



STATE OF CONNECTICUT
LIEUTENANT GOVERNOR NANCY WYMAN

Connecticut Health Insurance Exchange
Board of Directors Special Meeting

Legislative Office Building, Room 1D

Thursday, May 28, 2015

Meeting Minutes

Members Present:

Lt. Governor Nancy Wyman; Victoria Veltri, Vice-Chair, Office of Healthcare Advocate; Secretary Benjamin Barnes, Office of Policy and Management (OPM); Deputy Commissioner Janel Simpson, Department of Social Services (DSS); Grant Ritter, Robert Tessier; Paul Philpott; Commissioner Miriam Delphin-Rittmon, Department of Mental Health and Addiction Services (DMHAS); Cecelia Woods; Robert Scalettar, MD; Commissioner Katharine Wade, Connecticut Insurance Department (CID)

Members Absent: Commissioner Jewel Mullen, Department of Public Health (DPH); Maura Carley

Other Participants:

Access Health CT (AHCT) Staff: James Wadleigh, Julie Lyons, James Michel, Steven Sigal; Susan Rich-Bye; Peter Nichol; Andrea Ravitz

The Meeting of the Connecticut Health Insurance Exchange Board of Directors was called to order at 9:00 a.m.

I. Call to Order

Lt. Governor Wyman called the meeting to order at 9:00 a.m.

II. Executive Session

Lt. Governor Wyman requested a motion to discuss matters exempt from disclosure under C.G.S. §1-200(6)(A) and (E). Motion was made by Vicki Veltri and seconded by Robert Tessier.

Motion passed unanimously. Board members present proceeded into Executive Session at 9:00 a.m.

Meeting was called back to order at 9:18 a.m. Board Members and Access Health CT staff introduced themselves.

III. Public Comment

There was no public comment.

IV. CEO Report

James Wadleigh, CEO, provided an update on AHCT activities. AHCT is transitioning from a start-up company to a true operating company. The special open enrollment period ended on April 30.

Benjamin Barnes arrived at 9:22 a.m.

AHCT staff is now planning for the 2016 open enrollment period. Plan Management has been working with the CID since January on 2016 plans and rates. Open enrollment for the 2016 plan year begins November 1, 2015 and ends January 31, 2016. The federal government determines the dates of the open enrollment period. The US Supreme Court decision in *King v. Burwell* is expected sometime in June and Connecticut should not be impacted. AHCT has been meeting weekly with the federal government to discuss potential contingency plans. Access Health Exchange Solutions, led by Peter Van Loon, continues to meet with a number of states to collaborate on opportunities, partnerships and knowledge sharing. Media reports regarding AHCT and New York's health insurance exchange merging are incorrect. Andrea Ravitz was introduced as the new Director of Marketing.

V. Review and Approval of Minutes

Lt. Governor Wyman requested a motion to approve the March 26, 2015 Regular Meeting minutes. Motion was made by Grant Ritter and seconded by Robert Tessier. ***Motion passed unanimously.***

Lt. Governor Wyman requested a motion to approve the April 6, 2015 Special Meeting minutes. Motion was made by Robert Tessier and seconded by Cecelia Woods. ***Motion passed unanimously.***

VI. Votes

James Michel, Director of Operations, provided the names of five new members to be appointed to the Brokers, Agents, and Navigators Advisory Committee. These brokers have been some of the highest producers selling Exchange products.

Lt. Governor Wyman requested a motion to appoint Jennifer Lovett, Craig Koehler, Jesse McDonald, Eric Quinn, and Jeff Oswald to be members of the Brokers, Agents, and Navigators Advisory Committee. Motion was made by Robert Tessier and seconded by Vicki Veltri. ***Motion passed unanimously.***

Mr. Wadleigh provided a summary as to the need to appoint board members to board subcommittees due to a recent vacancy.

Lt. Governor Wyman requested a motion to appoint Commissioner Katharine Wade to be a member of the Finance and Strategy Committees and to appoint Paul Philpott to be a member of the Strategy Committee. Motion was made by Vicki Veltri and seconded by Cecelia Woods. ***Motion passed unanimously.***

VII. 2016 Wakely Rate Review

Steven Sigal, CFO, provided a summary of the proposal for Wakely's 2016 Connecticut Rate Review. This has been desired by the Board for the last two years. The cost will be between \$100,000 and \$150,000.

Lt. Governor Wyman requested a motion to authorize CEO James Wadleigh to expend up to \$150,000 with Wakely Consulting Group to review rate filings for the individual and small group markets for the Exchange, report on outliers, inconsistencies, trends and the impact on consumer premiums and provide technical support as requested.

Robert Tessier added that a timeline should be included as to reporting dates. Mr. Sigal replied that there is an accelerated timeline because rates were due and already filed. Preliminary work has been done and Wakely expects to report to the Board at its September meeting. Mr. Tessier asked if Wakely would be able to give some specific guidance on what to expect as the federal transitional reinsurance program expires, which may result in the potential of increasing rates. Mr. Sigal replied that the program is actually being executed now as the first block of claims will be submitted. The issue is whether or not CMS believes the reinsurance fund is sufficient. Carriers are starting to put those assumptions into their rate filings. AHCT is hopeful that, since there is a history in Connecticut of insurance pools, the carriers will develop something with the pool administrators which will be helpful to the marketplace after the transitional reinsurance program ends. Ben Barnes asked if Wakely could try to identify any actions that AHCT can take that impact affordability, further inquiring as to whether there are standards AHCT has adopted in the plans that have a significant impact on price. Further, Mr. Barnes asked whether AHCT would be pursuing a potential role in encouraging or creating some sort of successor insurance pool. Mr. Sigal added that one of AHCT's legislative requirements is to produce an adverse selection analysis of the marketplace, and Wakely has been contacted to assist with this work.

Paul Philpott inquired as to whether AHCT is going to be looking at SHOP rates as well. Mr. Sigal confirmed that small group rates, including SHOP, would be analyzed. He added in response that the SHOP plans are not eligible for the reinsurance pool. Mr. Philpott asked for an analysis as to the difference between the individual and small group rates, and the causes of such disparities. Mr. Sigal added that this analysis will be included in Wakely's review.

Motion was made by Vicki Veltri and seconded by Dr. Robert Scalettar. ***Motion passed unanimously.***

VIII. Finance

Mr. Sigal provided a quick overview of the Finance Team's activities. The focus continues to be on securing financial resources, fulfilling regulatory requirements, and improving business processes. Additional detail was provided.

The Revised Exchange Assessments and Fees Procedure was approved by the Board at the March 26 meeting for posting in the Connecticut Law Journal for 30 days of public comment,

and the public comment period ended on May 7. Two comments were received, but were not relevant to the procedure itself.

Lt. Governor Wyman requested a motion to adopt the Revised Procedure: Exchange Assessments and Fees as presented by Exchange staff. Motion was made by Benjamin Barnes and seconded by Vicki Veltri. ***Motion passed unanimously.***

Mr. Sigal continued with the 2016 Fiscal Year Budget Overview along with the 2016 Financial Sustainability presentation. This was presented to the Finance Committee on May 12 and approved for discussion by the Board. The budget is approximately 15% less than the 2015 forecast decreasing as a result of changes geared toward moving AHCT to maturity from a “start-up”.

Mr. Sigal provided a summary of the FY 2015 versus FY 2016 fiscal year forecast variance. The major operating budget is \$29,714,555. The budgetary changes are a result of adjustments to workforce composition; temporary staffing increases in anticipation of design, development, and implementation (DDI); and contractual amendments. Dr. Scalettar asked whether federal grant funds would expire at the end of FY 2016. Mr. Sigal replied that AHCT does not currently have access to the 2014 Level I grant funds, and is in the process of a final request to lift the restriction. As soon as the restriction is lifted and money is accessed, a no-cost extension will be filed to provide funding through the end of the 2016 calendar year. Mr. Barnes added that DSS receives federal funding on an ongoing basis under the Affordable Care Act, and those funds will continue to be expended for collaborative work with AHCT. Dr. Scalettar asked for an explanation of the \$1 million cost for the APCD. Mr. Sigal clarified that there was \$6.6 million in the Level II grant to establish the APCD. There was a no-cost extension for the Level II grant but in the approach for building APCD, the money could not be spent during the obligatory period of the grant. The remaining funds were re-budgeted for DDI, with an agreement that the APCD implementation will be fully funded.

Mr. Sigal summarized contractual items in the FY 2016 budget. There is an overall \$29 million reduction in the gross dollars based on planning for work with DSS. Specific IT allocable items were reviewed, including a Learning Management System allowing on-line training for certification. Non-allocable and Non-IT allocable items were summarized. Mr. Sigal reviewed the FY 2016 Budget funding sources. This includes Access Health Exchange Solutions in the process, as it is expected to be accretive to revenue, but is not included in the projected position. Mr. Sigal reviewed employee salaries, which do not include a 30% benefit load. A summary of the 2015 Fiscal Year Forecast v. actuals was summarized. Mr. Barnes thanked Mr. Sigal and his staff for the presentation, which provides highlights of the fiscal challenges.

Lt. Governor Wyman requested a motion to adopt the FY2016 budget as presented by Exchange staff. Motion was made by Robert Scalettar, MD and seconded by Cecelia Woods. ***Motion passed unanimously.***

Mr. Sigal continued with an overview of 2016 Fiscal Sustainability. The assessment concept was approved in 2013 and charged for the first time in calendar year 2014, based on 2012 premiums. There is a lag in obtaining credible data used to inform the assessment. The first assessment rate was at 135 basis points, for a 75% cash reserve of AHCT’s operating budget. There will need to be a change in the assessment rate to maintain that cash reserve for 2016 and 2017. Two scenarios were summarized – increasing to 165 basis points in 2016 and 2017, or a tiered approach of 150 basis points for 2016 and 165 basis points for 2017. The Finance

Committee agreed that some sort of change to the assessment is required, and decided to have a discussion with the Board.

Mr. Philpott asked how changes to the assessment rate are made. Mr. Sigal replied that the Board approves assessment rate changes, which would be communicated to the carriers. It is essentially an action of the Board. Mr. Philpott asked if information on other Connecticut health insurance assessments could be provided prior to a decision. Commissioner Wade replied that an overview of the broader assessments could be provided. Mr. Philpott asked for additional data, including per member per month (PMPM) cost, and whether the provider networks on and off the exchange have any impact. Commissioner Wade agreed to provide this information as well. Mr. Wadleigh reminded the Board that the purpose of the assessment is to fund the operations of Access Health CT. Mr. Barnes added that this is an industry-wide assessment, and noted that there are pieces of legislation that are under consideration that will potentially add costs to Access Health CT, which is a risk on the expense side. Mr. Barnes asked Mr. Sigal how the other proposal fit in the national context of other Exchanges.

Mr. Sigal replied that the previously mentioned adverse selection report will provide answers to the PMPM concerns raised by Mr. Philpott. Mr. Sigal added that the assessment is marketplace wide. The premium pricing of plans, both on and off the Exchange, needs to be the same for the same benefits. Further, two-thirds of the private insurance plans were not bought through a broker. Also a state based Marketplace survey as to various assessment approaches showed that at 165 basis points, Connecticut will have one of the lowest assessments in the country. Mr. Ritter asked for clarification as to how the basis point numbers are developed, seeing that a large increase was being built in for the FY 2017 budget, and further asked for clarification of the increase in the assessment against lower cash reserves. Mr. Sigal replied that this is the calendar year end reserve, and is trending off of fiscal year 2016. Mr. Wadleigh added that there is nothing in the assessment for AHES. Other funding sources are used, and there are no reserve investment dollars which will be used. Mr. Wadleigh provided further examples of projects which would cause a decrease in the reserves. Those projects, however, could reduce operating costs. Mr. Sigal added that there are no grant funds to cover system funding after 2016. Dr. Scalettar added that in the in the initial discussion to set the assessment at 135 basis points, there was recognition of uncertainty, and that 135 basis points was a modest assessment, requiring adjustments. Dr. Scalettar added that a 15 basis point increase translates to approximately \$1 per month in premium increase to the customer, further adding that Board members have a fiduciary duty to have a successful exchange in Connecticut. Mr. Barnes agreed with Dr. Scalettar's comments, adding that the system build-out is not done, requiring additional expenditures. Mr. Barnes added that the other piece driving the assessment is the premium base year, adding that premiums have been growing rather slowly. Lt. Governor Wyman stated that based on legislative activity there will be more burden on AHCT. Seeing the two assessment options, the Lt. Governor is recommending discussion on the 165 basis points for 2016 and 2017 in preparation for what is to come, ensuring that there is a good reserve going forward.

Mr. Barnes made a motion to raise the assessment rate to 165 basis points in 2016 and thereafter. Motion was seconded by Robert Scalettar, MD. Commissioner Wade added that the plans did not contemplate these expenses, and the Insurance Department will allow the plans to refile their 2016 rates, which would be an adjustment and not recalculation.

Mr. Tessier inquired about the federal assessment rate, under a hypothetical scenario in which Connecticut joined the federal exchange. Mr. Wadleigh replied that the federal assessment is 3.5% and is increasing to 4%, and only applies to plans sold on the exchange.

Lt. Governor Wyman called for a vote on the motion. ***Motion passed unanimously.***

IX. Operations/Special Enrollment Update

James Michel provided an update on operations and special enrollment. QHP enrollment stands at 103,342.

Mr. Barnes left at 10:45 a.m.

Special enrollment accomplishments were summarized. AHCT enrolled 1,429 Connecticut residents in QHPs. AHCT's first annual broker conference will be held on June 16, 2015 in Cromwell, with 120 brokers attending, and all four Exchange carriers will be participating. The Tier 3 consumer support center activities were summarized. The Exchange's vendor handles inquiries through the call center. To provide some context, the call center answered a total of 654,597 calls from November 15, 2014 to May 14, 2015. Of these, 13,554 issues were logged as of May 14, 2015, and 1,219 issues are pending responses. Vicki Veltri asked for examples of inquiries. Mr. Michel replied that this includes verifications which generate notices to consumers. The system will automatically terminate enrollments if documents are not received, and this is the biggest source of issues. Every inquiry, regardless of the type, is resolved quickly. Mr. Wadleigh added that AHCT customers will be made whole in getting resolution to their problems. There is an escalation process in place for urgent matters. Lt. Governor Wyman asked about the special enrollment customers and whether there a way to find out where these customers came from. Mr. Michel replied that the information can be obtained. Ms. Ravitz confirmed that this information will be provided.

X. Adjournment

Lt. Governor Wyman requested a motion to adjourn the meeting. Motion was made by Vicki Veltri and seconded by Robert Scalettar, MD. ***Motion passed unanimously.*** Meeting adjourned at 10:55 a.m.

*Next meeting will be on June 18, 2015 at the Legislative Office Building, Room 1D
From 9:00 a.m. to 12:00 p.m.*