As approved by the Strategy Committee on December 1, 2016

Strategy Subcommittee Meeting
MEETING MINUTES

Location: Legislative Office Building
Date: November 3, 2016
Time: 10:00 a.m. - 12:00 p.m.

Members Present
Robert Scalettar, MD, (Chair); Victoria Veltri; Grant Ritter; Robert Tessier; Cecelia Woods; Paul Philpott

Members Abesent: Commissioner Katharine Wade, Connecticut Insurance Department (CID)

Other Participants
AHCT Staff: James Wadleigh, CEO; Shan Jeffreys; Margo Lachowicz

Demian Fontanella, Office of the Healthcare Advocate (OHA)

I. Call to Order and Introductions

Robert Scalettar, M.D. called the meeting to order at 10:00 a.m.

II. Review and Approval of Minutes

Dr. Scalettar requested a motion to approve the June 2, 2016 Strategy Committee Regular Meeting Minutes. Motion was made by Robert Tessier and seconded by Victoria Veltri. ***Motion passed unanimously.***

III. 2017 Strategy Committee Meeting Schedule

Dr. Scalettar initiated a discussion about the proposed Strategy Committee meeting schedule for 2017. The proposed meeting frequency is every other month. Dr. Scalettar raised concerns that the possible lack of meetings in December and January would be detrimental to the effectiveness of the Committee. Victoria Veltri voiced Dr. Scalettar's concerns. Ms. Veltri indicated that the Strategy Committee should meet before the Connecticut General Assembly convenes in January. Ms. Veltri stated that the Committee may want to discuss potential legislative proposals that affect AHCT. James Wadleigh agreed. Robert Tessier voiced his support to hold a Committee meeting in December. Dr. Scalettar added that the Strategy Committee Meeting will be held in December. The decision regarding potentially

holding a meeting in January will be taken up at the December meeting. The Committee made a decision to approve the 2017 Strategy Committee meeting schedule as presented.

IV. Discussion: Carrier Experiences with the Affordable Care Act

Shan Jeffreys, Director of Marketplace Strategies provided an update on Carrier Experiences with the Affordable Care Act. Mr. Jeffreys stated that he along with AHCT CEO, Mr. Wadleigh listened to the Health and Human Services Secretary, Sylvia Mathews Burwell talk about Florida Blue and other successful healthcare delivery models. Mr. Jeffreys added that he travelled to Florida to visit one of their locations. It is a very similar model that is being currently incorporated in Connecticut by ConnectiCare. Within their model, they have health education and a few flagship stores. They also perform health evaluation of consumers when they first come in from the enrollment standpoint. They also make recommendations regarding the most appropriate healthcare provider for them. The other model is where they have the enrollment center that is attached to a clinic. Mr. Jeffreys added that Florida Blue has an alliance of partnerships that makes choosing an appropriate healthcare provider for the enrollees more convenient.

Mr. Jeffreys pointed to the article that appeared in the *Modern Healthcare* titled *How some Blues made the ACA work while others failed.* The article explains the reasons why some of the insurance companies that participate in the ACA Exchanges around the country are successful. It also touches upon the issue of unsuccessful carriers and the reasons behind their shortcomings. Mr. Jeffreys added that the article also touches upon the Florida Blue which is seen as one of the success stories.

Mr. Jeffreys stated that the market sees the maturity of exchanges around the country. Carriers are using different models. Based on their experiences, the market will see the exchanges that are efficient as well as those who are underperforming. Mr. Jeffreys stated that California and Florida and few other states are using programs that are similar to the Medicaid-based approach. Mr. Jeffreys added that Melina Health in California is using the health delivery model which is similar to the Medicaid delivery model. Robert Tessier asked for an in-depth explanation of that model. Mr. Jeffreys answered that this model contains health education, health literacy, risk assessment as well as care delivery which is a referral to nurses as well as providers. They gauge the overall health of the enrollees by being proactive in their care. Mr. Wadleigh asked if there is a carrier in Connecticut that uses a similar model. Mr. Jeffreys observed that ConnectiCare is implementing a similar model. They partnered with Florida Blue to help set up a similar model in Connecticut. Victoria Veltri stated that she visited the ConnectiCare store. ConnectiCare does the health assessment on-site. Mr. Jeffreys stated that Florida Blue has a mix regarding their insurance acceptance model. Some locations accept only their plans while others accept all carriers. Some of the Florida Blue Plan are not moving into the Medicaid space, while other carriers have a mix. Some of the carriers are servicing Medicaid and private carriers. Mr. Tessier added that some states that have expanded Medicaid, the private healthcare market seem to have a better business environment. Mr. Tessier asked if Florida expanded Medicaid. Mr. Jeffreys answered that they did not expand Medicaid. Mr. Wadleigh stated that one of the reasons

why Florida Blue and other carriers are successful is because they treat both Medicaid and individual customers the same way.

Mr. Jeffreys added that among the carriers that have incorporated flagship stores into their business model, the health literacy is improving. Paul Philpott stated that in markets where a carrier builds a narrow network of providers, there will be selection. The healthiest risks are the ones who will select the narrow networks that focus on primary care and they limit the number of specialty providers. Mr. Philpott added that there will be a positive selection into that model. The people who are the high utilizers of these very expensive services are going to stay in the big network model as long as it is available. Mr. Philpott provided a theoretical example about a market that has two carriers. One of them will have a narrow network. He asked what happens to them if one of them has a better risk pool than the other carrier which has a broader network. Mr. Philpott asked if it penalizes the carrier that is trying to develop a more efficient network. Mr. Jeffreys answered that even with the narrow network, with the risk assessment, there are ways the carrier can use it. Mr. Jeffreys mentioned Florida Blue and their business model approach. Mr. Philpott inquired about the incentive for the carrier to build an infrastructure only to be told that they would have to contribute money to the risk pool. Grant Ritter commented that the risk assessment never fully compensates for the carriers' losses. It is a partial reimbursement for their losses. Mr. Ritter added that some networks will eventually benefit more than others.

Mr. Wadleigh observed that regardless of the monthly medical premium amount that a customer has to pay, they all shop based on price sensitivity. Mr. Wadleigh added that a big gap exists regarding price sensitivity and if the customer's respective doctor is in a network. Mr. Philpott expressed his concerns about the negative implications of the risk adjustment portion of the Affordable Care Act on the carriers, such as ConnectiCare that are in the process of implementing different business models by taking their profits away. Ms. Veltri stated that customers are likely to choose a narrow network if they have a chronic condition. Ms. Veltri asked about the New Jersey Horizon's narrow network. They continued using their regular network outside of the exchange. Mr. Philpott responded that if the broader network was priced accordingly, then it could have been possible for these two networks, narrow and broad ones to be successful. Mr. Philpott added that Horizon did not offer the narrow network off of the exchange. He added that if Horizon chose to offer the narrow network off of the exchange, they would be hurting themselves financially. It is tricky from a market perspective with these large and small networks and how they are deployed in the marketplace. Historically, Connecticut had group model plans which all have failed. Dr. Scalettar asked what is to be learned from the marketplace such as the one in California that has a large number of carriers and is geographically much larger than Connecticut. Mr. Wadleigh responded that their sheer size allows them to influence the market in a more efficient way that AHCT can. Mr. Wadleigh added that some steps need to be taken up in order to make it more difficult for the carrier to leave the exchange. California implemented those safeguards. California's exchange, as soon as they realized that carriers were considering not paying commissions to their brokers, they required all the carriers on the exchange to pay those commissions. They have limited the number of plans sold. AHCT should consider that as well. Mr. Tessier stated that the number of plans available is down substantially from 2015. Mr. Jeffreys added that this year is the first time that California is offering standardized plans, which AHCT has done since year one. Mr. Philpott commented

that providers in California are more adept at the managed care protocols. Ms. Veltri asked if it would be possible to obtain monetary average claim numbers by the AHCT's participating carriers. Mr. Wadleigh responded that AHCT can certainly ask the carriers to provide that data. He added, however that they may not be willing to share it with AHCT due to their strategic approach. Mr. Jeffreys added that both carriers offered assistance in the Health Benefits and Qualifications Advisory Committee. Mr. Tessier asked for the information about the existing plans that are offered through AHCT as well as the comparison of network sizes versus commercially available networks outside of the Exchange. He also asked about the reimbursement rates for the providers. Mr. Wadleigh proposed to have a comparison of on and off-Exchange plans for the next Strategy Committee meeting. Mr. Wadleigh added that some of the information may be proprietary. Demian Fontanella commented that health literacy may not be the most important aspect for many consumers. Mr. Fontanella asked if any of the narrow network plans have an enhanced care protocol built into them. To goal is to get the patient to the care they need in a timely manner. Mr. Wadleigh agreed. The CEO of Aetna also agrees with that concept. Mr. Wadleigh added that social determinants are the key. Mr. Wadleigh added it is the case with all of the AHCT's customers. AHCT wants the customers to be treated the way they deserve. Mr. Philpott stressed that AHCT does not want to be one of the marketplaces with one carrier only. Mr. Wadleigh responded that AHCT needs to make it more difficult for carriers to leave. AHCT also needs to entice other carriers to join the Exchange. Mr. Philpott underscored that having a vigorous marketplace would mean AHCT to have more carriers than it does now. Mr. Wadleigh agreed. Ms. Veltri stated that health literacy is critical. It is a combination of a changing business climate, for both the carriers as well as the Exchange. Mr. Wadleigh stated that AHCT should have been more cognizant of the brokers' commissions issue. Mr. Wadleigh stressed that AHCT has two carriers are very supportive of the Exchange. AHCT would like to make the Open Enrollment as smooth for them as possible. Mr. Wadleigh added that customers who have not had an insurance for over a year should not be allowed to enroll unless they provide the AHCT with the proof for Special Enrollment. AHCT needs its carriers and customers as well. Mr. Wadleigh added that the biggest factor contributing to the increased in medical rates is tobacco. Mr. Wadleigh stated that something may be done in that area to address the rising costs. Mr. Ritter asked about possible legislative proposals affecting AHCT at the next year's session of the Connecticut General Assembly. Mr. Wadleigh stated that such proposals are being considered.

Mr. Ritter stated that people who have not had medical insurance for an extended period of time, possibly should not be allowed to enroll without some a penalty. Mr. Wadleigh expressed his support to solving this issue. The Internal Revenue Service does not provide AHCT list with the uninsured individuals. In Massachusetts, the law that predates the ACA states to all of the state's residents need to be insured. Department of Revenue Services (DRS) also does not disclose the list of uninsured individuals to the Massachusetts Exchange, but the latter pays DRS to issue letters to these people on some approved frequency with the information about medical insurance enrollment.

Mr. Wadleigh added that the three-month forgiveness period hurts AHCT's carriers. This regulation is part of the federal ACA legislation. Mr. Philpott and Dr. Scalettar spoke about the bifurcation of the insurance market in Connecticut and implications that it has on both adjacent markets. Keiser Foundation determined that approximately 15,000 individuals in

Connecticut would qualify for federal subsidies but they purchased medical insurance outside of the Exchange. There is a lot of opportunity for AHCT to help AHCT customers as well as the carriers to stay successful. Dr. Scalettar asked about the federal penalties for not possessing medical insurance. Mr. Wadleigh responded that it is $695 or 2.5% of gross income. The penalty is not high enough to entice people to purchase medical insurance. Mr. Wadleigh described receiving a letter from a 26-year old AHCT customer who has purchased a Bronze HSA plan with a $10,000 deductible. He is paying about $150 a month in premiums. He had to go to a hospital and became frustrated that his medical bill was $1500. Mr. Wadleigh stated that after doing some research, the Silver plan would have been a much better option in his case. If he did not have an insurance, his medical obligation would have been over $10,000. Mr. Wadleigh said that healthcare literacy is a key in educating people about choosing proper plans.

Mr. Tessier commented that AHCT should do more in health literacy, especially for younger individuals such as the one who was mentioned by Mr. Wadleigh. Mr. Wadleigh responded that as an organization, AHCT still has a long way to go regarding educating the public about the importance of having medical insurance coverage and health literacy. Mr. Wadleigh added that due to the situation that AHCT experiences with Medicaid, there needs to be a better integration of services. He added that certain people are predisposed to a variety of medical conditions. Mr. Tessier said that he does not disagree with Mr. Wadleigh. He added that AHCT and the Board are not doing enough to educate the public. It is a shared responsibility.

Mr. Fontanella stated that one of the elements that AHCT can improve on is the customer decision support tool. He added that getting people to recognize the value of a medical insurance is crucial. Mr. Fontanella stated that AHCT has been improving their outreach efforts every year. Dr. Scalettar stated that it is a unique American problem regarding health insurance literacy. Mr. Wadleigh stated that is important for AHCT to educate the public about wellness visits. Ms. Veltri agreed with the importance of health literacy. Cultural and language barriers play a negative role in conveying messages about the significance of possessing medical insurance. Communicating to cultural and linguistic minorities is very important. Some of the traditional messages about insurance are great, but they also need to be tailored to specific ethnic and cultural groups. Mr. Philpott stated that if the aim of AHCT is to have a robust exchange with numerous choices, the idea of a single marketplace should be looked at. The ACA risk adjustments are creating a havoc on carriers. The brokers are being disenfranchised from the Exchange. If carriers introduce innovative approaches that create profits for them, they can be undone by the ACA's risk adjustment provision. Mr. Philpott urged that the idea of a single marketplace should be considered immediately. He suggested that something may also be done on a state level.

Mr. Wadleigh responded that some carriers threatened to leave the Exchange if the risk corridor regulation were to be eliminated. The market needed to be nurtured in the first few years of its existence. Mr. Wadleigh commented that the carriers should have had bigger premium increases in the first three years which would have most likely resulted in smaller ones in the years following. It did not happen. Cecelia Woods expressed her concerns about the large number of medical plans available on the Exchange. Ms. Woods asked if patients are becoming accustomed to smaller networks and seeing different physicians. The risk

program removal is extremely problematic. Mr. Wadleigh responded that some states are considering dropping the Bronze plan altogether as they usually have very high deductibles before the medical services are covered. Ms. Woods asked for information on how consumers are reacting to having smaller networks. Mr. Wadleigh answered that what is being seen now is an increased number of walk-in clinics and urgent care walk-ins.

Dr. Scalettar stated that the Exchange is not as stable and robust as the Strategy Committee would like to see. Similar issues are also seen nationally. Dr. Scalettar added that the Strategy Committee, Board members and AHCT staff are working on stabilizing Connecticut's marketplace and ensuring its viability. He added that model opportunities exist around the country that may benefit the organization. There may be some important and viable options that can potentially change the direction of the Exchange. Legislative changes on the state level may also be considered. Dr. Scalettar added that members of the Board appreciate AHCT staff sharing with them new resources to keep all of them informed.

Mr. Philpott clarified his position on a single market option. Mr. Philpott stated that not all of medical insurance business would have to go through the Exchange. If individual policies are written, then they would have to go through both on and off-Exchange avenues.

V. Adjournment

Dr. Scalettar requested a motion to adjourn. Motion was made by Cecelia Woods and seconded by Paul Philpott. ***Motion passed unanimously.*** Meeting adjourned at 11:56 a.m.