



**FINANCE SUBCOMMITTEE  
ACCESS HEALTH CT**

**Special Meeting  
Holiday Inn, Suite 206  
East Hartford, CT  
April 26, 2017**

**Meeting Minutes**

**Members Present:** Benjamin Barnes (Chair); Robert Tessier; Victoria Veltri; Michael Gilbert on behalf of Commissioner Roderick Bremby, Department of Social Services (DSS)

**On the phone:** Robert Scalettar, MD

**Access Health CT (AHCT) Staff** – Steven J. Sigal; Susan Rich-Bye; Tricia Brunton; Sinisa Crnkovic

**On the phone:** James Wadleigh

**The Special Meeting of the Connecticut Health Insurance Exchange Finance Subcommittee was called to order at 11:00 AM**

**I. Call to Order and Introductions**

Chair Benjamin Barnes called the meeting to order at 11:00 AM.

**II. Approval of the Minutes**

Benjamin Barnes requested a motion to approve the February 10, 2017 Finance Committee Special Meeting Minutes. Motion was made by Robert Tessier and seconded by Michael Gilbert. Benjamin Barnes abstained. *Motion passed.*

**III. 2018 Fiscal Year Operating Budget and Sustainability**

Steven Sigal, Chief Financial Officer, provided a brief summary of the 2018 Review Fiscal Year Operating Budget and Sustainability. Mr. Sigal noted that the AHCT budget was prepared prior to the changes that affect the functioning of the Exchange were announced. Mr. Sigal indicated that one of those revisions include shortening of the Open Enrollment Period (OE) from twelve to

six weeks. State-based exchanges, however, have an option of extending that period based on their needs.

Mr. Sigal noted that AHCT had a limited timeframe to develop the budget. Changes that may affect the budgetary outlook may need to be made. As a result, the budget may need to be adjusted accordingly. The 2018 AHCT budget is almost \$31 million. It is about \$5 million less in comparison to the Fiscal Year (FY) 2017. On the gross basis, which includes shared costs with the Department of Social Services (DSS), the budget is almost \$55 million. It is \$10 million less than the 2017 FY Forecast. The decrease in the budget relates to the call center costs and the per-member per-month billing structure as well as the continuing maturation of the Integrated Eligibility System (IES). The marketing budget was reduced by about \$1 million. The All Payer Claim Database (APCD) which was a part of the operating budget is being moved in 2018 to a state agency. Funds are earmarked for that purpose. The decrease in gross expense relates to the Information Technology (IT) development. AHCT as well as DSS continue to pay for the vendor services directly. The operating budget is constrained to the projected marketplace assessment for 2018. The approach to outreach will need to change in regards to the shorter OE.

**Victoria Veltri arrived at 11:07 a.m.**

**Robert Scalettar, MD., joined at 11:07 a.m.**

Mr. Sigal indicated that staff recommends maintaining the marketplace assessment rate of 165 basis points for 2018. The marketplace assessment estimate was performed based on the comparisons of the calendar annual statements for 2015 and 2016. Trends for the individual as well as the group market were examined. They indicated an overall premium reduction of approximately 1 percentage point.

Robert Tessier commented that the increase in the assessment rate charged on the policies sold is not being considered this year. Mr. Tessier asked about the timing in the calendar year when the Board will vote on the assessment rate for the upcoming year. Mr. Sigal responded that a vote is planned at the May 18<sup>th</sup> Board of Directors meeting. Mr. Sigal noted that while the premium reduction is not significant, it is still a variable in a rate filing. Mr. Sigal summarized all of the various categories that are integral to the budget, such as salaries, contractual, equipment and maintenance among many others. The assessment is anticipated to bring in about \$30.8 million which is a decrease of close to \$1.5 million when compared to last year's budget.

Mr. Sigal noted that the costs that AHCT shares with DSS include temporary staffing, contractual, equipment and maintenance as well as the IT development. Almost \$2 million is allocated for temporary staffing. Most of it is intended for the Bureau of Enterprise and System Technology (BEST). It is a shared expense with DSS. AHCT also has durational employees. Mr. Sigal explained the allocable and non-allocable expenses. AHCT non-allocable contractual expenses include marketing and IT, with the budgeted amount of about \$8 million. Approximately \$2.7 million in IT development is scheduled to be earmarked and \$800,000 as a placeholder for any joint development that AHCT may perform with DSS for shared development. Benjamin Barnes inquired about Deloitte's main responsibilities. Mr. Sigal noted that Deloitte is responsible for AHCT's data center systems. It performs maintenance and operations.

Mr. Sigal summarized the historical outline for the marketplace assessment. Mr. Sigal noted that according to AHCT's calculations, the calendar year assessment is expected to be \$30.6 million and on the fiscal year basis, it is anticipated to be \$30.8 million. Mr. Sigal indicated that the projected budgetary reserve for the end of 2018 will be \$17.5 million. It is equal to a 7-month reserve. Mr. Sigal indicated that based on these anticipated numbers, the staff is recommending maintaining the current assessment rate at 165 basis points. Robert Tessier inquired about a possible scenario for the marketplace premiums in a three-year trend. Mr. Sigal noted that AHCT receives the information from CMS which includes both small group and individual information. The small group market is shrinking. Individual premium goes up, but the small group premium, which is more substantial, is going down. The ultimate numbers come from CMS when the carriers file their medical loss ratio. They have to file it by much more detailed line of business, but those filings are not available until December. At the end of 2018, AHCT expects to have a net position of \$34 million.

Mr. Sigal summarized AHCT salaries by department. Mr. Barnes also inquired regarding the fringe benefits rise as a percentage of payroll. Mr. Sigal responded that the main cause is the health insurance cost. Mr. Barnes inquired if AHCT participates in the State of Connecticut health insurance plan. Mr. Sigal confirmed. Mr. Sigal also added that AHCT is being charged an extra premium since the organization is considered an external customer. The employee share was kept flat last year when the State of Connecticut increased it for non-union employees. Mr. Sigal noted that currently, the employee pays 12% of the total premium, but it may go up to 18%. Mr. Wadleigh indicated that over the last few years, AHCT has hired durational staff who were offered health insurance coverage. It is skewing the percentage of the benefit load. Mr. Wadleigh added that AHCT will be looking for a vendor to staff durational employees which in turn will diminish the cost to the organization. Mr. Barnes added that eliminating offering health insurance to durational staff may be an option to consider in the future.

Mr. Sigal enumerated risks and opportunities for the budget. The major risk involves repeal and replacement of the Affordable Care Act (ACA). The call center is considered both a risk and an opportunity. Overall, the new call center vendor, Faneuil saved AHCT over \$5 million in comparison with the former vendor. Changes to the Medicaid program as well as other funding changes are also considered risks for AHCT. The fringe benefit load is also considered a financial risk to the organization. Opportunities include business process outsourcing, introducing a new line of products, greater collaboration with marketplace carriers as well as focusing on small group business.

Mr. Sigal stated that AHCT has over \$1 million favorable variance since the beginning of FY 17.

Benjamin Barnes asked for a motion to recommend the 2018 Fiscal Year Operating Budget to the Board of Directors. Motion was made by Robert Tessier and seconded by Victoria Veltri.

***Motion passed unanimously.***

Benjamin Barnes asked for a motion to recommend maintaining the Market-Base Assessment at 1.65% for 2018 to the Board of Directors. Motion was made by Robert Tessier and seconded by Victoria Veltri. ***Motion passed unanimously.***

Robert Scalettar expressed his gratitude to Mr. Sigal and Tricia Brunton for their extraordinary work. Dr. Scalettar added that Mr. Sigal was one of the founding fathers of the Exchange and wished him well in his future endeavors. Finance Committee members joined in wishing Mr. Sigal well.

**IV. Meeting Adjournment**

Benjamin Barnes requested a motion to adjourn. Motion was made by Victoria Veltri and seconded by Robert Tessier. *Motion passed unanimously.* Meeting adjourned at 11:41 AM.