



**CT HEALTH INSURANCE EXCHANGE
(d/b/a Access Health CT)
FISCAL YEAR 2014 ANNUAL REPORT**

Table of Contents

Executive Summary.....	3
Introduction and Background	4
Governance.....	5
Fiscal Year 2014 in Review	7
Consumer and Stakeholder Engagement and Support Efforts.....	8
Technology.....	9
Plan Management Activities	10
Financial Summary.....	11
Human Resources Summary	12
Affirmative Action Policy Statement.....	12
Workforce Composition.....	14
FY 2014 Affirmative Action Efforts.....	14
Planned Activities for Fiscal Year 2015	14
Appendix A: Connecticut Health Insurance Exchange Fiscal Years Ending 2014 and 2013 Financial Statements.....	16
Appendix B Listing of Outside Individuals/Firms Receiving in Excess of \$5,000.00; FY 2014	19
Appendix C Workforce Analysis as of June 30, 2014	20

Executive Summary

The Board of Directors of the Connecticut Health Insurance Exchange d/b/a Access Health CT (AHCT), a quasi-public agency, is pleased to submit its Fiscal Year 2014 Annual Report, as required by Connecticut General Statute Chapter 12, Quasi-Public Agencies, and Section 1-123 (a).

In its third year of operation, our organization has developed and implemented the state-based Health Insurance Marketplace for the State of Connecticut. As AHCT continues the transition to a “going concern” our focus has been on building a sustainable operating model that is aligned with our mission, vision and guiding principles.

Our **Vision**: AHCT supports health reform efforts at the state and national level that provide Connecticut residents with better health, and an enhanced and more coordinated health care experience at a reasonable, predictable cost.

Our **Mission**: To increase the number of insured residents, improve health care quality, lower costs, and reduce health disparities through an innovative, competitive marketplace that empowers consumers to choose the health plan and providers that give them the best value.

Our **Guiding Principles**: While building an Exchange requires work across a diverse spectrum of functions and disciplines, we will continue to make sure that all activity is aligned to four simple principles for our organization, each with its own goal and objectives:

(1) Exceptional Consumer Experience

Goal: *Consumer Focus*

Objectives:

- a. *Accessibility*: AHCT should strive to reduce the number of residents without health insurance and improve access to health care for all residents
- b. *Integration*: AHCT should be designed to integrate public program information, eligibility and enrollment outreach and operations to ensure maximum healthcare coverage for Connecticut residents and seamless transitions between public programs and the Exchange
- c. *Equity*: AHCT should work to address longstanding, unjust disparities in health access and health outcomes in Connecticut

(2) Sustainability

Goal: *Long term stability*

Objectives:

- a. *Affordability*: Access to health care is only possible when it is affordable. Affordability of coverage, within the Exchange and within the state, is essential to improving the state's health care system and economy

- b. *Viability*: Board decisions should lead to health insurance which is viable for the state and the health care industry as well as for residents
- c. *Stability*: AHCT should promote solutions that respect existing strengths of our State's health care system and promote stability within the Exchange

(3) Flexibility

Goal: *Responsiveness to changing market and social conditions*

Objectives:

- a. AHCT should be nimble and flexible in responding to the quickly changing insurance market, health care delivery system, and general economic conditions in Connecticut, while being sensitive and responsive to consumer demands
- b. Board decisions should be designed to support transformative change in the delivery of healthcare through the collaboration of all constituents in the system

(4) Transparency

Goal: *Open conduct of business*

Objectives:

- a. AHCT is accountable to the public, and its activities should be transparent, its services easily available, and its information easily understandable by the populations it assists
- b. The Board should design its governance arrangements and operations to be the simplest and most open way of delivering its functions, having regard to its vision mission, and principles

Introduction and Background

Access Health CT (AHCT), which is the brand name under which the Connecticut Health Insurance Exchange does business, was created under Connecticut enabling legislation-PA 11-53, effective July 1, 2011 "as a body politic and corporate, constituting a public instrumentality and political subdivision of the state" ... that "shall not be construed to be a department, institution or agency of the state." PA 11-53 is codified at CGS 38 a-1080 through 1090.

Prior to the establishment of AHCT, much of the Marketplace planning activity was funded by a Federal establishment planning grant that was awarded to the state of Connecticut on September 29, 2010, by the Department of Health and Human Services (HHS) Centers for Medicare and Medicaid Services (CMS). Based on the State's progress in its planning efforts, HHS awarded a \$6.7M establishment grant to AHCT in August of 2011 to build on the work conducted under the initial planning grant.

On August 2, and August 23, 2012, AHCT, through the State of Connecticut Office of Policy and Management, was awarded a \$1,521,500 amendment to the existing Establishment Grant, as well as a

second Establishment Grant award of \$107,358,676, respectively, from HHS to further the development of and to stabilize the operations of AHCT during its first year of operations. These funds allowed AHCT to shape its strategy successfully and meet all necessary development milestones and benchmarks during fiscal year 2013. On December 21, 2012, the grantee of these awards was changed to AHCT from the State of Connecticut Office of Policy and Management.

On February 14, 2013, AHCT was awarded an additional Federal Grant in the amount of \$2,140,867 for the development and implementation of the In-Person Assister Program. Through a partnership with the State of Connecticut's Office of the Healthcare Advocate, the implementation of this program provided hands-on assistance directly to the uninsured individuals seeking health insurance coverage via AHCT during the initial open enrollment timeframe.

On August 28, and September 12, 2013 AHCT was awarded a \$24,960,892 amendment to the existing Establishment Grant, and a \$497,741 amendment to the existing In-Person Assister Grant, respectively, from the U.S. Department of Health and Human Services pursuant to Section 1311 of the Affordable Care Act to support the on-going establishment of the state operated health insurance exchange marketplace. These funds were awarded as a result of administrative supplement requests submitted by AHCT to support unforeseen development and implementation costs.

On October 23, 2013, AHCT was awarded a new Level I Establishment Grant in the amount of \$20,303,020 by the U.S. Department of Health and Human Services pursuant to Section 1311 of the Affordable Care Act. This request was submitted primarily to fund the stabilization of AHCT's first year of operations for adherence to Federal guidance and regulations that were not contemplated at the time of the Establishment Grant funding request.

During its 2014 legislative session, the Connecticut General Assembly passed Public Act 14-217, which included provisions providing additional enforcement authority for the Exchange's assessment. Specifically the Legislature added a new section, CGS 38a-1083(d)(1) that directs the Commissioner of Insurance to "see that all laws respecting the authority of the exchange pursuant to said subdivision (7) are faithfully executed."

In January, 2014 AHCT issued its first Health and Dental Marketplace Assessment to carriers that are capable of offering a qualified health plan through the exchange beginning to transition from grant funds as sole source funding.

Governance

The passage of Connecticut's Public Act 11-53 in June 2011 provided the necessary legal authority and infrastructure to develop a fully-functioning State-administered Health Insurance Exchange capable of achieving financial sustainability. The Act established the Exchange as a quasi-public authority governed by a fourteen (14) member Board of Directors. Lieutenant Governor Nancy Wyman was appointed chair of the Exchange Board of Directors. The Act also provided the Exchange the authority to "charge

assessments or user fees to health carriers that are capable of offering a qualified health plan through the exchange or otherwise generate funding necessary to support the operations of the exchange.”

In June 2012, the Legislature enacted Public Act 12-1 amending CGS 38a-1081, the section of the enabling statute that set out the Exchange’s governance structure. These amendments brought the Exchange’s enabling statute into even closer alignment with Section 1311(d) of the Affordable Care Act (ACA) and with 45 CFR 155.110 (1.2a), 1.2(c), and (1.2(d)). Specifically, the state’s HealthCare Advocate who previously was an *ex officio* non-voting member of the Board, became an *ex officio* voting member of the Board. In addition, the amendments clarified certain conflict of interest restrictions on Board members, as well as the conflict of interest restrictions applicable to Exchange employees.

In June 2013, the Legislature enacted PA 13-247, changing the composition of the Exchange’s Board of Directors, to remove the head of the Office of Health Reform as a voting Board member and add the Commissioner of Mental Health and Addiction Services as a non-voting Board member. PA 13-247 also gave the Exchange the authority to charge interest and penalties to carriers who failed to pay their Exchange assessments and fees when due and transferred to the Exchange the authority to operate the state’s All Payer Claims Database.

In June 2014, the Legislature enacted PA 14-217, which provided additional enforcement authority for the Exchange’s carrier assessments by adding Subsection (d) to CGS 38a-1083. This section directs the Commissioner of Insurance to “see that all laws respecting the authority of the Exchange pursuant to [38a-1083(c) (7)] are faithfully executed.” In enforcing the assessment the Commissioner “has all the powers specifically granted under title 38a and all further powers that are reasonable and necessary.” In addition PA 14-217 amended CGS 38a-1090(c) to require all health carriers offering qualified health plans in the state to comply with all applicable provisions of CGS 38a-1083 to 38a-1091, inclusive and procedures adopted by the board pursuant to CGS 38a-1082.

Under CGS 38a-1084, Duties of the Exchange, the Exchange is specifically directed to establish and operate a Small Business Health Options Program (SHOP) Exchange (subsections 13 and 14) through which qualified employers may access coverage for their employees. In addition, under CGS 38a-1084 subsection (3), the Exchange is directed to implement procedures for the certification, recertification, and decertification of health benefit plans as qualified health plans using guidelines established under Section 1311 of the ACA and section 38a-1086. Under Qualified Health Plans, CGS 38a-1085(a), the Exchange is required to make qualified health benefit plans available to qualified individuals and qualified employers for coverage beginning on or before January 1, 2014. Under 38a-1087, the Exchange is directed to operate the Navigator Grant Program.

AHCT staff has worked closely with its Board of Directors to ensure that its governance structure remains in compliance with the Affordable Care Act (ACA) and any and all relevant state and Federal regulations. Since first convening in September 2011, the Exchange Board has met primarily monthly and focused on Exchange strategy and policy development, vendor procurement, research activities, the hiring of an experienced Exchange leadership team, and the development of the Exchange’s Qualified

Health Plan (QHP) requirements. Future updates and changes to the ACA, or any other applicable Federal and/or State laws, regulations, and guidance continue to be monitored and changes made by the Board to the Exchange's Bylaws and Policies and Procedures as required.

The Exchange's Bylaws, first adopted in January 2012 were revised October 18, 2012 and September 19, 2013 to address changes in the Exchange's Authority and Board membership, quorum and conflict of interest requirements as a result of PA 12-1 and PA 13-247. The Bylaws mirror the provisions in the law with respect to the number and appointed or *ex-officio* status of board members and the required expertise and terms of office of the board members. The Bylaws also mirror the law with respect to Board officers and the requirement that all appointed Board members take an oath before serving. Finally, the Bylaws establish four standing committees: Finance, Audit, Human Resources and Strategy and allow the Board to establish such other *ad hoc* committees as it requires. The Board may delegate to any standing or *ad hoc* committee such Board powers, duties, and functions falling within that committee's area of cognizance that the Board deems appropriate.

Fiscal Year 2014 in Review

During Fiscal Year 2014, AHCT successfully launched the state-based Connecticut Health Insurance Marketplace and transitioned from solely design, development and implementation to operations. AHCT continues to enhance the integration between the current AHCT Marketplace web portal and future phases of the Integrated Eligibility System (IES) being jointly developed by AHCT and DSS as well as work diligently to ensure the necessary financial processes and procedures were in place to support of grant management.

During the summer of 2013, AHCT worked with carriers, such as Healthy CT, Connecticare and Anthem, to publish Qualified Health Plans (QHP) plan design options and components of the QHP application for the AHCT web portal's October 1st Open Enrollment launch. In preparation for open enrollment, AHCT launched an integrated marketing strategy that combined media, outreach and engagement. In addition to TV, radio, newspaper, billboards, and online advertising, AHCT also implemented assistance channels such as storefronts, branded as AHCT enrollment centers, Healthy Chats and In-Person Assister (IPA) and Navigator programs.

In preparation for open enrollment, AHCT focused on the implementation and successful launch of its multi-channel "no wrong door" approach, which included the web portal (including the SHOP platform), paper applications and call center on October 1st, 2013.

As AHCT transitioned to open enrollment, there was a shift in focus to customer service in order to meet the demands of State of Connecticut residents including the 856,836 unique website visitors, 420,694 calls and conversations with the call center, 5,225 storefront customers and 605,493 (self-reported by IPAs) unduplicated individuals supported by IPAs.

At the end of the first open enrollment period, AHCT enrolled 208,301 individuals including 129,588 Medicaid enrollees and 78,713 customers in QHPs, when as compared to estimates by the Congressional Budget Office; AHCT exceeded those estimates by the highest percentage in the country. AHCT also exceeded its own enrollment goal of 100,000 individuals during this first open enrollment period, making it one the most successful marketplaces in the country.

In January, 2014 AHCT issued its first Health and Dental Marketplace Assessment to carriers that are capable of offering a qualified health plan through the exchange beginning to transition from grant funds as sole source funding.

Lastly, it is important to note that AHCT furthered its many partnership activities with other Connecticut state agencies, specifically with the Connecticut Insurance Department (CID), Department of Social Services (DSS), Office of Policy and Management (OPM), and the Office of the Healthcare Advocate (OHA) in order to further AHCT's mission, vision, and guiding principles.

Consumer and Stakeholder Engagement and Support Efforts

As AHCT approached open enrollment, it conducted a full scale media branding and awareness campaign throughout the summer utilizing TV, radio, newspaper, billboards, and online advertising elements. AHCT also implemented assistance channels such as storefronts, branded as AHCT enrollment centers, Healthy Chats and In-Person Assister (IPA) and Navigator programs. The combination of these outreach elements ensured that AHCT raised broad media awareness across the state, while also reinforcing the direct interactions with potential customers.

Following the go-live date of October 1, 2013, a second Awareness and Favorability Benchmark research effort was conducted to gauge whether consumer awareness had increased. The results showed that consumer awareness increased to 65% through the combination of both paid and unpaid media, as well as word-of-mouth. Overall, the research illustrated that Connecticut residents viewed AHCT positively in spite of critical news coverage of the federal implementation of the ACA.

AHCT invested heavily in media to build greater awareness and encourage enrollment with a call to action to visit the website, enrollment centers and enrollment fairs. In November, 2013, an intensive Thanksgiving Day marketing campaign with NBC generated a sizable post-holiday bump; the highest number of visitors on a weekend since the website's launch. December saw the heaviest media coverage though, as a result of three new public service announcements and a new testimonial focused on savings. Additional television advertising included high profile opportunities such as ad spots on all NFL wildcard and playoff games, and 8 spots during the Golden Globe Awards. AHCT also took advantage of the Winter Olympic broadcast and the NCAA March Madness to support the end of quarter enrollment push.

Throughout the fall of 2013, AHCT focused its marketing efforts heavily on two targeted populations: the Spanish Speaking and the Young and Invincible populations. AHCT focused many initiatives to increase

awareness of the ACA and drive traffic to AHCT among these populations.

The World Cup media promotion with Univision provided extensive exposure for AHCT in the Spanish speaking market, which was a more challenging target in terms of engagement. As the only station in CT with exclusive rights to broadcast the World Cup in Spanish, Univision reached approximately 500,000 residents with AHCT advertisements. This exposure helped build brand recognition and trust, as well as raise awareness of eligibility for programs and access to resources.

AHCT's 2014 summer concert series included a contest for concert tickets that encouraged entrants to promote and share AHCT across various social media platforms. This social media-based promotion included Facebook, Instagram and Twitter, and allowed AHCT to expand the scope of this project to engage the Young and Invincible market even if they did not attend a concert in person.

Navigators and In-Person Assisters (IPAs) also played a key role in AHCT's outreach and consumer assistance efforts. As planned, the Navigator organizations and IPAs facilitated enrollment in qualified health plans offered by the AHCT Marketplace and provided critical information in a manner that was culturally and linguistically appropriate to the needs of the population being served.

These marketing efforts throughout fiscal year 2014 resulted in the results below:

- Total website visitors: 1,709,699
- Total unique website visitors: 856,836
- Total calls and conversations with Service Center: 420,694
- Total accounts created: 176,037
- Total enrolled: 208,301
 - Medicaid: 129,588
 - Qualified Health Plans: 78,713

Technology

In fiscal year 2014, the Exchange and Connecticut's Department of Social Services (DSS) continued its partnership to develop an integrated dual eligibility and enrollment system plan.

Connecticut has implemented this shared technology for the Exchange, Medicaid, and CHIP eligibility determination. This core of an integrated eligibility platform will eventually support all Health and Human Services (HHS) agencies and their associated social services benefit programs. DSS is leveraging this unique opportunity to replace its antiquated Eligibility Management System (EMS). The State plans a phased implementation for other HHS programs following the Exchange and Medicaid/CHIP roll-outs.

During fiscal year 2014, following Release 1, which deployed plan management functionality, AHCT focused on the development of the IES and its continued enhancements through a series of system enhancement releases.

In August 2013, AHCT was selected to enter Wave 4 Testing with the Federal Data Services Hub (FDSH) to

test the underlying FDSH services via the application. Prior to deployment in October 2013, AHCT tested all the services successfully with several applications and obtained an authority to connect from CMS to the FDSH for all the seven services currently used for Eligibility determination.

Release 2 occurred in October 2013, when AHCT went live. This release consisted of initiatives for Internal Control and Program Integrity, Eligibility and Enrollment including Comparison Shopping, Enrollment Processing, and Eligibility for both Modified Adjusted Gross Income (MAGI) & Non MAGI, and Small Business Health Options Program (SHOP).

AHCT recognized the need for a rapid response team (known internally as Rollout Performance Monitoring (RPM)) to identify customer service issues once the health insurance marketplace became operational. RPM collected data to measure performance, NIPA and Broker statistics, as well as track defects that affected vendors and the customer service experience. This data allowed the RPM team to analyze and validate the efficiency of operational processes, identify gaps emerging trends, and resolve customer issues.

Release 3, which occurred in April, 2014, focused on deferred non-critical functionality for special enrollment as well as system stability including performance improvements, defect fixes, code remediation and infrastructure stabilizations.

Additional IES releases from May to June, 2014 focused on further performance improvements and code remediation.

Plan Management Activities

During the spring and summer months of 2013, the Plan Management team reviewed and finalized QHP plan designs. In September of 2013 the carriers were notified if the application submitted met the standards and were satisfactory. In conjunction with the AHCT Legal team, contracts were drafted and subsequent negotiations occurred during the month of September 2013.

Upon receipt of the fully executed contract, QHP plans were loaded, approved, and published on the AHCT web portal in preparation for October 1, 2013 open enrollment. The following carriers achieved certification and their plans were offered during the 2014 open enrollment period.

- Individual Medical: Anthem, Connecticare and Healthy CT
- SHOP Medical: Anthem, Healthy CT and United Healthcare
- Individual Dental: Anthem
- SHOP Dental: Anthem, Met Life

The Plan Management team began its QHP and Dental solicitation for the 2015 open enrollment period on March 17, 2014. The table below provides a summary of carriers that applied to participate in the AHCT Marketplace for 2015 open enrollment:

- Individual Medical: Anthem, Connecticare, Healthy CT and United Healthcare
- SHOP Medical: Anthem, Healthy CT and United Healthcare
- Individual Dental: Anthem and Delta Dental
- SHOP Dental: Anthem, Metropolitan Life and Guardian

AHCT's Plan Management team procured a software system, Maptitude, in June 2014 that will be used to help determine the carrier's compliance with network adequacy requirements. Plan Management continues to identify opportunities and develop future system enhancements to expedite upcoming certification and recertification activities.

Financial Summary

During the fiscal year ended June 30, 2014, grant funds and health and dental marketplace assessments were the two revenue sources for AHCT. The investment for the development of the State Exchange is entirely funded from Federal grant dollars awarded. This Federal investment is expected to cover all development, start-up, and operating expenses during the first year of operations. Thereafter, ongoing operations will be funded with health and dental marketplace assessments and cost reimbursements from the Department of Social Services related to maintaining and operating the Integrated Eligibility System for both Qualified Health Plans (QHPs), Medicaid and Children's Health Insurance Plan (CHIP).

AHCT's commitment to transitioning to a "going concern" entity has focused on building a sustainable operating model. AHCT continued to work diligently to ensure the necessary financial processes and procedures were developed and implemented. As a result of the growth of the organization, the Finance Department has reviewed the marketplace for a more sophisticated General Ledger application to include a robust reporting tool in support of long term enterprise resource planning and reporting. Vendor presentations for an end user analytical and reporting tool solution were conducted, an evaluation of solutions has been completed, and a contract was executed with NetSuite in March, 2013.

AHCT's independently audited FY 2014 financial statements are included in **Appendix A** as follows:

1. The Statement of Net Position (Balance Sheet);
2. The Statement of Income, Expenses, and Changes in Net Position; and
3. The Statement of Cash Flows

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB). Under this method of accounting, an economic resources measurement focus and an accrual basis of accounting is used, similar to private industry. Income is recorded when earned, and expenses are recorded when incurred.

The Statement of Net Position presents information on AHCT assets and liabilities, with the difference

between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of AHCT is improving or deteriorating.

The Statement of Income, Expenses and Changes in Net Position reports income and expenses of AHCT for the fiscal year. The difference - increase or decrease in net assets - is presented as the change in net assets for the fiscal year. The cumulative differences from inception forward are presented as the net assets of AHCT, reconciling to total net assets on the Statement of Net Position.

The Statement of Cash Flows presents information showing how AHCT cash and cash equivalent positions changed during the fiscal year. The Statement of Cash Flows classifies cash receipts and cash payments as resulting from cash provided by operating activities and cash used for capital assets and related financing activities. The net result of those activities is reconciled to the cash balances reported at the end of the fiscal year. This statement is prepared using the direct method, which allows the reader to easily understand the amount of cash received and how much cash was disbursed.

Human Resources Summary

AHCT continued its progress to create a sustainable workforce with the knowledge, skills, and abilities to ensure a successful business launch and the readiness to operate a fully functioning insurance Marketplace. AHCT leveraged the Federal Establishment Grant funding to staff core positions and to:

- Establish an organizational structure and leadership roles
- Assess and analyze business operations and IT systems
- Assess consumer support capabilities and requirements
- Provide market research and strategy development

In Fiscal Year 2014, AHCT's focus was on maintaining a strong workforce with market scale wages, equitable opportunities for advancement, and continuous possibilities for personal development through an AHCT-sponsored education reimbursement policy. Staff at fiscal year-end totaled 80 employees versus 50 employees at the end of fiscal year 2013. Durational employees continue to be an important component of the AHCT staff, particularly during Open Enrollment, when staffing increases to cover personal enrollment specialists at the storefronts and in community organizations.

Affirmative Action Policy Statement

On January, 27, 2012, the Exchange Board of Directors approved the following policy:

The Connecticut Health Insurance Exchange ("Exchange") is an equal employment opportunity and affirmative action employer, dedicated to the policy of nondiscrimination in employment on any basis prohibited by law. The Exchange is committed to providing equal employment and advancement opportunities without consideration of race, color, religious creed, age, sex, sexual orientation, gender identity or expression, marital status, national origin, ancestry, veteran status, mental retardation, genetic information, disability, or other legally protected status, unless there is a bona fide occupational

qualification under applicable Connecticut statute excluding persons in one of the foregoing protected groups. Additionally, the Exchange will take affirmative action to ensure workplace equality, avoid all forms of discrimination, and develop a workforce that is representative of all segments of the population.

AHCT continues to utilize affirmative action measures at all stages of the employment process and notifies all recruiters, consultants, prospective candidates, and employees that "The Connecticut Health Insurance Exchange is an "Affirmative Action/Equal Employment Opportunity Employer" and shall broadly disseminate this policy by posting it on its website, bulletin boards, and other locations accessible to employees and potential candidates for employment. AHCT continues to recruit highly qualified female and minority applicants who apply for each vacancy with the result being a fiscal year end workforce, which was 28% other than white (including Hispanic, African-American, and Asian), as well as 64% female.

AHCT is also committed to equal opportunities for its employees with regard to all employment practices, including but not limited to compensation, benefits, training, promotions and discipline. All personnel decisions are strictly based upon the needs of AHCT and an employee's job-related skills and abilities. Consistent with its commitment to equal opportunity, the AHCT expects that all employees shall adhere to its policy of nondiscrimination. AHCT is equally committed to ensuring non-discrimination in all of its programs and initiatives.

AHCT Leadership designated Sexual Harassment Prevention and Diversity training as mandatory for all AHCT employees during 2014. Employees are also advised in the AHCT Employee Handbook, which is updated on a continuous basis, to bring complaints regarding discrimination or any other violation of this policy to the immediate attention of the designated Equal Employment Opportunity (EEO) / Affirmative Action Officer. Alternatively, employees may submit discrimination complaints to their supervisor. Complaints brought under this policy will be promptly investigated. Any employee, who violates this policy or knowingly retaliates against an employee reporting or complaining of a violation of this policy, shall be subject to immediate disciplinary action, up to and including discharge.

AHCT is committed to ensuring that all contractors who do business with it provide equal opportunities in employment without regard to legally protected status. The participation of minority business enterprises meeting the qualifications established by applicable regulation shall also be solicited and encouraged. All bidders, contractors and suppliers will be notified regarding this policy and all contracts for services or materials must include a statement in which the contractor agrees to abide by affirmative action and nondiscrimination principles.

The EEO/Affirmative Action Officer shall monitor compliance with this policy, including but not limited to maintaining data with regard to the hiring and promotion of women and minorities, and shall regularly report on these matters to the Chief Operating Officer (COO), CEO and the Board of Directors. All managers shall be responsible for administering and complying with this policy within his or her respective departments. The COO, CEO and the Board of Directors will provide any necessary guidance in carrying out this policy and any changes or modifications which may be necessary. In accordance with Connecticut General Statutes § 1-123, the Board of Directors' annual report to the Governor and Auditors of

Public Accounts shall include this affirmative action policy statement, a description of the Exchange's work force by race, sex and occupation, and a description of affirmative action efforts.

Workforce Composition

At the end of fiscal year 2014, AHCT had 80 employees; 12 of whom were durational. More than 61% of employees were female and 27.5% were other than white. Appendix C (herein) provides a more detailed description of workforce composition by department.

FY 2014 Affirmative Action Efforts

In January 2012, AHCT developed and the Board approved an Equal Employment Opportunity and Affirmative Action policy. AHCT continues to maintain a strong commitment to this policy. State wide advertisement of all new staff positions are posted electronically on the state's CT.gov and Department of Labor (DOL) websites, as well as AHCT's own website. These websites reach a broad range of diverse candidates. In addition, AHCT continues to utilize recruitment agencies that routinely search for diverse candidates. AHCT continues to seek fluent Spanish speaking employees to improve communication with the population of Connecticut residents, who have some of the highest uninsured rates, require enrollment support, as well as resources to educate them on the need for health insurance.

Vacation and sick time are pooled with each employee receiving 23 paid days off each calendar year to be used as needed, and as approved by departmental managers.

Planned Activities for Fiscal Year 2015

AHCT will enter its second open enrollment period on November 15, 2014. It is paramount that the organization continues to develop and implement all systems, processes, and procedures necessary to ensure operational excellence and organizational sustainability.

From a technology perspective, Fiscal Year 2015 will be focused on a functioning integrated eligibility system, and the support of required system updates and fixes, as well as anticipated system enhancements. Future system releases are planned throughout the year as mentioned above.

From a plan management perspective, certification and recertification of QHP and dental plans and carrier contract negotiations will be a major focus through the summer and early fall of 2014, in anticipation of the November 15, 2014 open enrollment start date. Plan management's focus will continue to be on supporting all stakeholders including consumers and small business employers, the carriers, and the CID, regarding issues with plans, carrier agreements, and electronic information exchange across all stakeholder organizations.

From an organizational and human resources perspective, AHCT continues to analyze and assess its current functional alignment and staff, evaluate its sustainable business practices, and implement strategic planning in order to assure a knowledgeable and efficient staffing structure going forward. AHCT will be hiring durational staff in preparation for the open enrollment period starting on November 15, 2014. Prior to open enrollment, these durational staff will be trained and

certified to assist residents with enrolling in health care plans. To ensure that AHCT continues to make great strides in its organizational and operational effectiveness, human resources will be integrated into all areas of goal-setting, performance, and employee development.

From a consumer engagement & stakeholder perspective, AHCT's focus will be on advertising, community outreach and in-person assistance for retaining current membership, reaching new communities that are uninsured, and providing ample opportunities for consumers to get one-on-one help with applying for health care coverage. AHCT will expand efforts to make in-person help available to consumers by collaborating with Community Enrollment Partners to set up several pop-up enrollment locations at places like local libraries and Department of Labor offices. AHCT continues to conduct "Healthy Chat" information sessions as needed, maintains two permanent enrollment centers with consistent business hours, and makes a range of enrollment guides available to help consumers educate themselves about the application process.

When the Open Enrollment period ends in February 2015, AHCT Marketing will turn its focus to developing more "member" services for AHCT enrollees as well as planning outreach and promotional events for summer 2015.

In support of operations and long term sustainability, AHCT will also be submitting a Level I supplement and new Federal Grant request to CMS to fund known system enhancements as well as to ensure the stabilization of AHCT's second year of operations for adherence to Federal guidance and regulations that were not previously contemplated.

Throughout Fiscal Year 2015, AHCT will continue to monitor future updates and changes to the ACA, or any other applicable Federal and/or State laws, regulations, and guidance for any required changes to the legal authority and governance of Connecticut's Health Insurance Marketplace, and will proactively manage those changes in support of an ACA compliant Marketplace for the consumers of Connecticut.

Appendix A: Connecticut Health Insurance Exchange Fiscal Years Ending 2014 and 2013 Financial Statements

Statement of Revenue, Expenses and Changes in Net Position For the Twelve Months Ending June, 2014 and 2013

	FY14	FY13
Operating Revenues		
Government Grants and Contracts	\$ 73,303,817	\$ 45,463,090
Non-Government Grants and Contracts	\$ 205,000	\$ -
Marketplace Assessment	\$ 12,465,573	\$ -
Other Income	\$ 17,880	\$ 513
Total Revenues	<u>\$ 85,992,269</u>	<u>\$ 45,463,603</u>
Operating Expenses		
Salaries and Wages	\$ 6,985,039	\$ 2,734,791
Fringe Benefits	\$ 1,546,881	\$ 626,200
Consultants	\$ 50,438,597	\$ 16,838,210
Equipment	\$ 1,231,834	\$ 217,628
Supplies	\$ 38,850	\$ 21,882
Travel	\$ 202,097	\$ 99,892
Administration	\$ 1,502,855	\$ 249,887
Maintenance	\$ 1,270,281	\$ 875,491
Depreciation and Amortization	\$ 9,469,051	\$ 1,509,001
Total Operating Expenses	<u>\$ 72,685,486</u>	<u>\$ 23,172,980</u>
Change in Net Position	\$ 1,289,538	\$ 22,290,623
Change in Unrestricted Net Position	\$ 12,017,245	\$ -
Net position, beginning of year	\$ 23,887,533	\$ 1,596,911
Net position, end of quarter	<u>\$ 37,194,316</u>	<u>\$ 23,887,534</u>

Statement of Net Position
For the Twelve Months Ending June, 2014 and 2013

	FY14	FY13
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 39,782,505	\$ 4,994,339
Accounts Receivable	\$ 3,325,310	\$ 7,342,366
Prepaid Expenses	\$ 154,822	\$ 1,003,957
Total Current Assets	<u>\$ 43,262,637</u>	<u>\$ 13,340,663</u>
Noncurrent Assets		
Software development in progress	\$ -	\$ 16,869,697
Equipment and software, net	\$ 25,177,071	\$ 7,017,837
Security Deposit	\$ 8,653	\$ -
Total Noncurrent Assets	<u>\$ 25,185,725</u>	<u>\$ 23,887,534</u>
Total Assets	<u><u>\$ 68,448,362</u></u>	<u><u>\$ 37,228,197</u></u>
Liabilities and net position		
Current Liabilities:		
Accounts Payable - current	\$ 214,732	\$ 112,509
Accrued Liabilities	\$ 30,303,615	\$ 9,773,138
Refundable Advances	\$ 735,698	\$ 30,811
Total Current Liabilities	<u>\$ 31,254,045</u>	<u>\$ 9,916,458</u>
Long Term Liabilities		
Accounts Payable - long term	\$ -	\$ 3,424,205
Total Liabilities	<u>\$ 31,254,045</u>	<u>\$ 13,340,663</u>
Net Position:		
Net position invested in capital assets	\$ 25,177,071	\$ 23,887,534
Unrestricted Net Position	\$ 12,017,245	\$ -
Total Liabilities and Net Position	<u><u>\$ 68,448,362</u></u>	<u><u>\$ 37,228,197</u></u>

**AHCT Statement of Cash Flows
For the Twelve Months Ending June, 2014 and 2013**

	FY14	FY13
Cash Flows from Operating Activities:		
Receipts from funding sources	\$ 93,043,719	\$ 39,146,801
Receipts from Marketplace Assessment	\$ 11,557,380	\$ -
Reimbursement of operating costs	\$ 16,524,148	\$ 817,596
Payments to employees	\$ (7,863,696)	\$ (3,034,893)
Payments to vendors	\$ (59,359,748)	\$ (19,502,350)
Net cash provided by operating activities	<u>\$ 53,901,803</u>	<u>\$ 17,427,154</u>
Cashflow from Capital and related financing activities		
Payments for software development in progress	\$ (22,468,544)	\$ (6,667,335)
Purchase of software and equipment	\$ (2,451,563)	\$ (11,445,032)
Reimbursement of equipment and software, and software development in progress	\$ 5,806,470	\$ 4,145,211
Net cash (used for) capital and related financing activities	<u>\$ (19,113,637)</u>	<u>\$ (13,967,156)</u>
Net change in cash and cash equivalents	\$ 34,788,167	\$ 3,459,998
Cash and cash equivalents at beginning of year	\$ 4,994,339	\$ 1,534,341
Cash and cash equivalents at end of quarter	<u>\$ 39,782,506</u>	<u>\$ 4,994,339</u>
Reconciliation of operating income to net cash provided in operating activities		
Change in net position	\$ 13,306,782	\$ 22,290,623
Adjustments to reconcile change in net position to net cash provided by operating activities:		
Depreciation and amortization	\$ 9,469,051	\$ 1,509,001
Changes in assets and liabilities:		
Prepaid expenses	\$ 849,136	\$ (978,823)
Accounts receivable	\$ (1,789,415)	\$ (11,487,577)
Accounts payable - current	\$ 14,255,087	\$ (6,655,841)
Accrued liabilities	\$ 20,530,479	\$ 9,727,516
Refundable advance	\$ 704,887	\$ (401,950)
Accounts payable - long term	\$ (3,424,205)	\$ 3,424,205
Net cash provided by operating activities	<u>\$ 53,901,803</u>	<u>\$ 17,427,154</u>

Appendix B Listing of Outside Individuals/Firms Receiving in Excess of \$5,000.00; FY 2014

200 Main Street Associates LLC	Constant Contact, Inc	ITech Solutions, Inc.	Robert Half International, Inc
45-55 Church Street LLC	Dana M. Bennett	Jeffers Cowherd P.C.	Roth Staffing Companies, L.P.
A&A Office Systems, Inc	Day Design Inc	Jeffrey L. Wayand	Scan-Optics LLC
Accuvant, Inc	Dell Marketing LP	John Carbone	Security Services of Connecticut, Inc
Adam Niklewicz	Eastern AHEC, Inc	John Freedman	Service Press
ADP	Edge Technology Services, Inc	John Pizzoferrato	Shan Howard Jeffreys
ADT US Holdings, Inc	Edyta Lortie	Katro Storm	Shaner SPE Associates, LP
Advanced Office Systems	Enroll America	KnowledgeBase Marketing Inc	SHI International Corp.
Advent Cat Risk	ePlus Technology Inc	Kool Ink LLC	Shipman & Goodwin LLP
Akamai Technologies, Inc	Equifax Information Systems, LLC	Linium Staffing, LLC	Solution-Soft Systems, Inc
Altura Communication Solutions, LLC	Eric Christopher Longo	Lockton Companies	Sprint Spectrum, L.P.
Amtex Systems Inc	Fairfax Data Systems, Inc	Marilyn Alverio	Stanley M. Stewart
Anthem BCBS of CT	FedEx Office & Print Services, Inc	Matthew L. Friedman	State of Connecticut - DAS
Atlassian Pty Ltd	Fibertech Holdings Corp	Melissa Data Corporation	Strategic Security, Inc
Brass Tactics LLC	Frank Ward	Mercury Cabling Systems, LLC	Susan Rich-Bye
bswift, LLC	G4S Secure Solutions (USA) Inc.	Meredith Ferraro	TEKsystems, Inc
Business Electronics, Inc	Gary Shick	MetroHartford Alliance, Inc	Test.com, Inc.
CA, Inc	Global Strategy Group LLC	NetSuite Inc	The ACCESS Agency, Inc
Capitol Cleaning Contractors, Inc	Grossman Heinz LLC	New Opportunities Inc	The Southern New England Telephone
CDW LLC	Grunberg 280 Trumbull, LLC	Next Level Partners, LLC	The Travelers Indeminty Company
Centralized Child Support Processing Cent	Hallmark Totaltech, Inc	NGP Van, Inc	The Tri-Com Consulting Group LLC
CHPD	Hartford Parking Authority	Online Consulting, Inc	Thomas Byrne Associates
Church and Main Deli-Cafe	Hispanic Health Council, Inc	On-Line Systems, Inc	United Healthcare Insurance Company
City of New Haven	HT-315 Trumbull St Associates TRS, LLC	Outlet Broadcasting, LLC dba HVIT Cozi TV	Unum Life Insurance Company of America
Cloud Sherpas, Inc.	ICMA Retirement Corporation	Oxford LLC	Verizon Business Network Services Inc
Cognizant Technology Solutions	IKEA US East, LLC	Pitney Bowes Presort Services, Inc	Vision Service Plan Insurance Company
Comcast Corporation	Informatica Corporation	Qualitia Software Private Limited	W.B. Mason Co. Inc
ConnectiCare Benefits Inc	Integration Partners Corporation	Rafael Cornier Jr	Wakely Consulting Group, Inc
Connecticut Parking Services Inc	International Business Machines Corp	Red Thread Spaces LLC	Whittlesey & Hadley, P.C.
Connecticut Voices for Children, Inc	Interpreters and Translators, Inc	Research for Policy Decisions, Inc	Windstream Corporation

Appendix C Workforce Analysis as of June 30, 2014

Department	Grand Total	Total Male	Total Female	White Male	White Female	Black Male	Black Female	Hispanic Male	Hispanic Female	Other Male	Other Female
Executive	2	1	1	1	1						
Operation	33	11	22	7	12	1	4	2	6	1	
IT	6	5	1	5	1						
Marketing/NIPA	10	3	7	3	4		1		2		
Plan Mgmt./SHOP	10	3	7	3	6		1				
Legal	7	2	5	2	5						
Finance	9	4	5	4	2		2				1
APCD	3	2	1	1	1					1	
Total Staff Positions	80	31	49	26	32	1	8	2	8	2	1