



STATE OF CONNECTICUT
LIEUTENANT GOVERNOR NANCY WYMAN

Connecticut Health Insurance Exchange
Board of Directors Regular Meeting

Connecticut Historical Society
Auditorium

Thursday, February 16, 2017
Meeting Minutes

Members Present:

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

Participant by Phone:

Commissioner Raul Pino, Department of Public Health (DPH); Cecelia Woods

Other Participants:

Access Health CT (AHCT) Staff: James R. Wadleigh, Jr., Steven Sigal; Robert Blundo; Shan Jeffreys
Connecticut Insurance Department: Paul Lombardo

Members Absent:

Robert Scalettar, MD

The Regular Meeting of the Connecticut Health Insurance Exchange Board of Directors was called to order at 9:00 a.m.

I. Call to Order

Lt. Governor Nancy Wyman called the meeting to order at 9:00 a.m. Lt. Governor Wyman introduced Ted Doolittle, who is the new Healthcare Advocate for the State of Connecticut, as well as a new member of the AHCT Board of Directors.

II. Public Comment

No public comment

III. Review and Approval of Minutes

Lt. Governor Wyman requested a motion to approve the January 26, 2017 Board of Directors Special Meeting Minutes. Motion was made by Victoria Veltri and seconded by Maura Carley. ***Motion passed unanimously.***

IV. CEO Report

James Wadleigh, CEO, updated the Board on AHCT activities. Mr. Wadleigh indicated that the recently concluded fourth Open Enrollment (OE) was a great success to the organization, considering circumstances that surround the Affordable Care Act (ACA), and changes in the AHCT Marketplace. Mr. Wadleigh stated that three topics are influencing AHCT. They are the OE, the ACA, and the 2017 future strategy. Two carriers discontinued offering their plans through the Exchange, and some existing carriers changed their plan offerings for 2017. It resulted in 50-60% of consumers being unable to auto-renew their plans for 2017. During this most recent OE, AHCT enrolled 111,000 customers in Qualified Health Plans (QHPs) with the two remaining carriers that are on the Exchange. It is a testament to the dedication of the community, Board, and AHCT staff for working tirelessly to assist people with enrollment.

QHP enrollment was down 3.9% as compared with OE 2016. The first driver of the lower enrollment number was the elimination of broker commissions by the carriers participating on the Exchange. Over 7,000 of the Connecticut residents who were paying for insurance through December, and were associated with a broker, did not re-enroll. Once the new administration took over the White House on January 20, customers started calling AHCT, inquiring about exemptions. Prior to January 20, AHCT was trending 4% above last year's day after day enrollments. Mr. Wadleigh emphasized that with such developments, more volatility is expected in the individual marketplace until further stabilization initiatives are completed. As a reminder, Mr. Wadleigh indicated that 36% of enrollees have yet to send their verification documents. They need to provide their documentation to maintain their current enrollments, and since the regulations for enrollment during the Special Enrollment Period (SEP) have tightened, and they will not be able to re-enroll later in the year. Ten percent of AHCT customers are reminded to make their first premium payment. While this number is better than previous years, it equates to approximately 10,000 people. Until they make that payment, they will not be covered by their medical insurance. Communication to these customers is ongoing. Mr. Wadleigh stated that he

travelled to Washington, DC where he met with CMS. Mr. Wadleigh also met with Connecticut's congressional delegation. Continuing discussion on Capitol Hill revolves around repeal, replace, and repair options for the ACA.

Mr. Wadleigh updated the Board on the current status of the ACA. The Centers for Medicaid and Medicare Services (CMS) will be changing health insurance choices for 2018. One of the changes contemplated by CMS decreases the OE period from the current 90 days to 45 days. It will hurt Connecticut consumers. CMS is also recommending other changes that, while helping insurance companies, will negatively affect Connecticut residents. Some of those changes, such as pre-enrollment verification for Special Enrollments, do not affect AHCT because the Board started the process to change its current procedure for Special Enrollment verification prior to CMS considering those changes. Changes are proposed to reduce the 90-day grace period for customers receiving advance payments of the premium tax credit. The fourth item is determining the level of coverage, which starts changing the actuarial values. Network adequacy is the fifth topic taken up by CMS. Fortunately, the State of Connecticut has always been on the forefront of this issue. The Connecticut Insurance Department (CID) is finalizing the timeline for certification and rate review. Mr. Wadleigh indicated that unwinding the individual mandate would be detrimental to the marketplace. This could result in individual states enacting their own individual mandates to further protect marketplaces.

In Connecticut, the individual marketplace also includes customers who purchase their plans off of the Exchange. The individual markets are underwritten together. If one fails, they potentially both fail. If they both fail, over 100,000 Connecticut residents may potentially lose their affordable coverage, if carriers decide to leave the markets. The uninsured rate would return to above 8%. The Connecticut economy would be poised to lose \$1 billion to local carriers in the forms of premiums, tax credits and cost sharing reductions. Mr. Wadleigh stressed that over the last five years, the State of Connecticut and AHCT have been leaders in the implementation of the ACA. With the support of Governor Dannel P. Malloy, Lieutenant Governor Nancy Wyman, the Board of Directors, and the State Legislature, AHCT has been recognized nationally for its enrollment and sustainability, among other successes. Mr. Wadleigh added that AHCT needs to keep carrier products on the Exchange. The ACA and AHCT are at a critical crossroads. AHCT has always adjusted to changes, and the organization will continue operating with the Board's continued support.

Robert Tessier asked about the possibility of raising deductibles on the health plans offered, which would run counter to the affordability aspect.

Cecelia Woods joined by phone at 9:12 a.m.

Commissioner Pino joined by phone at 9:15 a.m.

Katharine Wade responded that CID is reviewing the proposed regulations. Victoria Veltri inquired whether carriers would realistically adjust the plans based on the changes that are proposed in the regulations. Ms. Wade indicated that the short comment period for changes in regulations, which is only 30 days, is designed to incorporate changes relatively soon. Mr. Tessier asked whether the proposed changes in the regulations affect AHCT's ability to adopt standard plan designs at the Special Board Meeting on February 28th. Ms. Wade and Mr. Wadleigh indicated that it does not run counter to the meeting that is scheduled. Paul Philpott asked for a working assumption regarding which carriers will be participating in the Exchange next year. Mr. Wadleigh responded that in the individual market, both Anthem and ConnectiCare Benefits, Inc. (CBI) are planning to file their rates. In the small business market, AHCT is in discussions with other carriers, besides Anthem, which is planning on participating.

V. Finance Update

Steven Sigal, Chief Financial Officer, provided the Board with a finance update. Mr. Sigal indicated that the marketplace assessment for 2017 is expected to generate a little over \$30 million. It is a small decline from the previous year. Relative to regulatory requirements, the 2016 Audited Financial Statements as well as the 2016 Programmatic Audit were completed. They were voted on and approved by the Finance Committee on February 10th. Mr. Philpott inquired about the 10% decrease in the assessment revenue. Mr. Sigal responded that it is based on premium for any insurance carrier that is qualified to participate on the Exchange. Mr. Philpott commented that it is based on the fully insured premiums. The assessment does not apply to re-insurance. Maura Carley asked whether the assessment applies to groups over 50 who are fully insured. Mr. Sigal responded that it is not applied in that case. Mr. Tessier inquired about the timing for the assessment collections, and their reflections in the budget. Mr. Sigal responded that the 2017 AHCT budget is based on the premiums reported from 2015. Mr. Tessier added that premium increases that took place for the current OE will not be reflected in the assessment until 2019. Ms. Wade added that currently the assessment is a flat rate built into the product; it does not vary based on premium rates.

Lt. Governor Wyman requested a motion to approve the Fiscal Year 2016 Audited Financial Statements as presented by Exchange staff. Motion was made by Benjamin Barnes and seconded by Robert Tessier. ***Motion passed unanimously.***

Lt. Governor Wyman requested a motion to approve the Fiscal Year 2016 Programmatic Audit Report. Motion was made by Victoria Veltri and seconded by Robert Tessier. ***Motion passed unanimously.***

Lt. Governor Wyman requested a motion to approve the 2016 Quasi-Public Annual Report. Motion was made by Benjamin Barnes and seconded by Robert Tessier. ***Motion passed unanimously.***

Mr. Sigal provided a brief summary of the Second Quarter 2017 Reforecast. Mr. Sigal indicated that the forecast is virtually the same in total for AHCT that it was in the first quarter. The only major item that affects the reforecast is the increase in postage expenses. Some category changes in the reforecast were incorporated. The variance of \$22,000 is mostly postage-related. The amounts provide details of temporary staffing, contractual, equipment, and maintenance, as well as components of information technology. Mr. Philpott inquired how AHCT will be mitigating obtaining less money from assessments and its current budget expenses. Mr. Sigal noted that AHCT is working hard to reduce the expenses that AHCT incurs. One-time events that will not re-occur include the last remaining federal grant, as well as transitioning expenses related to the new call center. Grant Ritter asked for the estimated expenses of hiring brokers at the call center. Mr. Wadleigh responded that the cost is \$1 million. The drivers for increases in costs are the changes in broker commissions. Other factors include expenses related to the Integrated Eligibility System (IES) as it is designed in reaction to federal rule changes. Mr. Wadleigh noted that out of \$30 million in expenses, \$2 million was absorbed by AHCT due to All Payer Claims Database (APCD) related expenses.

Mr. Philpott noted that AHCT needs to have a long-term financial plan. Mr. Wadleigh agreed that a possible reexamination of the current assessment level may need to be considered. Also, allocating costs more efficiently may need to be evaluated. Mr. Philpott inquired whether AHCT still has one of the lowest assessment rates in the country. Mr. Wadleigh responded that AHCT's assessment rate is half of the one being assessed by the Federally Facilitated Marketplace (FFM). Other state exchanges are still not self-sufficient, while AHCT is financially independent. Theodore Doolittle commented that the consumer sustainable system at AHCT is crucial. Mr. Ritter asked whether AHCT is considering expanding the SHOP program to cover small business up to 100 employees. Mr. Wadleigh doubted that expanding AHCT's assessment in the small group market, which is a driver of incubating businesses, is something that the organization should be considering. Mr. Wadleigh added that AHCT should be considering additional products that are usually purchased by the organization's customers, but are not currently part of the revenue.

Lt. Governor Wyman requested a motion to approve the Second Quarter 2017 Reforecast. Motion was made by Victoria Veltri and seconded by Robert Tessier. ***Motion passed unanimously.***

Mr. Tessier commented that AHCT should look more carefully into reasons why the organization is experiencing a shortfall in revenue. Mr. Sigal noted that budget projections are based on items

that are very difficult to anticipate, given all of the possible marketplace forces that affect the Exchange.

Commissioner Pino disconnected at 10:00 a.m.

Mr. Barnes shared Mr. Tessier's concerns and urged a careful examination of AHCT's revenue stream and expenses. Mr. Barnes added that a mitigation plan for AHCT finances should be considered and adopted in April. Mr. Sigal thanked the Board for the discussion and ongoing support.

VI. 2017 Open Enrollment Update

Robert Blundo, Director of Technical Operations and Analytics, provided the 2017 Open Enrollment Update. As the organization has matured, Mr. Blundo indicated that for the first time, a full analytical report, containing a variety of statistical data, was produced. A very detail-oriented report is available on AHCT's website. Mr. Blundo noted that each Open Enrollment (OE) brings a different set of challenges. Both United Healthcare and HealthyCT ceased their participation on the Exchange. Their departures occurred in close proximity to each other. Changes in the broker support model, as well as in premium pricing, were also experienced. Overall, AHCT experienced a four percent drop pertaining to the number of people enrolled in the individual market. The decrease in that population could be partially attributed to brokers who enrolled former AHCT consumers in off-Exchange plans. AHCT saw the lowest auto-renewal rate, which affected acquisition and retention. The decrease in the population assisted by brokers was also a factor. The net enrollment increased by roughly 14,100 customers. Close to 76,000 renewed their plans and 35,500 were new Qualified Health Plan (QHP) Enrollees. Almost 78,000 customers were enrolled in Medicaid using the IES during the Open Enrollment period.

Mr. Tessier asked for clarification of the net increase in enrollment. Mr. Blundo noted that at the beginning of the OE, 97,000 customers were enrolled, and at the end, over 111,000 signed up for a QHP. This is where the 14,100 net enrollment increase occurred. Mr. Blundo indicated that 75% of the QHP enrollees qualify for financial assistance. CBI accounts for two-thirds of the enrollment, while Anthem comprises the rest. Ten percent of the QHP households also have a dependent, usually a child that is a Medicaid recipient. A large number of consumers met the December 15, 2016 deadline for coverage to commence on January 1. Twenty-five percent of the new enrollments were assisted by a broker, and of that, a quarter were assisted by brokers who were housed in the call center or the storefronts.

Mr. Blundo noted that the customer base is very diverse. The non-subsidized population seems to be younger than those receiving financial assistance. One quarter of the population are the so-called "young invincibles", whose age ranges between 18 and 34. The largest segment of the QHP population are people who are between 55 and 64 years old, accounting for 30% of all AHCT

customers. One and a half percent of all AHCT customers are 65 years old and older. Also, over 330 of them are age 75 and above. The largest number of QHP enrollees reside in urban areas, with Stamford, Norwich, and Bridgeport leading the list. Ninety-three percent of the population chose English as their preferred language. For the customers that answered the race and ethnicity questions, 33% indicated that they are non-white.

Ms. Carley asked what is known about the population that is 65 years old and over. Mr. Blundo responded that not everyone in that bracket qualifies for Medicare. Many of these individuals may not have been in the United States to earn 40 credits to allow them to qualify for Medicare Part A with no cost. Ms. Carley noted that any American can buy into Medicare. Lt. Governor Wyman inquired about Fairfield County accounting for the largest portion of customers. Lt. Governor Wyman noted that AHCT does less advertising in the Fairfield County, which still accounts for almost one-third of enrollees. Mr. Wadleigh responded that advertising expenses were equally distributed throughout Connecticut. Lt. Governor Wyman inquired whether the number of QHP enrollees in a given county correlates with the unemployment rates. Mr. Wadleigh stated that a lot of people are starting small businesses. More people are leveraging the Exchange, and it gives them freedom to do work that they want to do. Mr. Barnes added that Stamford and Norwalk have higher per capita incomes, which would suggest more people are eligible for QHP and not Medicaid. Some of the population may not be eligible for Medicaid because they have not been in the United States for five years. This could be one of the reasons why QHP enrollment in those two cities is larger.

Mr. Blundo summarized acquisition and retention results. Retention was more challenging than the past two years, which was related to auto-renewals. Five plans that were offered in 2016 by CBI were discontinued, which contributed to the auto-renewal rate dropping. During this OE period, 63% of eligible enrollees opted for auto renewal, compared to 81% from a year before. Ms. Veltri asked whether there is any follow-up when customers leave plans on the Exchange. Mr. Wadleigh noted that e-mails, phone calls, and other outreach efforts have been undertaken. Mr. Blundo added that for the group that automatically renewed, AHCT observed an 85% retention rate. AHCT anticipated that if UHC and HealthyCT's plans were not decommissioned, the auto-renewal rate would have been approximately 80%. Of the eighty-one percent of retained customers, more than half of them have been AHCT customers for the last two years. Nearly one-half of the newly acquired customers are non-subsidized, as compared to 28% from last year.

Mr. Wadleigh added that as soon as this trend emerged, AHCT commissioned a survey and is looking to understand why these customers have been drawn to the Exchange. AHCT wants to make sure that more unsubsidized customers are attracted to the products that the Exchange offers. Mr. Philpott commended AHCT for this result. The opportunity for growth is with the

unsubsidized enrollees. Mr. Philpott indicated that one of the reasons why unsubsidized customers enroll through AHCT to obtain healthcare coverage is the value that the organization provides. Mr. Barnes added that survey would make the Board understand it better. Ms. Carley stated that the absence of assistance in the broker community might have contributed to that as well. Mr. Wadleigh stated that the broker community had the ability to refer customers off and on the Exchange. The on-exchange pricing was more competitive than the off-exchange pricing.

Mr. Tessier inquired about the carrier rate increases approved by the CID. Paul Lombardo replied that off-exchange Connecticut companies had larger increases than CBI. Mr. Lombardo indicated that Anthem had significant rate increases that were observed on and off-Exchange. However, those increases for the on-Exchange products were lower. Also, Anthem was a receiver of the Risk Adjustment program, which might have contributed to those increases not being as large as those observed on the off-Exchange market. Mr. Blundo indicated that AHCT shifted its focus from acquisition and retention during OE to retention during the Special Enrollment Period (SEP). One of the leading reasons for attrition are the customers failing to close out their verification items. Non-payment of premium is another major reason for attrition. Sixty-four percent of the AHCT population selected healthcare coverage in the Silver metal tier. In the unsubsidized population, the Bronze plans are the most popular. In general, the consumers are price-conscious, and CBI generally offered lower rates to their customers. Additionally, 16% selected a plan that is eligible for an HSA. Mr. Philpott commented that most likely, those who selected a plan that is HSA-eligible are unsubsidized. Mr. Wadleigh added that a new study has been released that shows Connecticut's uninsured rate has dropped to 3.5%. It is impressive to show that the Board and the staff have done exceptional work to get Connecticut to this result.

VII. Adjournment

Lt. Governor Wyman requested a motion to adjourn the meeting. Motion was made by Victoria Veltri and seconded by Robert Tessier. ***Motion passed unanimously.*** Meeting adjourned at 11:09 a.m.