Approved as amended by the Board of Directors on March 17, 2016

STATE OF CONNECTICUT
LIEUTENANT GOVERNOR NANCY WYMAN

Connecticut Health Insurance Exchange
Board of Directors Special Meeting

Hartford Hilton
Hartford Commons Room
315 Trumbull St.
Hartford, CT

Tuesday, March 1, 2016
Meeting Minutes

Members Present:
Lt. Governor Nancy Wyman (Chair); Victoria Veltri, Vice-Chair, Office of Healthcare Advocate (OHA); Victoria Veltri; Commissioner Roderick Bremby, Department of Social Services (DSS); Grant Ritter; Paul Philpott; Cecelia Woods; Robert Scalettar, MD; Paul Lombardo, Designee for Commissioner Katharine Wade, Connecticut Insurance Department (CID);

Members Participating via Telephone: Michael Michaud, Designee for Commissioner Miriam Delphin-Rittmon, Department of Mental Health and Addiction Services (DMHAS)

Members Absent: Robert Tessier; Secretary Benjamin Barnes, Office of Policy and Management (OPM); Maura Carley; Commissioner Raul Pino, Department of Public Health

Other Participants:
Access Health CT (AHCT) Staff: James Wadleigh, Susan Rich-Bye (via telephone); Ron Choquette; Shan Jeffreys
Wakely Consulting Group: Julie Andrews; Brittney Phillips (via telephone)

The Meeting of the Connecticut Health Insurance Exchange Board of Directors was called to order at 10:00 a.m.

I. Call to Order
Lt. Governor Wyman called the meeting to order at 10:00 a.m.

II. Public Comment

None

III. 2017 Individual Market Standardized Plan Designs – Discussion and Vote

Shan Jeffries, Director, Marketplace Strategies, provided a summary of recent advisory committee meetings regarding the 2017 standard plan designs. Time was spent reviewing and discussing various options. Wakely Consulting Group provided the plan review for the 2017 plan year. Other options were considered by committee members during the meetings, and Wakely was able to provide the actuarial value results during the meetings.

Robert Scalettar arrived at 10:02 a.m.

A key focus for 2017 was to have minimal impact on plan design while maintaining a proactive strategy for the 2018 plan year to make sure plans are competitive, valuable, and financially effective across an adequate number of options for consumers. The majority of individual enrollment for 2016 is in the standard Silver plans, with approximately 62,000 enrollees. Silver and Gold plans represent over 80% of all choices in the SHOP program.

Julie Andrews, Senior Consulting Actuary from Wakely Consulting Group, provided a summary of the approach to the proposed 2017 plan design changes. The first goal was to comply with any regulatory or statutory constraints. A bulletin was released in February by the Connecticut Insurance Department (CID) (Bulleting HC-109) which imposed maximum allowable co-pays on certain benefit service categories, with five new co-pays that were introduced. Most notable were the maximum co-pays on routine radiology services and laboratory services, which were included in the 2017 federal actuarial value (AV) calculator. The 2017 plan designs were created to be compliant with the Affordable Care Act metal cost sharing tiers using the 2017 finalized AV calculator. CMS introduces a new AV calculator every year. A key change is a trend of the underlying data at 6 ½%. Ms. Andrews summarized the notes and caveats associated with designing the 2017 plans within the parameters of the finalized calculator and regulations. With the goal of impacting the consumer as little as possible, Wakely focused primarily on changes to plan deductibles and maximum out of pocket costs in order to bring 2017 plan designs into metal tier compliance. Ms. Andrews provided a high level summary of the actuarial value calculator changes and cost sharing reduction variations.

The individual market Platinum 90% AV plan was summarized. Two options were proposed to the Advisory Committees prior to this presentation to the Board. Option 1 was selected by the Advisory Committees. The platinum plan is already at the top as the richest plan.

Ms. Andrews continued with the Gold 80% AV Plan. Two options were proposed. Each option changed the deductible and maximum out of pocket, and decreased the laboratory co-pay to comply with the CID bulletin. The Advisory Committees chose Option 2 so as to hopefully not make any additional changes for the 2018 plan year. Mr. Philpott asked why the deductible increased by 50%. Ms. Andrews replied that it is purely a function of the AV calculator. The change in laboratory services resulted in a significant impact. Ms. Andrews reviewed the other possible factors that could have impacted the AV calculator and Mr. Philpott asked further questions about the underlying utilization. Ms. Andrews replied that the Federal AV calculator

has not changed for 2016 except for trend. Utilization has not been updated as of yet, and is used purely as a tool to measure actuarial value.

Roderick Bremby arrived at 10:16 a.m.

Mr. Wadleigh asked what was driving the increase. Ms. Andrews replied that it was caused by the underlying trend. The 2016 plan was already at 82.1% on the Federal AV calculator with a $25 laboratory services co-pay. Bringing that co-pay down to $10 required an adjustment to other benefit cost levers in the AV calculator.

Mr. Ritter requested further information on the CID Bulletin. Paul Lombardo, from the Connecticut Insurance Department, replied that in December of 2015, CID sent out a data call to health insurance carriers and HMOs. Many carriers and HMOs throughout the year wanted to have different co-pays for different services. One criterion, outside of the existing Bulletin issued previously with the maximum co-pays allowable for certain services, was to see the industry data before establishing maximum co-pays, or allowing the use of co-pays to make sure the co-pays were providing individuals with a benefit. Data were collected from all carriers doing business in Connecticut. CID analyzed the data to determine whether at least 90% of the claims that come through for a category get at least 50% of the insurance benefit. The results generated on the laboratory and radiology categories were very surprising to CID. Ninety-five percent of the claims had an average cost of $20, and since the benefit is set up to be 50%, the result is a $10 co-pay. CID feels comfortable with the maximum co-pays. It was established with carriers that these maximum co-pays will be evaluated in the future from time to time, as more data come out, or if the carriers point out that things have changed in the marketplace.

Dr. Scalettar asked for the anticipated number of individuals who are expected to be impacted by the medical deductible increase, and who has reached the $1,000 deductible. Mr. Jeffreys replied that there are approximately 9,300 enrolled in the gold plan, but there are no details as to how many reached the deductible. Mr. Lombardo added that for Option 1, the deductible would have increased to $1350 from $1000. During the Advisory Committee discussions, members felt that at $1350, there would not be any significant changes in 2018. Ms. Veltri went back to the trend in the AV calculator. It does not include utilization trend, only healthcare cost trend. Ms. Andrews agreed that the trend is based on cost of healthcare and on current fee schedules. Mr. Lombardo added that at some point the utilization of the AV calculator will be updated, resulting in a potential significant impact on the actuarial values generated. Currently, the focus is only on cost. Other anomalies of the AV calculator are somewhat unexplained. Utilization adjustment for different tier plans is determined by the Federal Government. Carriers cannot apply specific utilization adjustments by metal tiers as a result of their actual experience.

Lt. Governor Wyman asked about the 6% trend across the board for all plans. Mr. Lombardo replied that it applies to both on-exchange and off-exchange plans, and the same AV calculator must be used. Mr. Ritter asked whether utilization data will be available for 2014 as part of the 2017 AV calculator. Ms. Andrews replied that updating the AV calculator will be a huge data resource update, and 2014 was unusual for various reasons and was not used. Mr. Lombardo added that the relative impact will be evaluated.

For the Silver 70% AV plan, three options were proposed. Option 3 was selected by the Advisory Committees and is at the top of the AV range. The Advisory Committees wanted the least amount of impact on the customer with regard to the deductible, as this plan had the highest enrollment. Lt. Governor Wyman noted the large increase in the deductible, and asked what tier consumers would go to next. Ms. Andrews replied that consumers will stay in the Silver Plan due to the cost sharing reduction variation advantages. This plan drives the Advanced Premium Tax Credits. Ms. Veltri added that some consumers in the Silver Plan, including those with Cost Sharing Reductions (CSRs), made the decision to drop to Bronze which goes back to the discussion that there is only so much to do with the AV calculator. Ms. Andrews added that the next step is to drastically change the plan designs with co-insurance payments, which is usually not preferred. Ms. Veltri asked for the timeframe to start reviewing Connecticut's State-specific data, in order to avoid having to use the Federal AV calculator. Mr. Lombardo replied that this is the third year, and there hopefully will be some maturation of the AV calculator. It has been discussed, and there is the possibility for a region or state-specific AV calculator to have an opposite impact than what we expect, a potential negative impact. This is the single largest issue that is perplexing and has caused concern. The marketplace indicates this is what has to be used. Ms. Veltri stated that it comes down to education, so that consumers understand how cost sharing and benefits work through the metal tiers. Dr. Scalettar asked whether there was any way for the primary care co-pay to remain at $30. Ms. Andrews replied that the deductible or some other lever would have had to be increased.

Ms. Andrews summarized the Silver Plan 73% AV CSR plan. Three options were presented to the Advisory Committees and Option 3 was selected. The deductible increased to $3,400 with the maximum out of pocket increasing to $5,700. The primary care co-pay increased to $35 and the emergency room co-pay increased to $200. The non-preferred pharmacy co-pay increased to $60.

Ms. Andrews summarized the Silver 87% AV CSR Plan. There were three options and Option 1 was selected by the Advisory Committees as it had the least amount of changes. The deductible increased to $700. All options were at the top of the AV range, near 88%. Ms. Veltri asked about laboratory co-pays and utilization of laboratory services. Mr. Lombardo stated that the true cost of laboratory services must be considered. There were no phone calls from carriers regarding this change following the bulletin's publication. It was important for CID to provide at least 50% benefit for these services. Mr. Lombardo explained the process that CID went through, including feedback from the carriers, for determining the method for applying co-pays to claims. The Lt. Governor noted that radiology would be treated the same.

Ms. Andrews reviewed the Silver 94% AV CSR plan. Only one option was proposed which increased the maximum out of pocket to $1,000. The Advisory Committees thought that was least impactful.

Ms. Andrews presented two Bronze Non-HSA 60% AV plans. Option 2 was chosen by the Advisory Committees with a $6,400 deductible. Option 2's actuarial value was lower and aligned with the 2016 plan's AV range. For most services under this plan, the deductible

applies before the co-pay, therefore the deductible has more value because it is spread across a greater number of services.

Two Bronze HSA 60% AV plans were presented. Option 1 was selected by the Advisory Committees which was at the top of the AV range.

Mr. Philpott asked what the 10% co-insurance represents on the HSA plans. Ms. Andrews replied that it is 10% of carriers' contracted rate for the service after the deductible. Mr. Lombardo added that even without changing anything else, it increases the AV as a result of the trend that exists. The other point is that there are other things that will impact premium with the loss of the federal reinsurance program in 2017 in the individual market. It will be offset to a small degree for the removal of the health insurance provider fee for 2017. The increases in premium could be $25, $30 or even $35 per month. Mr. Ritter asked if there had been any advancement towards a state reinsurance plan. Mr. Wadleigh replied that there have been conversations with carriers, CID and other organizations about opportunities to develop a state reinsurance program for the individual market. There is a reinsurance program for the small group market. Mr. Lombardo confirmed that the increase would be approximately $35 per member, per month. Mr. Lombardo stated that there will not be any factors that will impact the pricing, other than the actual carrier experience in the individual market. They may use manual rate for a portion of the premium. It will strictly be based on either manual experience or all experience with risk adjustment which is permanent.

Mr. Jeffreys provided a summary of the standardized Stand Alone Dental Plan (SADP) plan design, with no changes suggested for 2017. The current plan meets the high actuarial value for the Exchange. There is no prescribed AV calculator. There is no change in the maximum out of pocket. The plan currently offers pediatric dental. AHCT is looking forward to a new overall strategy for dental plans for 2017.

Lt. Governor Wyman requested a vote to approve the 2017 Standard Plan Benefit Designs and the High Option Stand Alone Dental Plan for the Individual Exchange as recommended by the Advisory Committees and proposed by Exchange Staff. Motion was made by Victoria Veltri and seconded by Robert Scalettar, MD. ***Motion passed unanimously***.

IV. 2017 SHOP Standardized Plan Designs – Discussion and Vote

Ms. Andrews provided a summary of the AV changes for the SHOP plans. The approach to the proposed plan design was the same as in the individual plan designs.

The SHOP Platinum 90% Plan AV options were reviewed. Two options were presented and Option 1 was selected. The Advisory Committees felt that the Platinum plan is at the top of the range of costs and felt making the minimum amount of changes was ideal.

The SHOP Gold 80% AV options were reviewed and Ms. Andrews explained that the Advisory Committees chose option 3 as the midpoint of the options, with an AV of 80.8%.

Originally three options were presented to the Advisory Committees for the SHOP Silver 70% AV Non-HSA. A fourth option was run through the AV calculator by Wakely during the meeting,

which resulted in a lower deductible of $4,400 but a slightly higher cost. The fourth option (labeled Option 3.5) was chosen by the Advisory Committees.

Two options were presented for the SHOP Silver 70% AV HSA plan. Option 2 was selected, which increased the deductible slightly, as well as the maximum out of pocket. This lowered the AV from the top of the range, which was in line with the 2016 AV, and would hopefully defer additional changes in 2018.

Two options were presented for the SHOP Bronze 60% AV Non-HSA plan, which were the same options that were presented in the individual market. Option 1 was selected and is the same as chosen in the individual market.

Two options were presented for the SHOP Bronze 60% AV HSA plan. The Advisory Committees chose Option 2, to try to offset some of the costs associated with the leveraging, and to put off any possible changes to 2017 by not being at the top of the AV range.
Dr. Ritter asked for information regarding the breakdown of Silver HSA and Silver Non-HSA membership. Ron Choquette, Director of SHOP Sales and Operations, responded that the Silver Non-HSA has 46% of membership and the new Silver HSA as of January 1, 2016 has six members.

There were no changes to the High Option Stand Alone Dental Plan designs for SHOP.

Lt. Governor Wyman requested a motion to approve the 2017 standard plan benefit designs and the High Option Stand Alone Dental Plan for the SHOP as recommended by the Advisory Committees and proposed by Exchange Staff. Motion was made by Cecelia Woods and seconded by Paul Philpott. ***Motion passed unanimously.***

V. Adjournment

Lt. Governor Wyman requested a motion Adjourn. Motion was made by Victoria Veltri and seconded by Grant Ritter. ***Motion passed unanimously*****.** The meeting adjourned at 11:02 a.m.