understanding the variables and choices available.

Ms. Powers flagged future key issues for the Board to address. She looked at the governance structure due to how intertwined the Exchange is with Medi-Cal, MRMIB, OSI, CHHS, and CDSS and asking about accountability and day-to-day responsibilities. Ms. Powers raised the issue of a state-operated versus vendor-operated system in regards to the SHOP and the service center. She said that staff is looking at the SHOP as integrated with the infrastructure of the Exchange but noted that a very different approach, if staff feels time constraints, could be to outsource the entire SHOP. Ms. Powers raised another issue regarding in-person services, the roles of counties and their responsibilities, and the Navigator program. Ms. Powers said that she was flagging these very important issues for the Board and that staff would continue to think about them as well.

Mr. Fearer asked about the design goals, noting that while it may be borderline semantic, saying "reduction in consumer burden" makes it seem like it's compared to those who are currently in a public program while in fact the Exchange will have many consumers who aren't in a program and therefore there isn't any reduction. Chairwoman Dooley said that seeing the addition of consumer seemed to specify it when she wants to minimize burdens on several aspects of the system, not just consumers. She also noted that using the word "minimize" is better than "reduce," to which Mr. Fearer agreed. He added that using "enable" instead of "ensure" is better because there may be portions the consumer has to complete that the Exchange cannot guarantee – the Exchange can guarantee it will do its part but not the consumers.

Mr. Fearer commented on the decision criteria, specifically on the question "What risks are associated with the option," saying that it's important to identify key categories of risk so everyone is working with the same perspective.

Mr. Fearer commented on the IT infrastructure framework, noting that there's no mention of reporting requirements or management information and saying that there needs to be a robust framework for information and as the basis for what's done about financial reporting, premium determinations, information flows to plans, and others.

Dr. Ross asked that a consumer advocate explain why the location of the MAGI and non-MAGI populations matter.

Public Comment: Ms. Landsberg noted that different groups of consumer advocates have drawn their own option, titled Option #4 – Integrated Partnership. She explained that in Option #4 MRMIB is retired and the CABF acquires those functions and the

MAGI and non-MAGI Medi-Cal populations stay with the county SAWS systems. She said that many MAGI Medi-Cal people will continue to use human service programs, noting that there are many efficiencies for those populations in having both their health coverage and other human service benefits maintained at the county.

Ms. Landsberg said that they believe CHIP cases could be handled in either the county or the CABF, noted that there should be one rules engine, either in the county or the CABF, to provide consistent MAGI rules, and that Option #4 would eliminate the current DHCS Health Care Options. Ms. Landsberg said that they want to make sure there are protections against steering consumers to particular plans or providers and eliminating different health plan choice sites.

Ms. Landsberg noted that the Options #1 through #3 don't have the Exchange in a box and so Option #4 includes the Exchange in a separate box doing the CABF and running a service center. She said this option also highlights the importance of a clear governance structure and accountability standard, noting that it should be settled as soon as possible.

Ms. Capell commented that the difference between Option #1 and Option #2 is the eight million people who could move systems as a result of where the MAGI system is located, saying that there will be a big change for the system and those populations. Ms. Belshe asked if this change is particularly relevant in the context of the many changes that will be occurring in 2014 including simplified rules and processes. Ms. Capell agreed with Ms. Belshe regarding the simplification of Medi-Cal but expressed concerns about who is accountable for the CABF, especially if the MAGI Medi-Cal cases are located there.

Ms. Belshe asked about case management post-2014, saying it's not clear that what needs to be managed post-2014 relative to what needs to be managed today and stating that she hopes to build a program for the future and not one that's anchored in how the state has done business. Ms. Capell agreed but had concerns relating to changes in family status, income, and employment that will affect eligibility and require a degree of maintaining the case and handling it.

Ms. Capell also expressed concerns regarding accountability, specifically regarding who is managing the CABF. In regards to vendor contracts, she said that there have been issues in the past with vendors who keep their rules engines proprietary and asked that any vendor who wants to keep their rules engines proprietary be disqualified.

Ms. Capell expressed concerns about the recurrent characterization of face-to-face interaction as occurring only at the county welfare office or with a broker, Navigator, or provider, saying that the Exchange should have the capacity to help people in-person as well in various parts of the state.

Cathy Senderling, Deputy Executive Director, County Welfare Directors Association, commented on the customer service and integration, including thinking about how to develop automation that works for people at various points in the economic spectrum and developing seamless transitions for both health and human services programs. She said

that risk and timing go hand-in-hand because there are risks of failure and the time crunch adds to these risks. In regards to cost, Ms. Senderling suggested thinking about leveraging existing investments and trying to build on what already exists as a way to reduce costs.

Ms. Senderling said that, with the limited funding and limiting time, using the SAWS option and building only what's necessary will be the quickest option when it comes to releasing and awarding contracts so the work can get done, thus supporting Option #1. Ms. Senderling supported her argument by giving cons on the other options, noting cost and time considerations.

Ms. Belshe asked if, in Ms. Senderling's opinion, there are more interfaces required in Options #2 and #3. Ms. Senderling said there are because if the MAGI rules are in the county then a family only has to utilize one system rather than interfacing between the county and the CABF for MAGI. Ms. Belshe noted that Option #1 requires MAGI functionality in all three SAWS systems, the CABF, and MRMIB and said it seemed like a lot of interfaces. Ms. Senderling said that they viewed MAGI as one interface and viewed the CABF the place where the result gets reported to the consumer rather than having its own separate rules engine.

Mr. Fearer asked Ms. Senderling about the LA area SAWS system replacement and the cost. Ms. Senderling said that there is a contract to replace Leader with a new system called the Leader Replacement System (LRS) and legislation moves the 39 C-IV counties to LRS, reducing the amount of systems from two to three. She said that adding the MAGI rules to the system is a simple fix compared to the current, complicated Medi-Cal rules and would be much cheaper than building an entire new system that has all other functionality.

Ms. Belshe asked Ms. Senderling if her cost considerations included maximizing federal funding opportunities and how they thought about the different options relative to the state's ability to secure the 90/10 federal match. Ms. Senderling said that the key from the federal government is not doing it more than once and said that an incremental addition on top of what's already been leveraged seems to be something the federal government would be interested in. Therefore, even though the rules system would be built three times, it's being built into a large system that connects everything together and can be up and running by 2014.

Julie Silas, Senior Policy Analyst, Consumers Union, echoed comments of earlier speakers, saying it's important to make sure that program leads and IT follows, noting the redeterminations in the proposed federal regulations, noting accountability and the CABF, and discussing the importance of the consumers' interaction and access to coverage.

Ellen Wu, Executive Director, California Pan-Ethnic Health Network, expressed concern that it seemed like the Board is thinking about going out for a solicitation and working with a vendor to make some of the policy decisions that really should be driving the IT

rather than the other way around. She raised issues of transparency and accountability as well as issues regarding the appropriate exchange of information and accessibility for certain populations, including those with undocumented status. Ms. Wu said that it's important for the Exchange to only collect the minimum necessary information and to protect the privacy of consumer data, noting that that principle had been deleted from the version presented at the stakeholder meeting.

Chairwoman Dooley clarified for the public that the suggestion that the Board needs information from vendors about what is possible is not a delegation of the policy decisions to the vendors.

Dr. Ross commented that he was confused about the direction of the conversation based on the public comments. He had thought the Board was discussing what IT infrastructure was needed to accomplish the design goals but based on public comments it seems that the Board is moving past some major policy and accountability decisions. Chairwoman Dooley said that all issues raised by stakeholders have been raised in the material provided by staff, specifically with regard to governance. She noted that what's been illustrated by the public comments is that the policy issues that haven't yet been made affect what type of IT system will work, resulting in a chicken and the egg type of problem and therefore the Board is moving down several paths concurrently.

Dr. Ross asked what policy decisions the Board needs to engage in before selecting a vendor, expressing concerns that he's heard more than two speakers discuss important policy decisions that the Board not consider with full deliberation. Chairwoman Dooley said that her perspective is different in that the Board is not skipping decisions but instead is discussing the sequencing of making those decisions. Ms. Kennedy added that she believed the consultant would help the Board look at the risks and obstacles to the various paths and then it will be the Board's decision to choose a path. Chairwoman Dooley noted that it's a two-step process and that's the reason for the solicitation for IT consultants to help write the IT solicitation, causing Dr. Ross to confirm that the IT consultants solicitation helps strengthen the capacity to make the policy decisions.

Ms. Powers said that the members of the partnership list needs to talk amongst themselves about governance and day-to-day operational management and hope to come back to the Board with a recommendation on those two issues.

Ms. Wu recommended creating an ongoing stakeholder process regarding the roles and responsibilities and for other critical policy decisions that haven't been made yet, noting she did not know if there were further plans for staff to continue to engage stakeholders in the process. Chairwoman Dooley responded that staff will continue to engage and noted that there is a process to formalize an ongoing stakeholder engagement for the ongoing operation of the Exchange, saying that stakeholder input resulted in Option #4. She noted that the governance issue hasn't been resolved but said that the Exchange is but one part of health care reform implementation, not healthcare reform in its entirety.

Mr. Fearer noted that whichever option the Exchange chooses will create responsibilities for others and that there isn't a parallel process for accountability. Chairwoman Dooley echoed his sentiments and said that staff throughout the agencies and departments have been committed to working collaboratively and acknowledging the importance of the stakeholder process for the Exchange and DHCS. Ms. Belshe asked about the stakeholder process for DHCS and Chairwoman Dooley responded that it's the broad stakeholder process DHCS engages.

Ms. Belshe clarified that the IT consultants will be working with staff and the interagency team to dig into the different models, noting that there are various permutations, and see how they relate to the decision criteria. Ms. Powers confirmed and added that the consultants will also craft a solicitation that might give the Exchange flexibility for vendors to share their approaches. Ms. Belshe noted that some criteria lend themselves more readily to evaluation than others and asked if the consultants would develop some consumer-focused metrics that can be used to evaluate the different options from a consumer perspective. Ms. Powers said they would to the extent possible.

Rosa Maria Martinez, Program Manager for Health, Greenlining Institute, commented on the stakeholder process, noting that the September in-person meeting had limited opportunity for the public to participate and that no participation information was posted on the website. She asked that in-person stakeholder meetings in the future have more public information available so there aren't missed opportunities to receive stakeholder feedback. She commented on the possibility of outsourcing the SHOP, asking the Board to look at the challenges this might entail for ethnic small businesses, particularly around transitions from SHOP to the individual Exchange. Ms. Martinez commented on digital inequalities and the need for a face-to-face interaction on the various options, asking the Board to ensure that it's embedded in the options. She closed by voicing her support for Option #4.

Julianne Broyles, representing the California Association of Health Underwriters, thanked the Board for the inclusiveness of the stakeholder process and noted that none of the options showed the financial processes, saying that this will be the lifeblood of how Exchanges maintain their viability on a going-forward basis. She noted that they strongly believe that the success of the Exchange relies on agents and brokers and their ability to place business into either of the Exchanges and asked that their issues be addressed.

Sara Nichols, Government Relation Advocate, SEIU California State Council, commented that the Exchange should build on the existing system, based on the time constraints, and noted that public employees have a role to play because it's the fastest way to get a system up and running, especially an eligibility system. She echoed concerns of IT driving the policy and thanked the Chair for reiterating a commitment to making policy decisions separate from IT, noting that SEIU would particularly like to emphasize that in regards to staffing. She commented that SEIU did not have a choice on the options at this time. Ms. Nichols said they would like to understand more about how customer service is evaluated and said building on the existing facilities makes the most sense for all aspects of customer service. In regards to feasibility, she said that any plan

has to think about what the Governor and Legislature will allow, noting that Options #2 and #3 might require legislative change. Ms. Nichols noted that the Board will need to find a balance between cost and quality, stating that public employees provide great value for their work. Ms. Nichols said that one of the decision criteria should be the system's ability to connect various support programs, noting that it's discussed in the slides but not in the decision criteria.

Ms. Kennedy asked what law changes Ms. Nichols was suggesting might need to be made. Ms. Nichols responded that if the Exchange takes certain eligibility functions out of the county that would require legislative changes.

Gretchen Lachance, Vice President of Legal & Regulatory Affairs, California Association of Health Plans, commented that they did not have a position on the options but noted that a system should have some key parts. She said it should support a fast and accurate enrollment system that enrolls as many eligible people as soon as possible, include published performance measures for clear accountability, noting that Healthy Families does a good job of this.

Agenda Item VIII: Strategic Visioning

Presentation: DRAFT - California Health Benefit Exchange Vision, Mission and Values
Presentation: CHCF - Public Partner: The California Health Benefit Exchange Aligned with Medi-Cal

Bobbie Wunsch, Consultant, California Health Benefit Exchange, presented the on the strategic visioning, giving a review of what the Board did at the July and August meetings, presenting two Options and saying that the hope is that the Board finalizes and adopts a vision, mission, and value statement at the October Board meeting.

Discussion: Dr. Ross said that elements from both options need to be integrated into a single option but noted that his leaning is more towards Option #2 even though there are great things in Option #1.

Mr. Fearer said he liked many things in Option #2 but recommended that the Board be more parsimonious about words, particularly when thinking about the audience, noting that the term "operational excellence" might not resonate with consumers.

Ms. Belshe agreed with Dr. Ross and Mr. Fearer and noted that for the vision, Option #2 resonates most with her. She said that she worried about semantics, noting that while the Board must be aspirational it must also be mindful of what can actually be employed to achieve the vision. In regards to the mission, Ms. Belshe thought of the business; specifically, the business of creating a marketplace through which people can purchase insurance. She noted that Option #2 doesn't really capture the business in a succinct fashion and noted that if Option #2 can be tightened up then, in response to Mr. Fearer's comments, the audience is the Exchange Board. Ms. Kennedy agreed with Ms. Belshe in that the more succinct the better.

Public Comment: Anthony Wright, Executive Director, Health Access, commented that there needs to be a mix-and-match approach leaning more towards Option #2 but noted several things missing. He said it does not reflect the presence of subsidies or the notion of the Exchange as an active purchaser, noting that nothing in the statements convey the benefits to consumers. He said that the statements should reflect that the Exchange has a goal of getting as many people covered as possible by maximizing enrollment on day one.

Ms. Imholz commented that Consumers Union leans towards Option #2 but noted her agreement with Dr. Ross that there are elements in both that should be combined. She noted her agreement with Ms. Belshe in discussing aspirations but recognizing what is feasible, relating it to the Exchange Design Options discussion. Ms. Imholz said that it's important to recognize the need for partnerships between the Exchange and state, federal, and stakeholder partners, stating that it should be included.

Kathy Ochoa, Director, Strategic Initiatives, SEIU-UHW West, commented that they preferred Option #3, noting that the Exchange should really think about how it can be a catalyst for finance and delivery system reform and how to make values around collaboration, integration, and alignment.

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

Presentation: DRAFT - California's Comments on Proposed Rules for Establishment of Exchanges and Qualified Health Plans
Presentation: DRAFT - California's Comments on Proposed Rules for Reinsurance, Risk Corridors and Risk Adjustments
Presentation: California's Comments on Proposed Rules for CO-OPs

Presentation: California's Comments on Proposed Rules Cover Letter

Chairwoman Dooley introduced the Notice of Proposed Rulemaking Comments, noting that the Exchange has been engaged by many stakeholders on this topic and has worked hard to have a consolidated comment letter from all the state agencies and has only one small difference with the Insurance Commissioner that may result in a separate letter from them. She noted that the federal government extended the due date for the comments to October 31, 2011, the Exchange would have been able to submit comments today and asked that while she believed the Exchange should leave the comments open she wanted to do so with a strong caveat that the Exchange would not reopen the whole process.

Discussion: Ms. Powers thanked staff, consultants, and other state agencies for all their work on the Exchange comments, noting that the Exchange reached out to stakeholders and received many responses. She said that, even though the comment deadline has been extended, due to the work involved with the newly released sets of regulations, staff is moving forward on the assumption that those end dates are firm at this point.

Ms. Powers noted that the Exchange submitted brief comments on the CO-OP regulations and will be asking for formal approval. She said staff is also seeking approval to submit the comments letter, with a caveat for minor changes, by the October 31 deadline.

Dr. Ross noted that there may be comments from stakeholders that need to be included and asked that the Board accept the comments letter as a final draft, pending improvement tweaks and not substantive policy, thus allowing time for staff to continue perfecting it and to incorporate any comments that come in. Chairwoman Dooley said she would prefer to wait on an action until the October 21 meeting but noted that an action needed to be taken on the CO-OP comments that had already been submitted.

Public Comment: None.

Motion/Action: Ms. Belshé moved to approve the comment letter on the CO-OPs. Ms. Kennedy seconded the motion.

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

Discussion: Ms. Belshe said that, for the other regulations, it would be good to hear from stakeholders but noted that it's clear from the Board members that these comments are basically closed pending the conversation the Board is about to have with stakeholders during the public comment period.

Chairwoman Dooley noted that the letter focuses on acknowledging where the California Health Benefit Exchange needs flexibility so it can achieve the goals of the federal act but in a unique California way.

Public Comment: Ms. Capell commented that Health Access has a number of areas relating to the Exchange regulations that are problematic, detailing a variety of issues including grace periods, immigration verification, special enrollment periods, rate changes, and multi-state plans, saying that they would send comments to the Exchange staff for discussion.

Ms. Broyles commented that CAHU has with the California comments, questioning issues relating to brokers/agents and adverse selection. She also noted that the Exchange may be overreaching when it comments that market rules should be the same inside and outside of the Exchange, saying she would submit comments in writing to staff.

Ms. Imholz commented that Consumers Union agrees with most of the Exchange's comments but echoed Ms. Capell's concerns regarding grace periods and limiting special enrollment periods. She said she would submit further written comments to staff.

John Norwood, representing Insurance Brokers and Agents of the West, commented on the roles of Navigators as it relates to qualifications and licensing and tax credit determinations, and echoed Ms. Broyles question about agents/brokers and adverse selection. Mr. Norwood said it would seem that the success of the Exchange will depend on whether or not the industry buy in and participates. He said he would submit written comments.

Leanna Gassaway, Regional Director of State Affairs Western Region, America's Health Insurance Plans, commented that many things struck the appropriate balance, noting that AHIP will be advocating strongly for CMS to prioritize the regulations to gives states guidance as soon as possible. She noted that AHIP has concerns with the open enrollment period and the grace period, saying she would submit written comments to staff.

Brianna Puttman, Legislative Advocate and Policy Associate, Planned Parenthood Affiliates of California, commented on the lack of a definition for essential community providers and segregation of funds for abortion services, asking the Board to implement strong network adequacy standards and saying she would submit comments in writing.

Bill Wehrle, Vice President of Health Insurance Exchanges, Kaiser Permanente, acknowledged his support for the comment letter but expressed some concerns with the reinsurance, risk corridors, and risk adjustment comments, specifically regarding multi-state collaborative financing. He commented on issues regarding the SHOP and market rules and expressed concern regarding adverse selection in the SHOP.

Jim Mullen, Senior Legislative Analyst of Public & Governmental Affairs, Delta Dental, commented on the lack of Exchange comment regarding standalone dental plans in the Exchanges, expressing concern about competition within the Exchange.

Ms. Landsberg commented on the role of Navigators versus that of brokers, adding that she would provide written comments.

Chairwoman Dooley thanked Ms. Cummings for her work on the regulations. Ms. Cummings discussed the second set of regulations and the plan to develop the collaborative comments for each. She said that the Exchange website, under the Federal Guidance tab, explains the process for submitting comments and provide more information.

Ms. Broyles asked that the Board discuss the role and compensation of agents and brokers under the Exchange at one of the next Board meetings and at the stakeholder meetings. Chairwoman Dooley said that it will be an issue the Board will discuss but she couldn't commit on timing.

Agenda Item VIII: Adjournment

The meeting adjourned at 4:43 PM.