As Approved by the Board of Directors on August 2, 2017

STATE OF CONNECTICUT
LIEUTENANT GOVERNOR NANCY WYMAN

Connecticut Health Insurance Exchange
Board of Directors Regular Meeting

Legislative Office Building
Room 1D

Thursday, June 15, 2017
Meeting Minutes

Members Present:
Lt. Governor Nancy Wyman (Chair); Robert Tessier (Vice-Chair); Victoria Veltri; Grant Ritter; Michael Michaud on behalf of Commissioner Miriam Delphin-Rittmon, Department of Mental and Health Addiction Services (DHMAS); Commissioner Katharine Wade, Connecticut Insurance Department (CID); Commissioner Roderick Bremby, Department of Social Services (DSS); Theodore Doolittle, Office of the Healthcare Advocate (OHA); Robert Scalettar, MD; Cecelia Woods; Maura Carley

Members Participating Remotely:
Grant Ritter

Members Absent:
Secretary Benjamin Barnes, Office and Policy and Management (OPM); Commissioner Raul Pino, Department of Public Health (DPH)

Other Participants:
Access Health CT (AHCT) Staff: James R. Wadleigh, Jr.; Susan Rich-Bye; Robert Blundo; James Michel; Rajiv Chawla; Shan Jeffreys

The Regular Meeting of the Connecticut Health Insurance Exchange Board of Directors was called to order at 9:04 a.m.

I. Call to Order

Lt. Governor Nancy Wyman called the meeting to order at 9:04 a.m.

II. Public Comment

Rosana Garcia, of the Universal Healthcare Foundation of CT, provided a public comment. Ms. Garcia encouraged AHCT to re-start the Consumer Experience and Outreach Advisory Committee activities. Ms. Garcia offered resources from Family USA. Ms. Garcia also encouraged the Board to examine the analysis of impact to California's individual market if AHCA were implemented.

James Wadleigh, CEO, commented that the Consumer Experience and Outreach Advisory Committee meetings are planned for the near future.

III. Votes:

Lt. Governor Wyman requested a motion to approve the May 18, 2017 Board of Directors Regular Meeting Minutes. Motion was made by Robert Tessier and seconded by Cecelia Woods. ***Motion passed unanimously.***

Lt. Governor Wyman introduced Susan Rich-Bye, Director of Legal Affairs and Policy. Ms. Rich-Bye addressed the need to appoint a new member to the Consumer Experience and Outreach Advisory Committee. Ms. Rich-Bye stated that the bylaws and statutes that govern AHCT require that the Board of Directors appoint members to the *ad hoc* as well as the standing committees. Ms. Rich-Bye presented AHCT's recommendation that Theodore Doolittle, who is Connecticut's Healthcare Advocate, be appointed as a member of the Consumer Experience and Outreach Advisory Committee. Given his experience as the Healthcare Advocate, AHCT believes that he will be a great asset to the committee. Ms. Rich-Bye added that his knowledge and expertise would be beneficial to the work of the committee.

Victoria Veltri arrived at 9:08 a.m.

Roderick Bremby arrived at 9:08 a.m.

Lt. Governor Wyman requested a motion to appoint Theodore Doolittle to the Consumer Experience and Outreach Advisory Committee. Motion was made by Robert Tessier and seconded by Robert Scalettar. ***Theodore Doolittle abstained. Motion passed.***

IV. CEO Report

James Wadleigh, CEO, updated the Board on AHCT activities. Mr. Wadleigh indicated that the American Healthcare Act's (AHCA) potential passage in the U.S. Senate is a major item that may affect the functioning of the organization. Mr. Wadleigh stated that the U.S. Senate is now drafting its own bill. Information about this extremely important piece of legislation is very limited. It adds to the uncertainty of the marketplace.

Mr. Wadleigh stated that the Connecticut Insurance Department (CID) held public hearings on Anthem's and Connecticare's rate request filings for 2018. Mr. Wadleigh emphasized that Paul Lombardo's expertise and questioning on behalf of CID was outstanding. While Access Health

CT (AHCT) is disappointed with the level of increases in the rate requests, the organization understands the leading factors behind those filings. Mr. Wadleigh pinpointed that one of the issues affecting premium increase requests is the medical trend that surpassed 10%. The issue of enforcement of the individual mandate also appears to be a significant component in the level of premium increases being requested. Both on-Exchange carriers are committed to paying broker commissions. As in previous years, AHCT has engaged Wakely to review the rate filings.

Also, a plan exists to reinvigorate the Consumer Experience and Outreach Advisory Committee. The intent is to hold these Advisory Committee meetings at times that are convenient for its members.

Mr. Wadleigh indicated that state-based marketplace exchanges could pivot in the changing business climate. They are the experts in their own states pertaining to properly serving health insurance enrollment needs. They are better positioned to service their respective state's needs when compared with the Federally-Facilitated Marketplace (FFM).

Customization of outreach is one of the elements that can be utilized in successfully addressing the needs of Connecticut residents in enrolling in high quality and affordable healthcare coverage. State-based marketplaces can adjust their outreach to specific groups of consumers. They may react to potential changes faster. When improvements are needed, they can be addressed in a timely manner. Mr. Wadleigh pointed out that every state has their own set of regulatory requirements. The concept of regional exchanges is taking shape. Regionalization of services may be an option that is worth considering. Mr. Wadleigh pointed out that, due to technological advancements, certain services can be performed remotely with the aim of lowering operating costs.

Mr. Wadleigh indicated that many states have a number of programs to react to potential changes to the ACA. Mr. Wadleigh added that the concept of large systems integrators would not be cost-effective for the future with the state-based marketplaces. The role of the system integrators would be to focus more on insurance affordability programs.

AHCT works with CID on formulating plan designs to meet Connecticut residents' needs in the best way. This would allow public exchanges to compete with other exchanges in the future.

Individual states are exploring with their own concepts of extending medical coverage to more residents. Nevada's legislature passed a measure allowing state residents to buy into the Medicaid program. Theodore Doolittle indicated that this legislative proposal is currently being considered by Nevada's governor. The concept of a single-payer healthcare system is also being studied around the country. California has been a leader in spearheading healthcare coverage options for everyone.

One of the major concerns that affects carriers across the nation, who are participating in the state-based exchanges or FFMs, is the lack of clarity on the part of the Federal government pertaining to the Cost Sharing Reduction (CSRs) payments. Mr. Wadleigh pointed out that the

state of Washington proactively worked with their ACA carriers. Due to their efforts, Washington Health Plan Finder's enrollment numbers reached 200,000. The states of New York and Nevada have outsourced Medicaid to private entities. Both of these states require Medicaid insurance providers to participate in the individual market as well. Mr. Wadleigh indicated that Aetna announced that it will enter the state of Nevada's individual market. Lt. Governor Nancy Wyman is also spearheading Connecticut's response to the potential repeal of the ACA.

Robert Scalettar asked for clarification regarding areas in which states may be looking to combine their efforts in the insurance marketplace. Mr. Wadleigh stated that the leaders of all state-based marketplaces meet at least quarterly to exchange ideas for potential cooperation. Mr. Wadleigh indicated that with technological advancements, even geographically distant states can potentially join efforts, with an aim of reducing administrative costs. Conceptually, regionalization may help with states that may have more similarities. Mr. Wadleigh pointed out that even distant areas can work together on certain aspects to achieve better outcomes and higher efficiency.

Paul Philpott inquired whether these conversations involve the concepts of management service style organizations, as opposed to regional coalitions. Mr. Wadleigh responded that all of the state exchanges have different perspectives. In terms of collaboration, AHCT has a management team whose strengths can be brought to the table to the benefit of each of the exchanges. Some state exchange leaders from across the nation are working on the concept of the 1332 waivers. States can apply for federal waivers that allow for some elements of the ACA to be altered. Mr. Philpott inquired whether the AHCA eliminates risk adjustment. Ms. Rich-Bye indicated that the AHCA does not repeal every part of the ACA. Mr. Wadleigh added that the executive summaries of the House-passed legislation do not mention the elimination of the risk adjustment program. Mr. Philpott stated that risk adjustments are not fair to the insurers that are investing in new technologies, which in turn make them more profitable. Once they are more profitable, they may be required to give up those profits, and funnel the money to the insurers that are losing money on the ACA exchanges. The risk adjustment program seems to be having an adverse effect.

Mr. Wadleigh indicated that risk adjustment payments are helping those insurers that are paying for treatment of sicker individuals. Mr. Philpott reiterated that risk adjustment punishes innovation. Katharine Wade stated that the risk adjustment program has some flaws in it. CID has spent a significant amount of time, both with the previous and current administrations, as well as others, discussing issues that are related to this program. There are other ACA programs, such as reinsurance and risk corridors, that need to be taken into consideration as well.

Mr. Philpott thanked CID for its work. Mr. Philpott added that HealthyCT became the victim of the risk adjustment program, and urged AHCT, the Board, as well as CID, to do everything in their

power to remove any impediments to lowering the cost of healthcare coverage. Ms. Wade responded that a meeting was held with the previous administration to address the issue of HealthyCT. Unfortunately, conversations did not provide satisfactory results.

Lt. Governor Wyman inquired about the bottom line in terms of the cost of the healthcare plans in states that are considering different approaches to covering more of their residents. Mr. Wadleigh responded that California is leading that effort. Medicare, Medicaid and group insurance would fall into this category, among other items. The price tag for California would be in the area of $100 billion. Robert Tessier added that when the state of Minnesota passed their changes, the price was approximately $570 million to the state. Mr. Doolittle added that Nevada's plan, despite being called Medicaid for all, would not cost the state almost any money, since participants would have to pay the full price for premium. Ms. Rich-Bye added that if this legislation is signed by the Governor, the participants of the program would also have to pay a small administrative fee. This would result in no state funds being used to enroll individuals in that program.

V. Finance – Reforecast (Vote)

Tricia Brunton, Head of Financial Planning Analysis, provided an update on the proposed 2017 Fiscal Year Third Quarter Expense Reforecast. Ms. Brunton stated that the AHCT third quarter reforecast of $35.9 million is the same as the second quarter reforecast. On a gross expense basis, the reforecast is $24,000 more than the second quarter reforecast of $64.2 million. The gross increase is in shared Maintenance and Operations expenses, and the net increase is from Non-Federal Grant expense reimbursement. The annual Marketplace assessment expected to be collected for 2017 is $30.9 million, and $11.4 million has been received, which is $2 million ahead of schedule. Ms. Brunton provided comparisons between the second quarter reforecast and the third quarter reforecast in different categories. Ms. Brunton added that no changes to the budget were made, only shifts in some categories. Ms. Brunton provided an analysis of AHCT's shared costs with the Department of Social Services (DSS). Reduction of AHCT's non-federal grant, which amounts to $50,000, was also included. Projected statement of cash flows followed. The ending cash balance results in projecting the four-month cash reserve. Ms. Brunton added that at the end of next fiscal year, the cash reserve is expected to be equal to about the cost of seven months of operations.

Mr. Tessier inquired about the original target for the reserves. Ms. Brunton indicated that the initial target was nine months. Ms. Brunton summarized the historical budgets and reforecasts, as well as the year-to-date actual versus the third quarter reforecasts. Roderick Bremby asked whether the reforecast takes into consideration the IT-allocable cost for the call center. Mr.

Bremby asked whether this reforecast still maintains the 80% allocation for the call center. Ms. Brunton confirmed that it did. Mr. Bremby asked for the differential between 80% and 56%. Ms. Brunton responded that the actual amount would have to be calculated. Mr. Wadleigh added that conversations are taking place regarding cost allocations pertaining to the call center operations. Currently, DSS is questioning the call center cost allocations at the 80-20 range. This reforecast was built on a number of assumptions. If DSS chooses to have a new cost allocation, then AHCT's budget will have to be adjusted accordingly. Mr. Bremby responded that DSS is not choosing a new cost allocation. Mr. Bremby added that according to DSS data, the call center volume data indicates that it is about 56% of the call volume, as opposed to 80%. Dr. Scalettar asked for methodological data pertaining to this issue to be provided to the Board.

Lt. Governor Wyman requested a motion to approve the 2017 Fiscal Year Third Quarter Expense Reforecast as presented by Exchange Staff. Motion was made by Robert Tessier and seconded by Robert Scalettar. ***Motion passed***. ***Roderick Bremby voted Nay.***

VI. Enrollment Update

Robert Blundo, Director of Technical Operations and Analytics, provided the Board with an enrollment update. Mr. Blundo indicated that as of June 13, 2017, the Qualified Health Plan (QHP) membership consisted of 100,194 enrollees. Attrition since the end of the last Open Enrollment (OE) stood at 18,842. In addition, AHCT saw 7,775 new enrollees who utilized the Special Enrollment (SE) procedure. The retention this year has been a little better in comparison with the same period last year. Mr. Blundo stated that 3.7% of enrolled customers have an outstanding verification to complete. Mr. Blundo added that 70% of enrolled customers did not have to provide any post enrollment verification documents. The pre-enrollment verifications are required for SEs. Mr. Blundo stated that through the Pre-Enrollment verifications, applicants are required to verify their attested qualifying life event. Once they do that, their enrollments are passed onto the carriers. According to the data presented, 430 applicants have outstanding verifications for their qualifying life event, and 603 enrollees successfully submitted and verified their situation. In addition, 100 applicants were required to re-submit documentation for their qualifying life event. Mr. Blundo added that over 1,500 new enrollees were automatically verified and were not required to submit any verification, since the system had enough information to determine eligibility. Mr. Blundo added that 9.6 in 10 of all enrollees have made their first monthly premium payment. These data reflect Anthem Blue Cross Blue Shield customers as of 6/13/2017. In addition, 4.6 in 10 of individuals with an enrollment effective date within 30 days prior to 6/13/2017 have made their first monthly premium payment.

VII. 2018 Preparations

Mr. Wadleigh provided the Board with possible scenarios that may be affecting AHCT in the coming months. AHCT is examining possible impacts on all functional areas within the organization that may be caused by external factors. Mr. Wadleigh indicated that AHCT is currently studying three possible market outcomes. First, there will be a shorter enrollment timeframe, and there is a threat of federal payments for Cost Sharing Reductions (CSRs) being eliminated. The first market option consists of having two carriers on the marketplace. The second option consists of having one carrier participating on the Exchange. The last option describes a possible scenario of not having any carriers participating on the Exchange. AHCT will work to minimize potential adverse impacts to its customers. Mr. Wadleigh noted that because of the work of AHCT, the uninsured rate in Connecticut has been reduced to historic lows, and now it is at stake. Mr. Wadleigh added that these market outcomes have serious ramifications, not only to the members, but to the state as well. Mr. Wadleigh emphasized that AHCT will do everything in its power to prevent customers from losing their ability to obtain coverage.

James Michel, Director of Operations, provided the Board with a summary of possible changes if these scenarios become reality. The first option, with two carriers participating, would involve a shorter Open Enrollment (OE) period, which would run from November 1, 2017 to December 15, 2017. As a result, AHCT has decided to discontinue operations of its enrollment sites in New Haven and New Britain. The organization will focus more on a targeted in-person enrollment strategy. AHCT's Marketing Department is working on a strategy pertaining to the areas of Connecticut where AHCT will focus by targeting its enhanced enrollment message. AHCT would continue to provide the Small Business Health Option Program (SHOP).

Mr. Tessier inquired about the rationale for the store closings. Mr. Tessier stated that given a shorter OE period, these stores would have been beneficial to enroll customers. Mr. Tessier asked if the funding issue was behind this decision. Mr. Michel responded that funding was part of it. However, given the circumstances, AHCT feels that engaging Community Enrollment Partners (CEPs) more effectively around the state will facilitate better enrollment outcomes. Mr. Tessier added that AHCT should be looking to expand customer assistance programs, given a shorter OE period. Mr. Michel responded that AHCT is doing that by increasing CEPs involvement in the process. The Exchange is also looking into expanding the role of the call center in assisting with this issue. In addition, collaborating with brokers will further help with this aspect. Shan Jeffreys, Director of Marketplace Strategies, reminded the Board that OE is currently planned for six weeks. There are a lot of limiting factors. One of them is CID's final rate approval. After these decisions are announced, carriers have five days to decide whether to stay on the Exchange. Notices to customers will be going out 30 days prior to OE. In this timeframe, AHCT works intensively on a variety of issues in order to have all of the plans uploaded into the shopping platform. Some states are moving the last day of OE past December 15th. Extending OE past that date can also be open for discussion in Connecticut.

Mr. Philpott asked if AHCT has any information regarding the storefronts pertaining to the types of activity that took place there. Mr. Michel stated that historically, about 60% of enrollees that utilized the storefronts enrolled in QHPs, and the remaining 40% were Medicaid recipients. Mr.

Philpott inquired about the call center statistical data. Mr. Michel indicated that about 70% of calls are QHP-related. Most of them are renewals. Ms. Veltri asked about the role of the Certified Application Counselors (CACs). Mr. Michel indicated that part of the strategy is to expand the number of CEP sites across the state, and to leverage the assistance of the CACs as partners to make sure better coverage of the state is achieved. Ms. Veltri followed-up with a question inquiring about the percentage of people who enroll after December 15. Mr. Blundo responded that by December 15, the vast majority of enrollments have occurred. They make-up about 80% of enrollees. Ms. Veltri inquired whether any information exists regarding the timeframe during which individuals with medical ailments sign up, versus those who are healthy. Mr. Blundo responded that, most likely, those who seek medical assistance in treating their conditions would enroll early. The so-called "young invincibles" tend to enroll later. Mr. Tessier encouraged consideration of extending OE into January. Mr. Tessier added that while he understands the reasoning behind shortening of OE, he indicated that due to the possibility of AHCA becoming the law, which among many items, eliminates the individual mandate, AHCT should do everything possible to facilitate in assisting its customers to enroll in medical coverage. Maura Carley asked about the results of the door-hanging informational campaign that took place few years ago. Mr. Wadleigh stated that some residents expressed their opposition to AHCT's door-hanging initiative. AHCT is trying numerous approaches to disseminate information about OE. Community papers, social media, and other means of communication are proper channels of targeting specific groups of people who may need assistance with their enrollment. AHCT is looking for more information coming out of AHCT's advisory committees over the summer.

Dr. Scalettar inquired whether it is possible to extend OE a little bit, and to still stay within the parameters allowing carriers to effectively commence coverage. Dr. Scalettar commented that if it is the "young invincibles" who enroll later in the process, and if the federal government is stepping away from the enforcement of individual mandate, the state could become a surrogate in this area. Mr. Wadleigh stated that both carriers participating on the Exchange have a preference date for all members to start their coverage on January 1. Dr. Scalettar urged the State of Connecticut to have a plan to convince more people to enroll in coverage, especially the "young invincibles," who many times do not think that they would need to have medical insurance coverage. This plan would be a substitute for an individual mandate, and would serve as motivation to these individuals.

Mr. Michel presented a scenario with one carrier participating on the Exchange. In addition to having a shorter OE and the closure of enrollment stores, as well as the continuation of providing SHOP, AHCT would work to smoothly transition customers from the departed carrier to the remaining carrier.

Mr. Michel continued his presentation with the last possible scenario, in which no carriers are participating on the Exchange. In this case, AHCT would develop a detailed strategy to address transitioning the Exchange's customers to the individual marketplace. In addition, AHCT would need to address employee concerns. The organization would also work with the vendors and DSS. Mr. Michel added that AHCT is preparing a detailed strategy for all of the possible scenarios.

Mr. Doolittle stated that carriers are working in good faith. Mr. Doolittle commented that all of the logistical obstacles in enrolling individuals in time would be eliminated if a single-payer medical plan with universal coverage were introduced. Mr. Doolittle added that with the current system, in which private insurance carriers are utilized, it is imperative to allow them to do their work. Mr. Doolittle added that longer enrollment periods would be better. However, Mr. Doolittle added, insurance carriers have to renew customers annually and they have their deadlines to meet.

Mr. Wadleigh added that in the case of no carriers participating on the Exchange next year, AHCT would still be in full operation until May of 2018. By that time, the Exchange will know whether any carriers will be willing to join the marketplace to participate in 2019. Lt. Governor Wyman expressed her hope that the scenario with no carriers participating on the Exchange will not materialize. Mr. Wadleigh responded that AHCT always prepares for the worst but hopes for the better.

VIII. Adjournment

Lt. Governor Wyman requested a motion to adjourn. Motion was made by Robert Tessier and seconded by Theodore Doolittle. ***Motion passed unanimously.*** Meeting adjourned at 10:32 a.m.