Connecticut Health Insurance Exchange
Health Plan Benefits and Qualifications Advisory Committee
Special Meeting

Connecticut Historical Society
Dangremond Room

Friday, February 3, 2017
Meeting Minutes

Members Present:
Grant Ritter (Chair); Robert Tessier; Tu Nguyen

Participants by Phone: Stephen Frayne; Kimberly Martone; Ellen Skinner; Paul Lombardo; Mary Ellen Breault; Margherita Giuliano

Other Participants:
Access Health CT (AHCT) Staff: Shan Jeffreys; John Carbone, Susan Rich-Bye
Wakely Consutling: Julie Andrews' Brittany Phillips

The Meeting of the Health Plan Benefits and Qualifications Advisory Committee was called to order at 2:00 p.m.

I. Call to Order and Introductions

Chair Grant Ritter called the meeting to order at 2:00 p.m.

II. Public Comment

No public comment

III. Vote

Chair Ritter requested a motion to approve the January 19, 2017 Health Plan Benefits and Qualifications Advisory Committee Special Meeting Minutes. Motion was made by Robert Tessier and seconded by Grant Ritter. ***Motion passed unanimously.***

IV. Overview: Standardized Plans

Shan Jeffreys, Director of Marketplace Strategies briefly updated the Committee on the standardized plans. Mr. Jeffreys indicated that the purpose of the last meeting was to set the stage to discuss plan designs for 2018. The third meeting that will follow is intended to discuss certification requirements. Mr. Jeffreys indicated that AHCT strategy and mission will always be at the forefront of any decisions that will be undertaken. Wakely has been contracted to perform plan design options to make sure that they comply with the tier requirements of the Affordable Care Act (ACA). AHCT always tries to maintain high value and quality. Sometimes changes to those plan designs have to be made.

Julie Andrews and Brittany Phillips discussed standardized plan designs for 2018. Ms. Phillips described changes to the Actuarial Value (AV) Calculator. Ms. Phillips indicated that the annual limitation on cost sharing was increased from $7,150 to $7,350. However, this limit does not apply to HSA qualified High Deductible Plans. Ms. Phillips added that the Bronze plans range was finalized, which allows certain designs to have an AV between 58% and 65%. Functionality changes were also made. Preventative care is covered at no cost to the consumer. Ms. Andrews added that ongoing changes will occur. Changes were also made to the Federal AV calculator. It is the first time since 2014 that the underlying data was updated. Significant changes to the risk adjustment formula will take place. The 2018 calculator is based on the 2014 data. The annual trend factors were also updated. The Maximum Out-Of-Pocket (MOOP) was affected by the functionality changes. Ms. Phillips described regulatory changes. Mr. Jeffreys added that if groups are broken down and differentiated between subsidized and non-subsidized populations, a different story appears pertaining as to where they fall into the metal tier. For the non-subsidized population, bronze metal tier is the highest value while for the subsidized segment, the silver tier is the most most attractive for the consumer. Robert Tessier asked for clarification about 83.5% of consumers enrolling in the AHCT standard plan. Mr. Jeffreys responded that more clarification will be provided at the next meeting describing pros and cons and the impact to the value from plan value standpoint to the consumer. The non-subsidized break out of the numbers will be provided.

Paul Lombardo and Margherita Giuliano joined by phone at 2:15 p.m.

Ms. Phillips described the plan designs for individual market. Ms Phillips indicated that the 2018 Individual Market Platinum Plan no changes for the AV are proposed. Mr. Tessier asked why the gold and silver plans are significantly affected by the AVC as compared to the bronze. Ms. Phillips indicated that typically the bronze plans have seen the most significant increases. This year's increase is due to the update in the underlying data. Mr. Ritter added that the Silver plan is being increased significantly. Ms. Andrews noted that it is based on the total experience and utilization by the members using the Silver plan. Mr. Ritter asked if it would be safe to say that members participating in the Bronze plans are healthier than those using other metal tiers. Ms. Phillips stated that consumers who are enrolling in the Bronze plans may be the ones who are most likely not going to use it or those who will hit the out of pocket expense quicker. Susan Rich-Bye indicated that consumers are price sensitive. This year, the

AHCT is seeing for the first time that a large number of young individuals are applying for exemptions so they can purchase catastrophic plans.

Kimberly Martone joined by phone at 10:04 a.m.

Mr. Ritter inquired about the deadline for plan design approval. Mr. Jeffreys responded that it is March 1st. Mr. Jeffreys provided a high level overview of the standardized plan designs from the Actuarial Value (AV) calculator designed by Centers for Medicare and Medicaid Services (CMS). CMS updates the AV calculator each year, and existing standard plans are run through the new year's AV calculator. The new actuarial values for standard plans must be evaluated to determine the impact for the standard plans for the upcoming year.

Mr. Jeffreys explained that the AV of a plan refers to the percentage of healthcare costs paid by the carrier versus the percentage paid by the consumer. Mr. Jeffreys indicated that for a plan with an actuarial value of 70%, the consumer would be responsible for 30% of their healthcare costs. Tu Nguyen added that subsidized population is different from the nonsubsidized.

Ms. Phillips described proposed changes to the Gold tier. The most important change relates to the proposal to have the Emergency Room visits to be subject to deductible and out of pocket expenses with an effort to mitigate costs as well as to try to shape consumers' behaviors to utilize, if possible, urgent care centers. Stephen Frayne commented that increasing the deductible and out of pocket expenses for using the Emergency Room is not the ideal way to approach the problem. Mr. Ritter agrees that increasing that is not the proper direction that AHCT should be taking in this instance. Mr. Frayne added that the majority of people who are utilizing the ER are not admitted. There are 1.7 million ER visits per year and 400,000 are admitted and not all of them go through the ER. Mr. Nguyen noted that the average charge for the ER visit is approximately $1,800. Mary Ellen Breault added that the Connecticut Insurance Department looked at the ER claims and indicated that some claims were below and some above $1,800. Mr. Ritter indicated that by increasing the ER deductible, penalization of a not a frequent ER user will take place. Mr. Ritter added that co-insurance is more acceptable than deductible. Ms. Phillips added that having a 30% co-insurance is similar to having a $200 deductible and it does not have a significant effect on the AV. Mr. Tessier added that AHCT tried to stay away from co-insurance, however this year it may be different. Mr. Ritter inquired if raising the deductible has a significant impact on the AV Calculator. Ms. Phillips replied that it does have an impact on the Gold plan, however its impact on the Silver and Bronze plans is very limited. The Committee agreed on recommendation modifying Option 1 for the Gold plan to have $200 co-pay on Emergency Room visits.

Ms. Phillips discussed the Individual Market Silver Plan options. Significant changes had to be made in order to mitigate the 4% difference in the AVC from the current plan design in the 70% AV. One of the options include instituting advanced radiology deductible. Ms. Phillips added that many services are at the co-pay limits and they cannot be increased. Ms. Breault noted that an option or instituting a co-insurance exists. Mr. Ritter asked how close to the maximum is the advanced radiology. Mr. Frayne responded that it is at the maximum.

Mr. Frayne asked about if the urgent care is incorporated into these calculations. Ms. Phillips indicated that it is not included. The Committee recommended Option 1.

Ms. Phillips discussed options in 73% AV Cost Sharing Reductions (CSRs). Mr. Nguyen indicated that most members will be covered by the CSRs. Mr. Ritter added that AVC does not reflect the true ability to reduce costs and co-insurance. Paul Lombardo expressed his concerns about the annual $250 rx deductible. Once it is met, then the co-pay would kick-in. The Committee supported Option 1.

Ms. Phillips addressed changes in the 2018 Individual Market Silver Plan, 73% CSR. The Out of Pocket Maximum was increased to $5,850 in all three options. The Committee recommended Option 1.

Ms. Phillips described options in the 2018 Individual Market Silver Plan, 87% CSR. One option was presented which contained small increase in the deductible and out of pocket maximum. It also made non-preferred drugs subject to the pharmacy deductible. The Committee endorsed Option 1.

Ms. Phillips addressed positive change in the 2018 Individual Market Silver Plan, 94% CSR. The only changes in this option included the reduction in the out-of-pocket maximum by $250. The Committee supported this option.

Ms. Phillips described options in the Individual Market Bronze Non-HSA plan. The Committee decided to endorse Option 3 which increased the combined medical and rx deductible as well as the out of pocket maximum. Ms. Phillips addressed options available in the Bronze HSA plan. Option 1 was supported by the Committee which does not institute any changes for 2018 plan year.

Maria Diaz arrived at 10:06 a.m.

Mr. Jeffreys explained the individual and small group standard plan designs. Mr. Jeffreys indicated that AHCT contracted with the Wakely Consulting Group to assist with the standard plan designs for the 2018 plan year. When the 2017 standard plans were run through the 2018 AV calculator, some plans still fall within the AV range for the various metal tiers, while some do not. Bronze and Bronze HSA do fall within the range now. Gold and Silver plans do not fall within the range anymore. These are the areas that need the Committee's attention. Some of the Small Group standard plans also fall outside the AV range using the 2018 AV calculator.

Mr. Tessier expressed concern about plans falling outside the AV range. Mr. Jeffreys responded that AHCT is looking at various options but some are concerning. Mr. Jeffreys added that more information will be shared at the next meeting adding that one of the options is to provide the carriers more flexibility. Also, consumers may need to be provided with more options as well. Mr. Jeffreys added that multiple options are available. Brittney Phillips stated that CMS updated the 2018 AV calculator using claims data. In previous years, updates to the AV calculator were based on trend only. Mary Ellen Breault added that

cooperation with the carriers is a crucial element in properly crafting plan designs. Mr. Jeffreys emphasized that carriers are willing participants in this process.

Stephen Frayne inquired about the main drivers that resulted in the AV calculator falling outside of the range. Ms. Phillips replied that cost-sharing in some categories may have been too low. Mr. Ritter inquired how much flexibility is available in regards to possibly raising co-pays or co-insurance. Ms. Breault responded that there should be some flexibility. Limitations exist on prescription drugs. Ms. Phillips added that on the silver plan, the only service that is not currently at the maximum is primary care visits. Ms. Breault indicated that if increases are made, then patients will be paying 100% of the cost. If the increases are made, then it would seem that people would have no coverage. Ms. Breault added that the Insurance Department is not in favor of increasing them unless a full study of the entire industry is done. Mr. Ritter expressed his concerns about consumers not being able to obtain the healthcare coverage benefit in that case. Ms. Breault added that the AV calculator is a bit misleading since it pertains to only certain benefits within the plan.

Mr. Tessier inquired whether the Committee has the ability to make changes since the areas of flexibility are limited. Mr. Jeffreys described the AHCT Carrier Plan Offerings. Mr. Jeffreys also touched upon the plan costs as well as regulations.

IV. Plan Year 2018 – Plan Design Strategic Overview

Mr. Jeffreys described carrier offerings. At the next meeting, more details will be presented. Increasing the plans within SHOP for small group will be discussed. Mr. Jeffreys indicated that AHCT is looking to have more interaction with the carriers as well as consumers so the latter can see more details about plans before they make their selection. Mr. Jeffreys added that AHCT is subject to federal and state regulations. The AV calculator is using the experience from post-ACA.

V. For Consideration – Plan Year 2018 Certification Standards

Mr. Jeffreys described certifications standards. Mr. Jeffreys added the Board of Directors will be voting as to whether to require the payment of broker commissions for participation on the Exchange for 2018. It will be included in the solicitation to the carriers as well as the application. Mr. Jeffreys added that a tobacco use surcharge may also be discussed for inclusion from the APTC standpoint. Consumers would self-attest to tobacco use. Pros and cons will be discussed at the next Committee meeting. The formulary review standards are uniform. Leveraging the Connecticut Insurance Department (CID) review for this area will be sought. Susan Rich-Bye added that the AHCT Board of Directors adopted a drug formulary standard in 2014.

Mr. Jeffreys briefly spoke about network adequacy and choice. The carriers have different ideas and strategies about this issue. Reevaluation of these issues will be discussed with this Committee. Mr. Frayne inquired about the input from individuals other than those who are creating the product. Mr. Jeffreys responded that AHCT is looking at both national and local

research to guide any potential changes. Ms. Breault clarified that some carriers have separate entities that operate as licensed affiliates, which could be a bit problematic. Mr. Frayne stated that he understands the nature and the rationale, but the initial thought was that AHCT did not want to offer an inferior product. Mr. Frayne asked if changes will be made, will it bring more choice offerings or will it have negative consequences. Mr. Jeffreys responded that for the past year AHCT had many conversations with other carriers. The carriers expressed their desires to include the changes under discussion by this Committee. These proposed changes could hopefully make participation more attractive to the carriers and need to be discussed and fully evaluated by this Committee. Mr. Frayne encouraged these discussions. The circumstances that surround the Affordable Care Act (ACA) are rapidly changing. Mr. Tessier commented that statements from Mr. Frayne are well taken. In the past, the Committee and the Board considered making allowances to encourage participation. Carriers were permitted to offer additional non-standard plans to encourage innovation in plan designs. Mr. Jeffreys spoke about Essential Community Providers. The current standard requiring participating carriers to contract with a certain percent of Essential Community Providers (ECPs) was approved by the Board in 2012 and updated a year later. Mr. Tessier asked how many people use the ECPs. Mr. Jeffreys responded that he will get this data for the Committee to consider.

Mr. Jeffreys indicated that it may be worth discussing whether AHCT should continue requiring that the lowest costing Silver individual plan be a standard plan. The Federally Facilitated Marketplace (FFM) allows the lowest costing Silver plan to be either a non-standard or a standard plan. Mr. Jeffreys noted that he would like to examine the impact to the consumer if the lowest cost Silver individual plan requirement is changed. Mr. Jeffreys added that his intention is to have more meetings of the Health Plan Benefits and Qualifications Advisory Committee in order to discuss and review the issues affecting plan designs.

Mr. Ritter asked if the standard silver plan must be the carriers' lowest cost and if they are not allowed to offer lower cost non-standard plans. Mr. Jeffreys confirmed. An analysis is needed of whether consumers are driven by cost or quality of plan benefits. Mr. Ritter noted that the negative trend that Connecticut is experiencing is being felt across the nation. It is a national actuarial calculator. There needs to be a solution to this issue. Modifications to certain elements, such as network adequacy may need to be considered. Mr. Tessier asked what has been the experience with the standard silver plan premium over the first three years. Paul Lombardo indicated that it has been fairly modest. The average annual increase for the three-year period was around 8%. Susan Rich-Bye added that the expiration of the Transitional Reinsurance Program (TRP) after the 2016 plan year had an impact on premium increases. Mr. Lombardo concurred. The trend was in high single and low double digits. The prescription drug trend is also a significant factor.

Mr. Lombardo added that some people who did not have insurance are learning how to use it now. Some of the carriers are now faced with larger claims because some patients did not see their primary care physicians and their medical issues grew as a result. The experience adjustments add an additional five to 10 percent of the premium increase amount for the carriers. Mr. Frayne indicated that more than 75% of AHCT customers receive premium

support. Mr. Frayne inquired that if the network adequacy standard is loosened, what would be CID's expectation. Mr. Lombardo responded that it will not be known until the carriers file rate and form filings for those products. They would have to justify the level of savings depending on the network structure. It could be anywhere between five and ten percent. It is a pure estimate and guess at this time. Mr. Lombardo added that it would most likely contribute to savings on premiums in 2018. Mr. Frayne commented that the committee members are being asked to vote on a promise that something will get better, but are not sure if it will. Mr. Frayne asked for the carrier representatives to be present at committee meetings so they can be asked questions directly. Mr. Jeffreys responded that carriers will be available. Mr. Ritter noted that when the Committee first voted on the standards, members had no idea of what the real impact would be. Mr. Jeffreys indicated that both participating carriers are committed to having representatives from their actuarial departments participate on the Committee.

VI. Next Steps

Mr. Jeffreys outlined the upcoming meeting dates for the Committee.

VII. Adjournment (Vote)

Grant Ritter requested a motion to adjourn the meeting. Motion was made by Robert Tessier and was seconded by Stephen Frayne. ***Motion passed unanimously.*** Meeting adjourned at 11:08 a.m.