Strategy Subcommittee Meeting
DRAFT MEETING MINUTES

Location: Legislative Office Building
Date: December 1, 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; Katharine Wade, Commissioner, Connecticut Insurance Department (CID)

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

Rosemary Day, Day Health Strategies President

The Regular Meeting of the Connecticut Health Insurance Exchange Strategy Committee was called to order at 10:00 a.m.

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 November 3, 2016 Strategy Committee Regular Meeting Minutes. Motion was made by Grant Ritter and seconded by Robert Tessier. ***Motion passed unanimously.***

III. 2017 Strategy Committee Meeting Schedule

Dr. Scalettar discussed the 2017 Strategy Committee Meeting Schedule. Robert Tessier indicated that holding Strategy Committee meetings a week after the Board of Directors meetings is not the optimal option to consider. Dr. Scalettar agreed. Consensus was reached to hold Strategy Committee meetings on the second Thursday of the month every other month.

IV. Exchange Landscape

Dr. Scalettar provided a brief overview of what the recent Presidential and Congressional election results may mean to the Exchange's Landscape. Significant changes to the universal healthcare may take place.

Dr. Scalettar praised AHCT staff for being proactive in making sure that all of the possible scenarios are discussed and addressed if needed. Dr. Scalettar added that uncertainty about the future of the Exchanges prompted AHCT staff to invite Rosemary Day, founder and President of the Day Health Strategies to provide an overview of the Exchange Landscape following recent elections. A summary of Ms Day's background was provided.

Ms. Day provided a historical overview of the Massachusetts Health Connector, otherwise known as RomneyCare. Ms. Day also described healthcare regulations that were introduced in Massachusetts prior to 2006 when RomneyCare went into effect. When the ACA came into play, its subsidies were lower from those the Commonwealth of Massachusetts offered. The state wanted to preserve insurance prices at a lower level and it decided to supplement the ACA with its own subsidies.

Robert Tessier asked what was the cost of these additional subsidies to the state. Ms. Day responded that she could not provide the exact number, but indicated that it was in tens of millions of dollars. Dr. Scalettar asked for the financial status of Massachusetts prior to the financial crisis of 2008-2009. Ms. Day indicated that there was always a commitment to find the funds. It was not until 2009 when the state saw smaller revenues, but it did not impact the program in significant ways. A federal waiver to retain $400 million also contributed to maintaining sizeable state subsidy to assist low-income individuals in paying their premiums. Cecelia Woods inquired who was the true driving force behind RomneyCare. Ms. Day stated that many people outside of government were huge supporters of that idea. Ms. Day noted that it took three years until the legislation was passed in 2006, making Massachusetts the first state in the nation to offer universal healthcare. The state had three months to launch the program. What has transpired in the Commonwealth of Massachusetts was that insurance prices in the individual market came down, however, insufficient coverage was also a factor. The ACA came along with the rate changes. The ACA required insurers to cover more medical conditions.

Dr. Scalettar inquired about the level of coverage under RomneyCare in terms of the Essential Health Benefits and other ACA requirements. Ms. Day responded that Massachusetts had a very similar requirement to the Essential Health Benefits. An exchange in Massachusetts was created as a platform, similar to the stock market. It essentially was a private-sector marketplace sponsored by the government. Cost containment was dealt with in subsequent legislations. Shared responsibility is the key to the success. Penalties for not having insurance were set at half the price of the lowest cost bronze plan. Government offered premium assistance on the sliding scale. Massachusetts still has the individual mandate on the books and the mechanism through the Department of Revenue but it is offset by the penalty imposed by the Federal government. Ms. Day explained the importance of having an individual mandate in place as to how the risk pool is constituted. Due to the enactment of the RomneyCare, the pre-ACA Massachusetts uninsured rate fell to historically low numbers.

Dr. Scalettar inquired about setbacks that were experienced in Massachusetts when ACA became the Law of the Land. Ms. Day stated that the Mass Connector had a lot of autonomy from the Federal government. When the ACA was put in place, a lot of that autonomy disappeared. Ms. Day also indicated that since Mass Connector was the blue print for the nationwide ACA, initially there were no prescribed regulations to issues such as the Essential Health Benefits. Mass Connector had to come up with their own regulations in place. Ms. Day added that many other problematic issues appeared which had to be dealt with. One of them was the computer system that had to be used with the program. All issues combined, it took few years before full synchronization took place. In some respects, Massachusetts had to start their program all over again when the Affordable Care Act was implemented.

Dr. Scalettar asked if Massachusetts, given all of the state's experiences, first with launching its own program in 2006 and incorporating ACA few years later, is ready to face the assumed new reality under the Republican Administration. Ms. Day indicated that Massachusetts is in some respects in a better position to salvage at least a substantial portion of the program. Basic fundamentals, such as the individual mandate are in place. Certain elements of the program would have to be tweaked to conform to the altered reality. Victoria Veltri voiced her concern about speculation pertaining to the possible political developments in Washington. Ms. Veltri added that Connecticut is very committed to the current law and saving it. It is important not to engage in too much speculation. Ms. Day concurred with Ms. Veltri. Ms. Day encouraged everyone to take a realistic view. States need to be prepared to have a Plan B in order to have the strongest position. Ms. Veltri added that Connecticut is committed to adjusting and adopting to the new reality if needed. Connecticut is deeply involved with the ACA and all the positive solutions it brought to the state. Ms. Veltri added that the ACA does not refer to the Exchanges only, it also refers to other elements of the healthcare system such as Medicare or Medicaid.

Paul Philpott voiced his concern about the long-term sustainability of AHCT following potential changes on the Federal level. Mr. Philpott encouraged looking into all possible scenarios that AHCT may be faced with in the future to maintain the Exchange's relevance. Mr. Philpott added that given the number of enrollees who are receiving subsidies on the Exchange, the cost of this financial assistance is about $250 million a year. This number does not include cost sharing. Katharine Wade commended Ms. Day for her work. Ms. Wade also voiced Ms. Veltri's concerns. While it is important to plan, it is also important not to speculate extensively. Dr. Scalettar added that learning, planning and thinking about it is very important.

Ms. Day spoke about ways how state-based Exchanges may continue to be relevant and sustainable if any of the reforms that are spoken about in Washington materialize. One of the first elements that may be considered legislatively is to make individual insurance available only through AHCT. Vermont and the District of Columbia are currently operating this model and is a starting point to consider. If ACA gets repealed, to provide funds to pay for the program, states can also create their own individual mandates to purchase medical insurance. Also, the possibility of merging individual and small group markets may be an option. Massachusetts did merge these two markets which in turn helped in reducing the rates on the individual market side. The study following the merger indicated that the rates on the group market were not substantially impacted.

States can explore an idea of creating high risk pools. AHCT can also explore the possibility of selling other products such as Medicare Advantage plans maingke a public marketplace to be more attractive to private consumers. If the tax credit proposals spearheaded by the Republicans come to fruition, it is one of the options to consider for AHCT to position itself better. It will most likely be different than the subsidy mechanism that is in place today, but it is still a way to offset the cost of medical insurance. Another option to consider is to go back to the ideas of high risk pools and provide the states the funds to do that. Ms. Wade added that Connecticut had one of the best in the country. Ms. Day indicated that Connecticut has one of the foundational pieces of that structure. Ms. Day indicated that if the Federal government provides the funds, AHCT may be able to utilize it for the high risk pool. Medicaid block grant funds may also potentially be used. Ms. Day also pointed out that other sources of funding may be considered such as state imposing additional tobacco taxes to be used in the healthcare sector.

Ms. Day also pointed to the idea of placing state and municipal employees and retirees on the Exchange. Other states are looking at that option. Another option for Exchanges to consider is to entice small businesses with the tax that typically employers utilize. Students medical plans may be an option to

contemplate. Mr. Philpott asked if all of the state-run exchanges have the solid commitment to adopt and adjust as AHCT has. Ms. Day responded that she did not speak with all of the state-run exchanges, but indicated that many of them do. Mr. Philpott added that any time there is a chaotic development in the healthcare sector, both threats and opportunities exist. In the context of threats, he inquired about private exchanges. Mr. Philpott asked about the possibility of competing with private exchanges and brokerage type organizations. Mr. Wadleigh noted that these are excellent suggestions and AHCT needs to prepare. Mr. Wadleigh added that at this point, AHCT is in the middle of Open Enrollment and its main function is to provide service for Connecticut residents. AHCT needs to prepare for the potential impact on the organization resulting from the political changes in Washington. Mr. Wadleigh stated at this point, there are no immediate changes, but if they come, AHCT will react accordingly.

Mr. Wadleigh added that Connecticut is the best performing Exchange in the country. One of the most important elements for AHCT in the next few months is to have 2018 plan designs in place. AHCT also wants the two carriers on the Exchange to be profitable. In the early stages of the AHCT existence, only 30% - 40% of customers were using their primary care physicians. Now, this number reached 80%. AHCT's job is also to make its customers more aware of the medical insurance plans they choose. Customers do not use Emergency Rooms as their primary care physicians. Three to five percent of the medical premium increases are caused by special enrollments. This is a significant number. Mr. Wadleigh encouraged having conversations about doctors' networks to lower the healthcare costs. There are a number of items that can be discussed to potentially lower the cost of healthcare. Mr. Philpott agreed that AHCT is the best ACA Exchange in the country. Mr. Philpott stated that current situation in Washington may create an existential threat to AHCT. A plan for the rapidly changing environment needs to be put in place. Anything that AHCT can do to increase its affinity with its current clientele will become part of the organization's equity. It will be important for the future.

Victoria Veltri left at 11:26 a.m.

Mr. Wadleigh appreciated Mr. Philpott's comments. The question remains how AHCT's brand can be leveraged. Mr. Wadleigh stated that it could be done by selling additional products, such as vision. Mr. Philpott indicated that plenty of optimism exists how AHCT can be successful in the future. Mr. Wadleigh stated that the Governor, the Lieutenant Governor as well as the Legislature are critical to the success of this organization and have been very supportive to AHCT. Mr. Philpott added that AHCT is in a better position to potentially compete with private exchanges. Ms. Day added that risk pools in Massachusetts were merged. Ms. Day indicated that the risk pool is merged but Massachusetts wanted to maintain some of their special rules for small employers. Some exchanges are looking to sell different products using their platforms. Dr. Scalettar noted that it was fascinating to listen to Ms. Day and thanked her for presenting to the Strategy Committee.

V. Adjournment

Robert Scalettar requested a motion to adjourn. Motion was made by Robert Tessier and seconded by Cecelia Woods. ***Motion passed unanimously.*** Meeting adjourned at 11:46 a.m.