

Board of Directors Meeting

January 26, 2017

access health CT The logo for access health CT features the text "access health CT" in a sans-serif font. The "CT" is in a larger, bold font. To the right of the text is a graphic element consisting of a cluster of small orange dots arranged in a semi-circular pattern, resembling a sunburst or a stylized head.

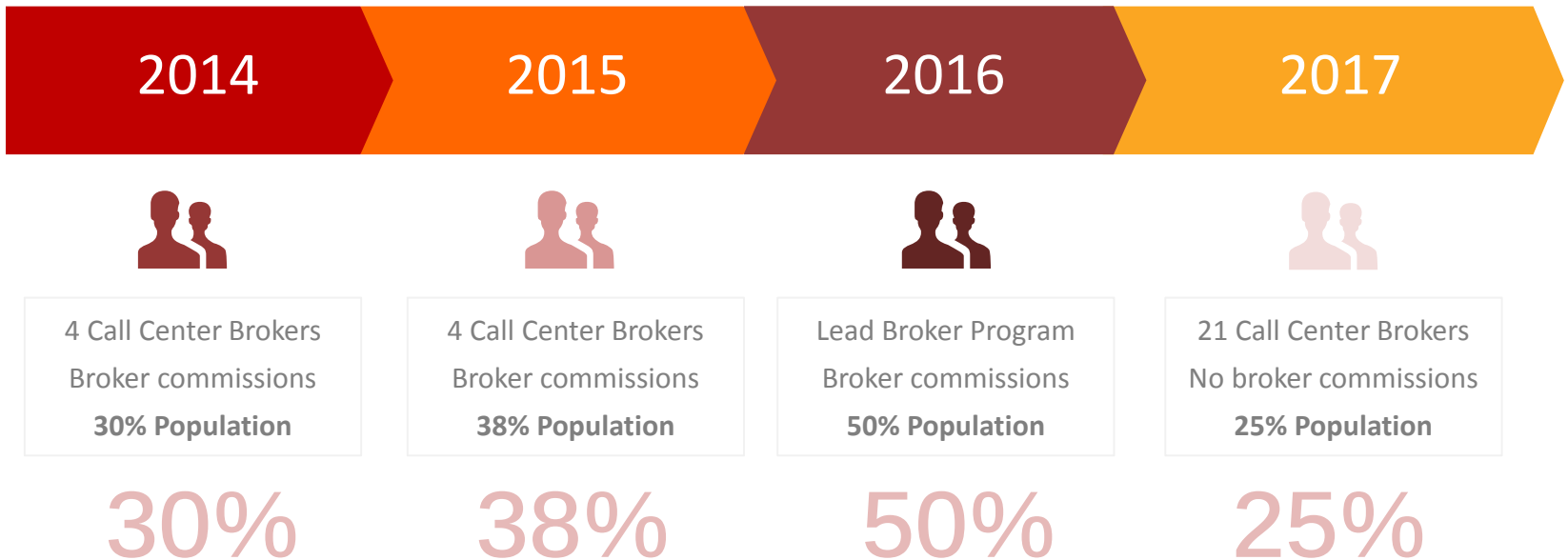
Agenda

- A. Call to Order and Introductions
- B. Public Comment
- C. Votes:
 - November 17, 2016 Regular Meeting Minutes
 - Appointing New Members to the Health Plan Benefits & Qualifications Advisory Committee
 - Election of Vice-Chair
 - Nondiscrimination Policy and Procedure
 - Broker Commissions
- D. CEO Report
- E. 2017 Open Enrollment Update
- F. Plan Management Update
- G. Wakely: 2016 Adverse Selection Study
- H. Procedure: Pre-Enrollment Verification of Consumers' Eligibility for Special Enrollments – Amendment to Current Procedure (Vote for posting in the Connecticut Law Journal for Public Comment)
- I. Adjournment

Votes

- November 17, 2016 Regular Meeting Minutes
- Appointing New Members to the Health Plan Benefits & Qualifications Advisory Committee
- Election of Vice-Chair
- Nondiscrimination Policy and Procedure
- Broker Commissions

Broker Commissions



Reminder to Brokers: Carriers continue to pay commissions on small business.

CEO Report

2017 Open Enrollment Update

2017 Open Enrollment Update

01/25/2017

Current QHP Enrollment: **107,736** Enrollees

Current Enrollment by Financial Help

APTC + CSR	APTC	No FH
54,603	27,714	25,419

Current Enrollment by Carrier

ConnectiCare Benefits Inc.	Anthem BCBS
73,237	34,499

Net Enrollment Change Since Start of OE: **10,331** Enrollees

% Change by Financial Help

APTC + CSR	APTC	No FH
10.0%	10.2%	12.5%

% Change by Carrier

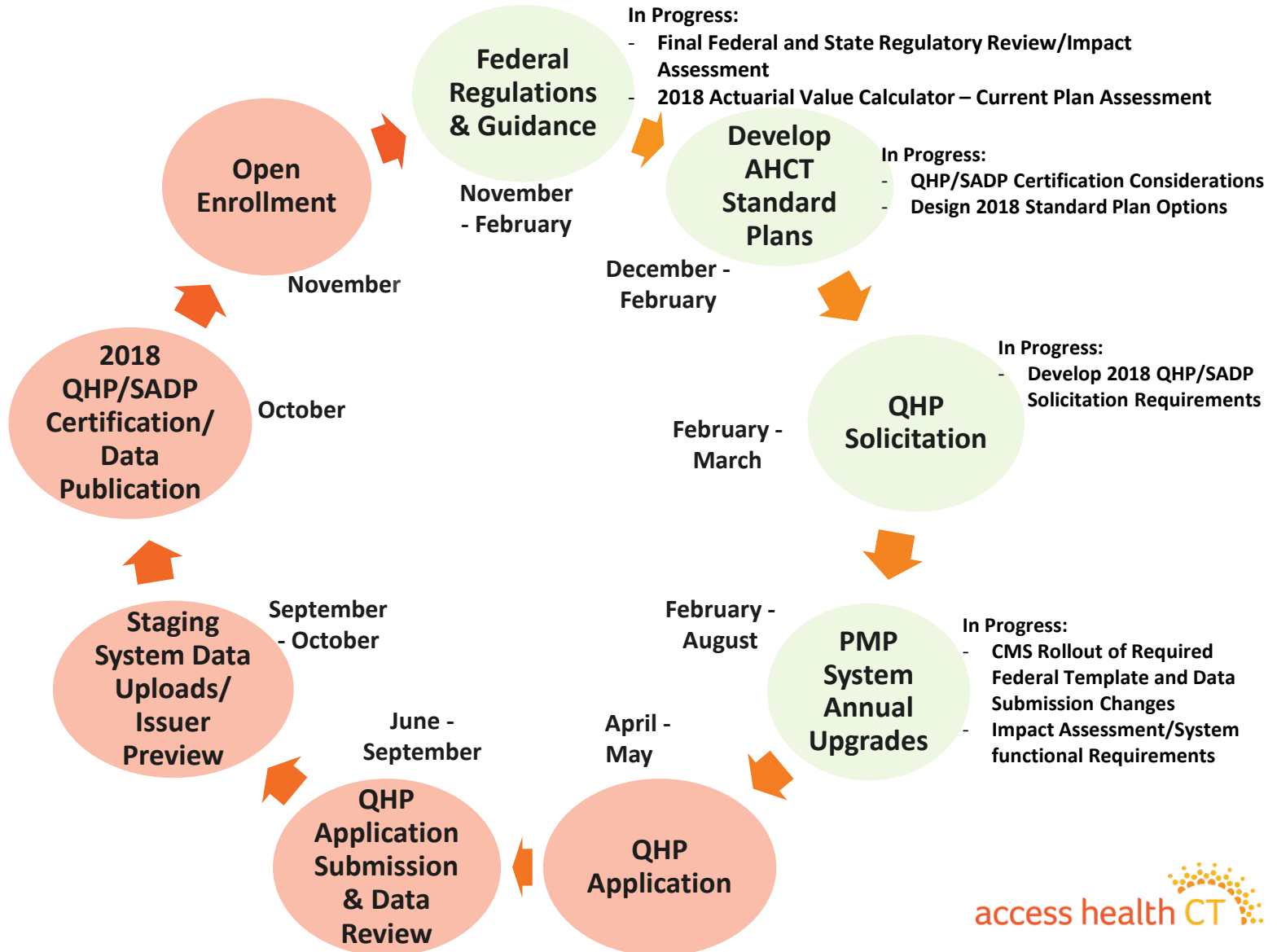
ConnectiCare Benefits Inc.	Anthem BCBS
38.1%	3.7%
Healthy CT	UHC
-100%	-100%

Highlights:

- 107,736 Enrollees covered with 2017 coverage in a Qualified Health Plan
- Net enrollment up nearly 11% since the start of Open Enrollment
- Over 12,000 brand new QHP customers enrolled
- Substantial increase in market share for ConnectiCare

Plan Management Update

Plan Management - Plan Year 2018 Certification Cycle



Wakely: 2016 Adverse Selection Study

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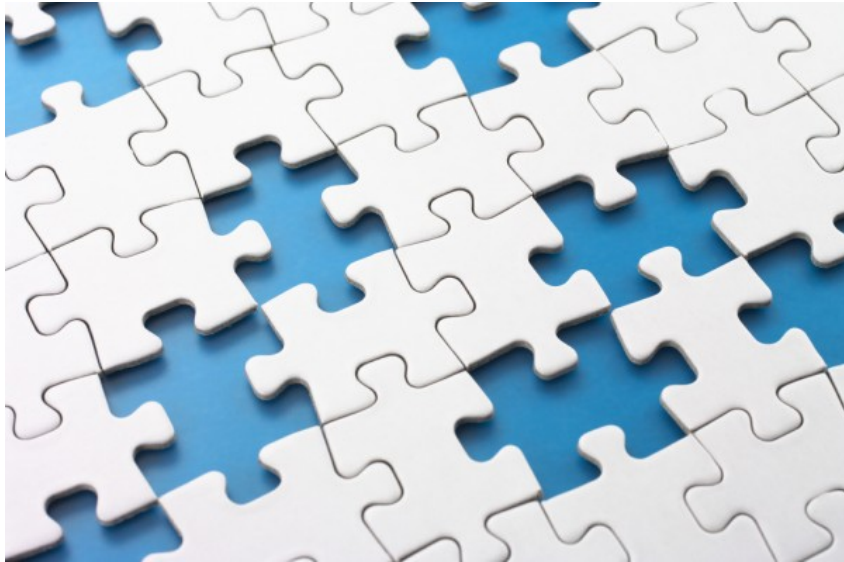
2016 Adverse Selection Study

January 26, 2017

PRESENTED BY
Julie Andrews, FSA, MAAA
Senior Consultant

Access Health CT 2016 Adverse Selection Study

January 26, 2017 Board of Directors Meeting



Scope of Presentation

AHCT retained Wakely Consulting Group (Wakely) to perform the adverse selection analysis. This presentation provides a high level summary of the analysis, results and recommendations.

Access Health CT 2016 Adverse Selection Study

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Purpose of Study

Access Health Connecticut (AHCT) is required by legislation to:

- Report annually on the impact of adverse selection on the exchange
- Provide recommendations to address any negative impact reported
- Provide recommendations to ensure sustainability of the exchange

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Disclosures: Wakely relied on data provided by others to complete this study. Data was reviewed for reasonability and appropriateness. The Study and results are intended to fulfill the legislative reporting requirements; any other use of this information may not be appropriate

Access Health CT 2016 Adverse Selection Study

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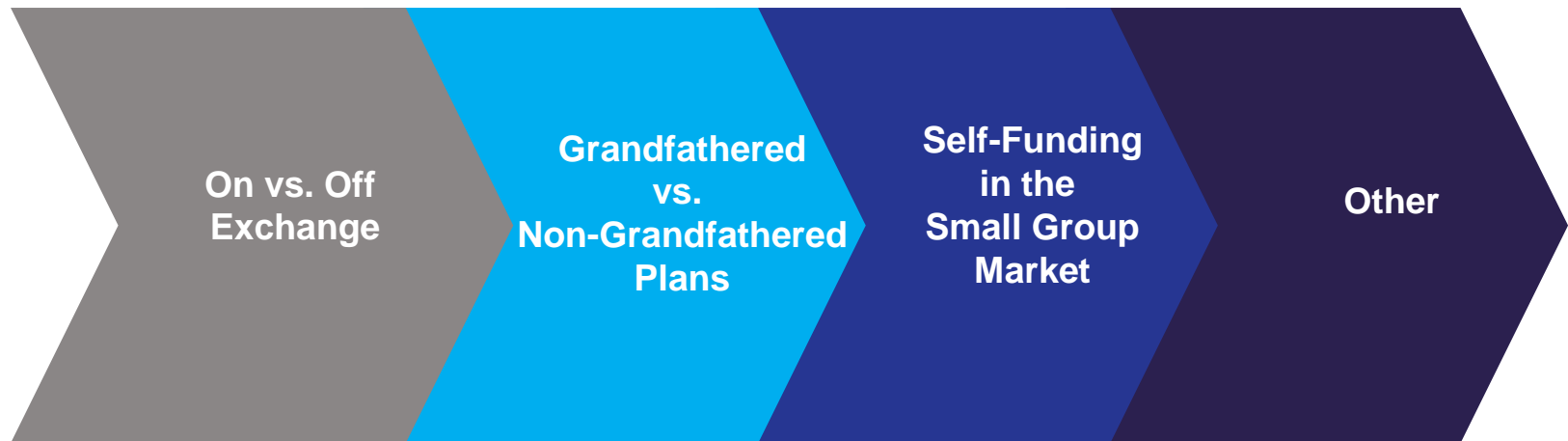
Defining, Identifying, & Measuring Adverse Selection For purposes of this study, adverse selection is:

- Defined as one segment of the market attracting enrollees with higher health risk than another segment of the market
- Identified by higher risk scores in one segment of the market than another
- Measured by the difference in risk scores between market segments
- Measured by the difference in loss ratios between market segments (before and after risk adjustment transfer payments)

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Areas of Potential Adverse Selection



Nature of adverse selection:

- Impossible to completely remove adverse selection in any insurance market where there is a choice of coverage
- Impact of adverse selection can be created, managed or mitigated through regulation and policies

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Methodology For each potential area of adverse selection considered, the analysis included:

- Quantitative analysis based on demographics, plan enrollment, claims experience, federal risk scores and risk adjustment transfer payments.
- Subjective comments based on survey responses from carriers and other market data available to Wakely

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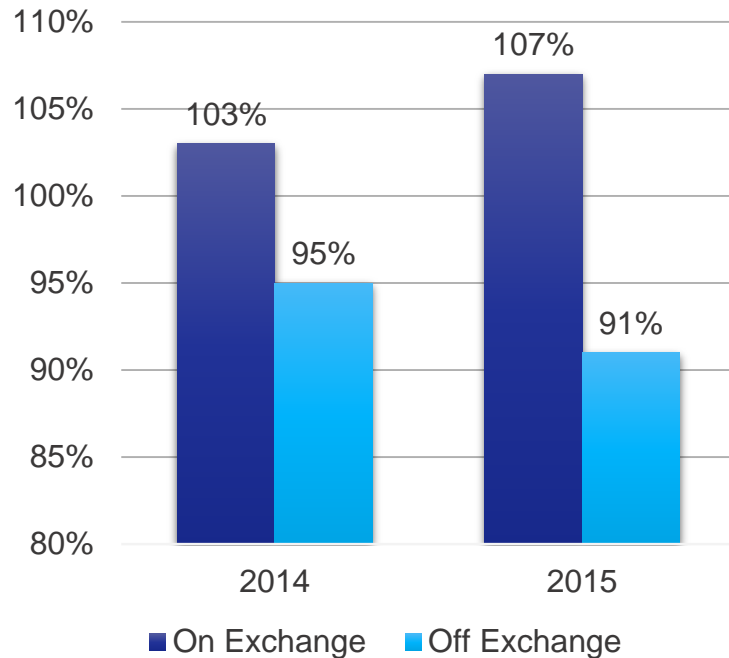


Conclusions: Individual Market On vs. Off Exchange

- On exchange enrollees have higher risk scores than off exchange plan enrollees in individual market
- On exchange enrollees are of higher average age than off exchange plan enrollees in individual market
- Loss Ratios after consideration of risk adjustment transfers indicates that on exchange enrollees are not financially disadvantaged.
- May indicate potential adverse selection. Minimal impact in market due to protection of risk adjustment mechanisms

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Individual Market On vs. Off Exchange:

The on vs. off exchange relationships are consistent from 2014 to 2015. The variation has widened in 2015.

**Risk Transfer Amounts
as % of Statewide Premium
(non-catastrophic metal tiers)**

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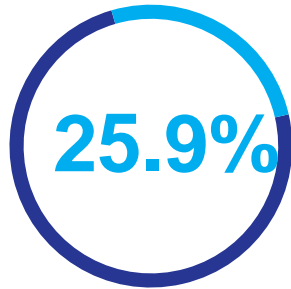


Conclusions: Small Group Market On vs. Off Exchange

- Similar to last year, small group on exchange enrollment is low and not fully credible by metal tier
- Can not make any conclusions regarding adverse selection
- Low enrollment should be monitored outside context of adverse selection to ensure sustainability of market

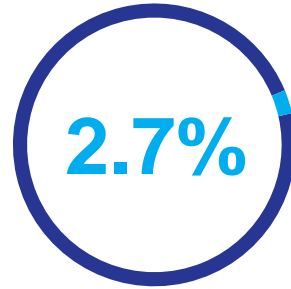
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2014

% Enrolled
(Member Months)



2015

% Enrolled
(Member Months)



2016

% Enrolled
Mid-Year

Conclusions: Individual Market Grandfathered vs. Non-Grandfathered

- Individual grandfathered policies initially appeared to experience favorable selection
- Portion of enrollees in grandfathered plans is minimal and declining
- Minimal impact to individual market

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Conclusions: Small Group Market Grandfathered vs. Non-Grandfathered

Since there was no small group grandfathered plan enrollment as of June 2015, no analysis of adverse selection was performed.

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Conclusions: Self-Funding in the Small Group Market

- Connecticut data indicates increase in prevalence of self-funded small groups in recent years but data may not be credible
- National data indicates some change in prevalence of self-funded small groups in recent years but may not be appropriate to compare to CT due to differences in small group regulations.
- Lack of credible or comparable data results in no clear conclusion whether there is adverse selection in the small group market
- Issue needs to be closely monitored as more data becomes available to ensure healthier small groups do not move to a self-funded basis leading to significant adverse selection

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Other Adverse Selection Considerations Similar to last year, many carriers indicated in the survey responses that one of the most significant issues impacting adverse selection in their plans is the special enrollment period (SEP).

- Experience is significantly worse members enrolling during SEP than those enrolled during open enrollment
- Many other states and carriers have indicated concern that SEP's are causing a significant adverse selection impact to their plans
- **AHCT has taken steps to mitigate the impact of SEP enrollment by requiring enrollees provide “proof of a qualifying event” as opposed to “self-attestation”.**
- New regulations and legislation.

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Recommendations: On vs. Off Exchange Adverse

Selection Many carriers indicated in the survey responses that one of the most significant issues impacting adverse selection in their plans is the special enrollment period (SEP).

- Continue to monitor small group enrollment on the exchange to ensure sustainability
- Participate with other states and carriers to lobby for improvements in the federal risk adjustment formula to improve its accuracy

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Recommendations: Self-funding in Small Group Adverse Selection

Similar to last year:

- Closely monitor small group market to ensure healthier small groups do not move to a self-funded basis leading to adverse selection (i.e., healthier groups opting out of the fully insured risk pool to get lower, experience-based cost options)
- Consider implementing a stop loss insurance regulation to limit adverse selection due to migration of small groups to self-funded plans

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Recommendations: Other Considerations Adverse Selection

- Continue to consider ways to mitigate adverse selection among SEP enrollees possibly including termination of enrollment in the case of misrepresentation or fraud.
- Continue to administer the same criteria to review both on and off exchange filings, thereby ensuring similar review and regulation for both on and off exchange plans.
- Continue to evaluate the impact of newly enacted or proposed legislative and regulatory actions or other rules.

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Future Considerations

- Limited experience in the small group market makes it difficult to form a definitive opinion on the impact of adverse selection at this time
- Analysis of the individual market indicates there may be some adverse selection going on in the Connecticut health insurance market. The risk adjustment program appears to be neutralizing some of the adverse risk selection. Ongoing changes to the risk adjustment formula may impact future results.
- Future studies with more mature experience may provide more definitive results

Questions?

*Procedure: Verification of
Consumers' Eligibility for
Special Enrollments -
Amendment (Vote)*

Current State of Marketplace

- Adverse Selection: Carrier feedback through Adverse Selection report indicates enrollments during Special Enrollment periods (SEP)s are causing adverse selection. Members enrolling during SEPs have *significantly worse experience* than those enrolling during open enrollment.
- Duration of Coverage: Carrier feedback through Adverse Selection report indicates high lapse rates for enrollments during SEPs suggesting some enrollees are dropping coverage after utilization of services.
- Increased Volume: High number of consumers enrolling during SEPs: Average of over 500 enrollments per month outside of annual Open Enrollment period.
- Types of Qualifying Life Events: Nearly 80% of SEP enrollments are for Loss of Minimum Essential Coverage.
- Impact on Rates: Carriers have indicated that SEP adverse selection accounts for 6-10% of rate increases.

	Current Procedure	Proposed Amendment
Requirement	Consumers are required to provide documentation <i>after</i> enrollment to verify their eligibility for the SEP to maintain coverage.	Consumers will be required to provide documentation for <i>pre-enrollment</i> verification of qualifying life events to verify eligibility for SEP to begin coverage.
Timing	Consumers enrolling through SEP using certain qualifying life events are given 30 days to provide documentation to verify their eligibility.	Consumers enrolling through SEP using certain qualifying life events will be given 30 days to provide documentation to verify their eligibility.
Notice	Special notice sent to consumer identifying types of documents to submit and instructions for submission of documentation.	Separate, combined notice will be sent to consumer identifying types of documents to submit and instructions for submission of documentation. Notice will also include eligibility determination information.
Coverage	If documentation submitted and eligibility verified, coverage continues. If not verified, coverage is terminated at end of the month.	Once qualifying life event is verified, enrollment will be sent to carrier. Coverage effective dates will follow federal regulations. Exceptions for consumers who experience delays in verification after documentation submitted.

Adjournment