



STATE OF CONNECTICUT  
**LIEUTENANT GOVERNOR NANCY WYMAN**

Connecticut Health Insurance Exchange  
Board of Directors Special Meeting

Holiday Inn (Salon AB)  
100 East River Drive  
East Hartford, CT 06108

Tuesday, March 7, 2017  
**Meeting Minutes**

**Members Present:**

Paul Philpott

**Members Participating Via Telephone:**

Lt. Governor Nancy Wyman (Chair); Victoria Veltri; Maura Carley; Paul Philpott; Grant Ritter; Commissioner Miriam Delphin-Rittmon, Department of Mental and Health Addiction Services (DHMAS); Paul Lombardo on behalf of Commissioner Katharine Wade, Connecticut Insurance Department (CID); Janel Simpson on behalf of Commissioner Roderick Bremby, Department of Social Services (DSS); Theodore Doolittle, Office of the Healthcare Advocate (OHA); Robert Scalettar, MD; Cecelia Woods; Anne Foley on behalf of Secretary Benjamin Barnes, Office and Policy and Management (OPM)

**Other Participants (Via Telephone):**

Access Health CT (AHCT) Staff: James R. Wadleigh, Jr.; Shan Jeffreys; Ann Lopes; Susan Rich-Bye; Charmaine Lawson; Ellen Kelleher

**Members Absent:**

Robert Tessier (Vice-Chair); Commissioner Raul Pino, Department of Public Health (DPH)

**The Special Meeting of the Connecticut Health Insurance Exchange Board of Directors was called to order at 10:00 a.m.**

**I. Call to Order**

Lt. Governor Nancy Wyman called the meeting to order at 10:00 a.m.

## II. Public Comment

Deb Polun from the Community Health Centers Association of Connecticut provided a public comment.

## III. Certification Requirements for 2018

Shan Jeffreys, Director of Marketplace Strategies, provided an overview of the need to review certification requirements for 2018. Mr. Jeffreys noted that some items were not accomplished at the previous Special Board meeting. Mr. Jeffreys stated that the 2018 Plan Solicitation will be going out shortly.

The issues of the formulary review, network adequacy review, as well as the Essential Community Providers (ECPs) need to be acted upon by the Board. Board votes are needed in order to proceed with the plan solicitation. Mr. Jeffreys noted that AHCT would like the Board to consider the tobacco surcharge as well as the broker commission items. AHCT is looking at effectively impacting rates by possibly reducing them. Vital goals are to maintain the quality of coverage and attract new carriers to the Exchange. Mr. Jeffreys noted that reduction of administrative barriers to carrier participation is also one of the Exchange's top priorities. At the previous meeting, the Board voted to suspend for two years the current AHCT standard pertaining to formulary review adopted by the Board of Directors in April 2014, and to rely on the Connecticut Insurance Department's analysis and review of formulary for both standard and non-standard plans. Mr. Jeffreys indicated that AHCT is looking to remove the two-year suspension period and rely on the Connecticut Insurance Department (CID)'s analysis permanently.

An option exists, at the Board's disposal, to reinstate formulary reviews on the Exchange if necessary. Any changes that may be adopted at this Board meeting will take effect the following year. AHCT can update the Board on the effects of CID's reviews. Theodore Doolittle expressed his concern about removing the two-year protection. Mr. Doolittle added that keeping the two-year suspension is worth pursuing from a consumer advocate's standpoint. For this reason, Mr. Doolittle expressed his opposition to removing the two-year suspension. Lt. Governor Wyman indicated that following the last Board meeting at which the two-year suspension was instituted, more discussions about pros and cons about this measure took place. Lt. Governor Wyman stated that assigning CID with the reviews does not void AHCT and the Board's responsibility of evaluating the effectiveness of those reviews.

Lt. Governor Wyman requested a motion to, effective for the 2018 plan year, eliminate the current certification standard pertaining to formulary review adopted by the Board of Directors in April 2014 and rely on the Connecticut Insurance Department analysis and review of formulary for both standard and non-standard plans. Motion was made by Grant Ritter and seconded by Paul Philpott. Theodore Doolittle voted nay. **Motion passed.**

Mr. Jeffreys reviewed the network adequacy requirements. Mr. Jeffreys added that at the last meeting, the Board voted to put into place a two-year suspension program to rely on CID's analysis. The major reasons for removing the two-year suspension are to attract new carriers and to have a good balance between their participation and the needs of consumers. Mr. Jeffreys reiterated that the Board may decide to move the review of network adequacy back to AHCT in the future. Victoria Veltri expressed her support for the idea of quarterly reporting. Ms. Veltri asked if it would be possible to determine, after the rates are filed, how decisions are translated into pricing of the premiums. Mr. Jeffreys stated that from a national standpoint, a trend can most likely be seen as to the anticipated impact on the rates. Mr. Jeffreys noted that AHCT will track with the carriers and CID. Mr. Jeffreys indicated that it may be bit difficult to track it from the carriers' standpoint, but every attempt will be made to obtain accurate data. Robert Scalettar stated that he shared Ms. Veltri's concern.

Paul Lombardo stated that the network issue is very easy to clarify. Mr. Lombardo added that an inquiry can be made to the carriers, asking if they made any adjustments to the networks as it relates to this correction in the standard, and ask them to quantify the network change. On the formulary, CID can ask the carriers, as a result of the standard changing in the formulary, to identify whether there are any premium savings. It would be contained in the rate filing pricing as well. The Board will be able to receive this information. Cecelia Woods asked how an issue about misinformation, miscommunication, or the fear of not being able to use the Federally-Qualified Health Centers (FQHC) can be addressed. Ann Lopes, Carrier Product Manager, responded that the carriers currently have a link from AHCT's website to their network directories and the information is required to be current. Ms. Veltri indicated that the FQHC must be compensated, regardless of whether a contract exists. James Wadleigh indicated that based on the letter provided, it is a part of the federal law and AHCT does not play a role. Mr. Doolittle stated that the Board has proven to be a good partner to the carriers, and encouraged maintaining the two-year suspension relative to the network adequacy review.

Dr. Scalettar asked if the Exchange can work on a more proactive and regular basis with the carriers to obtain network performance data. Mr. Jeffreys responded that the carriers are actively working with the Exchange. Mr. Lombardo added that monthly reports will not be available from CID, but reports will be provided annually. CID will provide information using CMS analyzing standards. CID can do a presentation to the Board at the March meeting, reviewing data that the department has in its possession. Mr. Jeffreys added that from the conversations that AHCT has with on and off-Exchange carriers, it can be concluded that they are not moving into ultra-narrow networks. They usually perform analysis of their networks and make minor adjustments to them.

Lt. Governor Wyman requested a motion to, effective for the 2018 plan year, eliminate the current certification standard pertaining to network adequacy review adopted by the Board of Directors in April 2014 and rely on Connecticut Insurance Department analysis and review of

network adequacy for both standard and non-standard plans. Motion was made by Victoria Veltri and seconded by Paul Philpott. Theodore Doolittle voted nay. ***Motion passed.***

Mr. Jeffreys reviewed the networking standards for Essential Community Providers (ECPs). Currently, AHCT has been looking at carrier data on network contracting with ECPs as well carrier engagement off-Exchange. Ever since the Exchange initiated the 90% requirement, the carriers have not been able to meet that threshold. The current contracting overall on average is 76% for the carriers participating on the Exchange. The biggest administrative cost to the carrier is upfront contracting with the ECPs. Once the contract is done, there is little that the carrier needs to do to maintain the contract. However, for a new carrier coming on the Exchange, there is an administrative cost associated with contracting. By lowering the threshold from 90% to 50%, it would be more attractive for carriers to join. Ms. Veltri inquired whether lowering the threshold would translate into premium savings. Mr. Jeffreys responded that by working with the carriers, AHCT should be able to obtain these data.

Lt. Governor Wyman requested a motion to, effective for the 2018 plan year, eliminate the current certification standard pertaining to Essential Community Provider contracting adopted by the Board of Directors in November 2012 and amended in June 2013 for Qualified Health Plans (QHPs), and replace it with the following:

- To require QHPs to have contracts with at least 50% of Federally Qualified Health Centers or “look alike” health centers in CT and 50% of all other designated ECPs with consideration given for issuers demonstrating a good faith effort to accomplish these standards.

Motion was made by Grant Ritter and seconded by Victoria Veltri. ***Motion passed unanimously.***

Mr. Jeffreys summarized the tobacco surcharge option. The Exchange does not allow carriers to use a tobacco surcharge currently. AHCT is proposing to allow carriers, starting in 2018, to use a tobacco surcharge in their premium rates for QHPs in the Individual Exchange market. The tobacco surcharge has a post-advanced premium tax credit (APTC) impact to premiums. Ms. Veltri inquired whether a possibility exists for a non-smoker to have a decrease in premiums. Mr. Lombardo stated that currently, the carriers are using a blended rate for tobacco and non-tobacco use. If a carrier introduced a non-tobacco use rate into their filings, the non-tobacco user premium should decrease. The surcharge would be used to lower the non-smoker premium. Ms. Veltri asked whether this information would be factored into the notice that consumers receive. Mr. Lombardo noted that any reduction in the rate would be hidden by the trend of any rate increases going forward. The rate increase would be mitigated by the non-smoker by a small degree. Cecelia Woods inquired about a hypothetical consumer who stops using tobacco, and when such a decrease would become effective in this person’s premium rate. Mr. Lombardo answered that a person who has a been smoker for the past six months, averaging four times a week, is considered an active tobacco user. If this consumer ceased smoking, she/he can sign-up as a non-smoker for the following year. Maura Carley expressed concerns that the tobacco

premium surcharge would disproportionately affect people who are largely addicted to it. It is a fragile population. The ACA does not discriminate against other types of behavior. Ms. Carley indicated that the revenue generated or the reduction of premium for others does not warrant consideration for action. Ms. Veltri inquired about which carriers are using the tobacco surcharge. Mr. Lombardo noted that Aetna, Cigna and Golden Rule are using the tobacco surcharge off the Exchange. Ms. Woods expressed her concern that some people who may want to cease smoking could be deterred from pursuing it. Mr. Philpott stated that insurers without the tobacco surcharge will be adversely impacted.

Lt. Governor Wyman requested a motion to, effective for the 2018 plan year, allow inclusion of a tobacco surcharge in the premium rates for QHPs in the Individual Exchange market. Motion was made by Anne Foley and seconded by Paul Philpott. Robert Scalettar and Maura Carley voted nay. Janel Simpson abstained. ***Motion passed.***

Mr. Jeffreys reviewed the current requirement for carriers to pay the same amount of broker commissions on and off-Exchange. Mr. Jeffreys stated that AHCT has been working with the carriers on the Exchange. The commission requirement effects the carrier's ability to use different strategies for on-Exchange as well as off-Exchange business. Mr. Philpott noted that if the requirement to pay the same commission both on and off-Exchange is removed, the carriers may end up paying very small commissions to the brokers who will be selling on-Exchange plans. Mr. Jeffreys indicated that it could be a risk. However, Mr. Jeffreys stated that based on conversations with the carriers, they may also be willing to pay larger commissions to on-Exchange business since they may want those brokers to perform additional tasks. Mr. Philpott reminded the Board that the reason for the resolution requiring the carriers to pay the same commissions for both on and off-Exchange business was due to the fact that carriers eliminated brokers' commissions entirely. Mr. Wadleigh added that from a policy perspective, AHCT is silent as to commission amounts. There are many levels of brokers' commissions based on the type of business. Mr. Philpott asked why the carriers cannot pay the same commission on the same individual product that is sold on the Exchange. Mr. Wadleigh indicated that carriers have consistently been sending messages that they pay different tiers of commissions for their off-Exchange business. Mr. Philpott commented that it puts the brokers at the mercy of the carriers. When it happened last time, the Exchange had to spend an additional \$1 million to cover the gap. Mr. Philpott suggested to change the wording on the resolution under consideration to replace the word 'same' with the word 'similar.'

Mr. Philpott asked whether the broker commissions are included in the carrier rate filings. Mr. Lombardo responded that no specific broker commission line item exists in the carrier rate filings. Mr. Doolittle inquired whether any feedback from the producer community has been received. Mr. Wadleigh replied that legislative proposals are currently making their way through the Connecticut General Assembly that would require carriers to pay commissions. Mr. Philpott noted that producers like to place their business where it best suits their clients. In order to do that, they need to have a place where it fits them financially as well. Brokers want to be consumer advocates. Mr. Wadleigh added that after the Board voted in January to require carriers to pay the same commissions both on and off-Exchange, AHCT has received a significant

amount of pushback from the carriers. AHCT values the role brokers and producers play in the process. AHCT is trying to make sure that the Board considers all points of view. Mr. Wadleigh noted that the Board needs to be aware that the carriers had a lot of consternation about this issue. Mr. Philpott noted that he would like to change the wording of the resolution in question to provide the carriers with some administrative flexibility. Lt. Governor Wyman noted that AHCT would like to have a balance between what the Board originally wanted and what the carriers also wanted. Mr. Jeffreys stated that the plan management team at AHCT would need to define the word 'similar' before the solicitation to the carriers is sent. Dr. Scalettar commended Mr. Philpott for trying to create a win-win situation for all of the different stakeholders. Ms. Carley also praised Mr. Philpott's insights about this issue.

Lt. Governor Wyman asked for a motion to require that the amount of commission a carrier pays to a producer or broker who assists an individual or small employer enrolling in a health insurance plan through the Exchange be similar to the amount of commission the carrier pays to producers or brokers who assist individuals or small employers in enrolling in health plans outside of the Exchange. Motion was made by Grant Ritter and seconded by Cecilia Woods. ***Motion passed unanimously.***

#### **IV. Adjournment**

Lt. Governor Wyman requested a motion to adjourn the meeting. Motion was made by Robert Scalettar and seconded by Cecelia Woods. ***Motion passed unanimously.*** Meeting adjourned at 11:27 a.m.