



STATE OF CONNECTICUT
LIEUTENANT GOVERNOR NANCY WYMAN

Connecticut Health Insurance Exchange
Board of Directors Special Meeting

Legislative Office Building, Room 1D
300 Capitol Avenue
Hartford

Wednesday, August 2, 2017
Meeting Minutes

Members Present:

Robert Tessier (Vice-Chair); Victoria Veltri; Grant Ritter; Commissioner Miriam Delphin-Rittmon, Department of Mental and Health Addiction Services (DHMAS); Theodore Doolittle, Office of the Healthcare Advocate (OHA); Paul Philpott; Commissioner Katharine Wade, Connecticut Insurance Department (CID); Secretary Benjamin Barnes, Office of Policy and Management (OPM); Commissioner Roderick Bremby, Department of Social Services (DSS)

Members Absent:

Lt. Governor Nancy Wyman (Chair); Cecelia Woods; Robert Scalettar, MD; Commissioner Robert Pino, Department of Public Health (DPH)

Other Participants:

Access Health CT (AHCT) Staff: James R. Wadleigh, Jr.; Shan Jeffreys; Rajiv Chawla; Andrea Ravitz; Ann Lopes; Susan Rich-Bye

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

I. Call to Order

Vice-Chair Robert Tessier called the meeting to order at 9:00 a.m.

II. Public Comment

No public comment

III. Votes:

Vice-Chair Tessier requested a motion to approve the June 15, 2017 Board of Directors Regular Meeting Minutes. Motion was made by Victoria Veltri and seconded by Grant Ritter. ***Motion passed unanimously.***

IV. CEO Report

James Wadleigh, CEO, updated the Board on AHCT activities and the current marketplace. Mr. Wadleigh indicated that potential negative changes to the healthcare landscape might take place within the next few weeks. The first aspect is the constant threat of the Affordable Care Act (ACA) being repealed. The second crucial element is the risk of losing the two remaining insurance carriers that are participating on the Exchange. Mr. Wadleigh provided the Board with theoretical statistical examples of what would occur if the ACA were repealed. The number of uninsured individuals in New Haven and Waterbury under the age of 65 would double. In Bridgeport, that number would be more than 50% higher, while in Hartford, it would be more than 60% greater. The impact on minority groups would also double. The black residents' uninsured rate would increase from 8% to 15%. The Latinos' uninsured rate would go up to 22% from the current 14%. Women's uninsured rate would surge from 5% to 10%. Currently, the uninsured rate among young adults is 12%. Without the ACA, it would increase to 20%.

The second troubling element includes the future of the Cost Sharing Reductions (CSRs) funding. This is a real threat. Mr. Wadleigh explained the possible repercussions of both Anthem and ConnectiCare leaving the Exchange's individual market. The state budget, the healthcare system, and most importantly the consumers that Access Health CT serves would all be affected. A shift of cost allocation from the Exchange to the state of Connecticut may occur. This would amount to approximately \$20 million next year alone. The healthcare system may see more uncompensated care, which includes, but is not limited to, an increase in number of visits to the emergency rooms and a surge to the potential unproductivity, due to employees becoming and staying sick. Mr. Wadleigh stressed that 111,000 consumers who enrolled through the Exchange during the last Open Enrollment (OE) period may not be able to afford to purchase medical coverage from the Exchange. Of that number, 25% of those are in the 18-34 age group. They are often described as the healthier group that brings stability to the market. It is also one of the most difficult groups to retain. In addition, about 75% of all enrollees receive some financial aid to be able to pay their insurance premiums.

Mr. Wadleigh shared the key upcoming dates. On August 16, the insurers on the Federally Facilitated Marketplace (FFM) can make their final adjustments to the filings for the proposed 2018 premiums. On August 21, the next installment of the Cost Sharing Reduction (CSR) payments is scheduled to be made to the insurers. Mr. Wadleigh indicated that on September 1, the Connecticut Insurance Department (CID) is expected to make a determination on the individual market rate approval. On September 4, the United States Senate is scheduled to start public hearings on the individual market stabilization. Mr. Wadleigh pointed out that the carriers

have 5 days from unfavorable rate decisions from CID to notify the Exchange regarding their participation for 2018, which is anticipated to be September 6 if CID issues its final rate approvals on September 1. In addition, another round of the CSR payments is anticipated on September 20. On November 1, Open Enrollment (OE) for Access Health CT is scheduled to begin. Mr. Wadleigh reiterated that regardless of the existing uncertainty, individuals currently enrolled in a medical insurance through AHCT will have their coverage effective to the end of this year. Mr. Wadleigh stressed that AHCT will continue to minimize the impact to the consumers and their families. The organization will also do everything in its power to help maintain their coverage.

V. Bylaws Change - Vote

Susan Rich-Bye, Director of Legal Affairs and Policy, explained the two proposed amendments to the AHCT Bylaws. One amendment is due to a change in a statutory requirement regarding surety bonds, and another revision is due to changes to Access Health CT Senior Leadership Team composition. Ms. Rich-Bye indicated that Section 3.6 of the Bylaws implements the statutory requirement for a surety bond or blanket position bond covering each Board member, the Chief Executive Officer and the employees of the Exchange in Connecticut General Statutes § 38a-1081(c)(8). It requires each member of the Board to acquire a surety bond in the amount of \$50,000, or for the chair of the Board to execute a blanket position bond for all of the Board members, the chief executive officer, and the employees of the Exchange. In July of 2016, the Connecticut General Assembly amended this section of the statute to allow the chairperson of the Board to execute a blanket position bond or procure an equivalent insurance product covering each Board member, the chief executive officer, and the employees of the Exchange. The statute was changed in 2016, and the Bylaws need to be amended accordingly. The section was also amended to remove the requirement that the surety or blanket bond be filed with the Secretary of the State and approved by the Attorney General. Ms. Rich-Bye added that Section 5.7 sets forth the positions having signing authority for the Exchange. The current language of this section includes a reference to the Chief Financial Officer's signing authority. AHCT has eliminated the Chief Financial Officer position, and created a new Chief Operating Officer function. Staff is recommending that signing authority up to \$500,000 be granted for the Chief Operating Officer position instead of the Chief Financial Officer position.

Vice-Chair Tessier requested a motion to amend Connecticut Health Insurance Exchange Bylaws as presented by Exchange staff. Motion was made by Theodore Doolittle and seconded by Victoria Veltri. ***Motion passed unanimously.***

VI. Information Technology Enhancements

Rajiv Chawla, Director of Information Technology (IT), provided an update on the Information Technology enhancements. Mr. Chawla stated that in the fall of last year, the organization began evaluating information technology services and solutions that are currently in place, looked for the opportunities, and eliminated gaps that exist in the system. Mr. Chawla stated that based

on these evaluations, the IT department began unveiling improvements to its operations. The first major area that needed improvement was customer experience. Two other areas included assisting the carriers with data submission. These changes included enhancements in the 1095-A IRS form experience. A new mobile device-friendly website, enhanced password reset functionality, a consolidated enrollment summary dashboard, and feasibility to add individual Tax Identification Numbers are all part of the improved customer experience from the IT department's perspective. All of those changes not only provided AHCT's customers with a better experience, they also contributed to financial savings for the Exchange. Because of these improvements, AHCT was able to resolve outstanding issues that the Exchange had with the Centers for Medicare and Medicaid Services (CMS). Improvements in the IT department contributed to the enhanced cooperation in data submission between AHCT and the carriers. An automated process of information sharing was instituted. One of the most important elements is the introduction of an improved Special Enrollment Period (SEP) electronic verification, with the aim of reducing fraudulent activity. Another change includes updating the age band ratings to comply with new CMS regulations.

Paul Philpott asked for clarification regarding the employer appeals. Ms. Rich-Bye indicated that it refers to the large employers who are subject to a penalty if they do not provide their employees with affordable health insurance options. Since 2015, AHCT has been processing large employer appeals internally, and the Exchange recently began transitioning this process to the federal government. As a part of the process, data from the application system is needed in order to facilitate it. Mr. Philpott commented that AHCT elected to process these appeals because back in 2015, the federal government did not have a proper process in place. Ms. Rich-Bye indicated that the volume of employer appeals has dropped significantly since 2016 due to improvements made to the system last year.

VII. 2018 Individual Market

Ann Lopes, Product Carrier Manager, provided an update on the 2018 Individual Market. Ms. Lopes indicated that a lot of uncertainty exists in the regulatory environment. Ms. Lopes described how the CSRs reduce financial obligations for individuals who fall within the established parameters. These enrollees would have to purchase a Qualified Health Plan (QHP) through an exchange in accordance with the ACA to receive these benefits. In the silver metal tier, three different CSR types exist. CSR includes deductibles, coinsurance and copayments. It does not entail monthly premiums or the cost of medical services that are not covered by the insurance plan.

Ms. Lopes described eligibility requirements for individuals to qualify for CSRs at different levels. Mr. Tessier inquired about the three levels of CSRs depending on income, and whether they compare to the 70 percent Actuarial Value (AV) Plan without the CSRs. Ms. Lopes described the differences between different levels of CSR coverage. Mr. Philpott inquired about the percentage of AHCT's enrollees who qualify for the CSRs. Mr. Wadleigh stated that approximately 50% qualify for the CSRs, 25% qualify for the Advanced Premium Tax Credits (APTCs) without CSRs, and the rest do not receive any financial help to pay for their medical insurance premiums. Ms.

Lopes explained the CSR funding process. AHCT sends enrollment information to the federal government on a regular basis. Based on the information provided, the federal government prefunds CSRs based on a detailed formula. The carriers then receive CSR funds for the upcoming plan year based on the calculation of what is expected to be incurred by the eligible enrollees. Reconciliation takes place at the end of the plan year to make sure that the carrier was not provided with excess funds. In the case that those funds were provided in excess, they will be sent back to the federal government.

Benjamin Barnes inquired about the possibility of the federal government discontinuing CSR payments to the insurers. Mr. Barnes asked if such a scenario were to take place, whether it would affect other on-Exchange healthcare plans. Ms. Lopes indicated that the court ruling in the case filed by the U.S. House of Representatives, declaring that CSRs were not properly appropriated legislatively, is being appealed. It creates uncertainty as to the future funding of the CSRs. Ms. Lopes reiterated that possible lack of the CSR funding may result in the participating carriers incurring significant financial losses. If those payments are not funded for the upcoming plan year, it is likely that health insurers participating in the Individual Market on the Exchange will need to increase rates for Silver plans to recoup the CSR amounts that had previously been subsidized. The uncertainty is coming from the administration. A potential month-by-month decision on the CSR payments exists. Therefore, a risk exists that carriers may lose their CSR funding for the remainder of the year as well as for next year.

In addition, if the CSRs are not funded for 2018, a risk exists that those participating carriers may choose to cease their participation on the Exchange. Ms. Lopes stated that some of the legislative proposals that were discussed would have eliminated the CSR program in its entirety by 2020. If these changes were to be implemented, they would have affected the low-income individuals who would have to pay the full share of their cost sharing that the silver plan would require. Victoria Veltri added that Connecticut is one of 17 states that intervened in the House of Representatives case. The court of appeals granted those states a motion to intervene in that action in case the federal government decides to not to pursue the appeal. Ms. Lopes added that potential increases in premiums, because of the potential stoppage of the CSR payments, will differ from state to state. Ms. Lopes added that those increases are expected to be near 20%. Those potential increases will be a part of the Connecticut Insurance Department (CID) annual rate review. This potential 20% increase would be in addition to the rate increases that the carriers had already requested.

Mr. Barnes inquired whether, in the event that the CSR payments are discontinued, the carriers will still be required to offer silver plans that follow the ACA guidelines. Ms. Lopes confirmed that in absence of a change in the legislation, the insurers will still be required to offer those plans. Mr. Barnes commented that the CSR payments may be discontinued in a manner which would cause financial losses to the insurers. Under these circumstances, these losses would have to be recouped. Katharine Wade indicated that CID's rate review process is open. CID asked the carriers to file for rates as if they were continuing to receive the CSR payments. In the event that the CSR payments are stopped, CID will ask the carriers to readjust their rate filings. Ms. Wade added that CID is currently reviewing the legal and actuarial implications of such a possible

scenario. Mr. Barnes inquired whether, in the event that the CSR payments are ceased this year, the carriers would be able to recoup losses sustained in next year's filings. Ms. Wade responded that the carriers would incur losses this year, and would not be able to recoup for those losses in next year's filings. Mr. Barnes expressed his serious concern on the impact it may have on the individuals participating on the Exchange. Mr. Barnes indicated that discontinuation of the CSR payments, without a change of the law and lacking the possibility of reclaiming them in the following year's filings, would be very destabilizing to the market. Mr. Philpott inquired whether the potential 20% increase in premiums, in the absence of the CSR payments, would be amortized across the entire block of business. Ms. Wade stated that this issue is currently being analyzed. Mr. Philpott inquired about a possible scenario in which the potential premium cost increases were amortized throughout the entire customer base of the Exchange, and in that case, what would occur to the customers who are not receiving any financial assistance. Ms. Lopes indicated that individuals who are receiving APTCs would be mostly insulated by those increases due to the corresponding increases in APTCs. Mr. Philpott commented that if those potential 20% increases were to be instituted for the entire block of business, it would result in the unsubsidized portion of the Exchange's customers to be disproportionately affected. While the customers who utilize APTCs most likely would not see any increases, individuals who are not receiving financial assistance would have to pay the entire premium increase. This puts them at a disadvantage. Mr. Wadleigh added that it is one option. AHCT still needs to decide how the organization will try to protect them. AHCT may come to realization that it may be better for them to purchase medical insurance off the Exchange. The main goal is to mitigate the possible negative scenarios that may take place. Ms. Wade added that it is part of the analysis that CID is currently undertaking.

Roderick Bremby inquired about the amount of the CSR payments that are made annually in Connecticut. Mr. Wadleigh responded that the amount is between \$40 and \$50 million. Ms. Wade added that this information is being collected and analyzed. Mr. Tessier thanked Ms. Lopes for her thorough and informative presentation. Ms. Veltri stated that based on studies, if the CSRs were to be eliminated, the federal government would have to spend more on the APTCs than the CSRs. Mr. Tessier added that one of the best ways to destabilize the insurance market is the elimination of the CSR payments. The administration is adding to the uncertainty by not committing to issuing those payments. Theodore Doolittle indicated that the Kaiser Family Foundation conducted a study, which offers interesting insights regarding the challenges that Exchanges all over the country are experiencing, due to the uncertainty caused by the lack of clarity on the CSR payments. Ms. Wade added that a number of options are being discussed around the country. Some of those proposals will guarantee that consumers will receive the largest premium increase possible, which CID does not favor. Mr. Tessier asked for confirmation that those individuals who are enrolled in CSR plans will mostly be protected from the potential premium rate increases. Ms. Lopes responded in the affirmative. Ms. Wade added that premium increases would affect everyone. Mr. Barnes clarified that although all individual rates will be affected; those individuals who are in the CSR plans will have their premium increases mostly mitigated by the increase in their APTCs. The biggest problem that is on the horizon is the possibility of insurers leaving the market. Ms. Rich-Bye added that the CSR plans are only available through the Exchange. Mr. Tessier inquired whether, in the event that CSR funding seems to be continuing, carriers can make a decision at a later date. Ms. Wade indicated that

the carriers can submit additional rates at CID's request. CID has until September 30 to make a decision on rates. Every attempt is being made to make a decision on rates by August 30, which will give the carriers time to determine whether they are willing to participate on the Exchange for the upcoming OE.

Grant Ritter inquired about the premium rates on the off-Exchange market. Mr. Wadleigh indicated that most likely, if the premiums for the individuals on Exchange who are not receiving financial help went up 20%, they would find the off-Exchange rates more attractive. Mr. Ritter added that some people who qualify for CSRs and APTCs may mistakenly think that if the rates are going to increase significantly, that they would decide to not purchase the insurance but pay the penalty instead. Mr. Ritter added that they may not be aware that they still qualify for APTCs and CSRs. Mr. Wadleigh added that if that is the case, AHCT's marketing department will be working on conveying appropriate messages to the public. Ms. Veltri indicated that education will be crucial for customers this year. Ms. Veltri stated that with the single risk pool in existence, there may be a possibility for some customers who purchase their medical insurance coverage outside of the Exchange to have more incentives to acquire it on the Exchange. Mr. Wadleigh pointed out that a discussion of these issues is a part of collaborative effort that AHCT undertakes with the carriers a few times a year. Technological improvements that were undertaken make it easier for AHCT to cooperate with the carriers in that area as well.

Ms. Veltri added that the Board feels very strongly about doing everything in its power to protect AHCT's consumers from any potential loss of coverage, as well as keeping it affordable. While the Board is limited in what it can do pertaining to the possible changes on the federal level, certain decisions by the Board can mitigate some possible outcomes. Ms. Veltri reiterated that the Board cares very deeply about protecting AHCT's consumers. Mr. Tessier asked whether, in the event that the CSRs are defunded by the federal government, carriers would be able to resubmit rates, and those costs for the lost subsidies would be built into the standard silver plan. Ms. Wade indicated CID has not made a decision pertaining to that, and options are currently being analyzed. Mr. Tessier is concerned that in the event of the CSRs being eliminated, the second lowest cost silver plan may not be eligible for APTCs. Mr. Tessier indicated that otherwise, another silver plan does not generate the APTCs. Ms. Wade indicated that CID is currently reviewing it.

Mr. Wadleigh stated that if the rates are refiled, the second lowest cost silver plan would have the reduction in the CSR payments built into it. AHCT needs to be cognizant to make sure the non-standard plans do not lessen the APTC amount that the Exchange's consumers receive. Decisions beyond AHCT's control need to be made first before the Exchange can recommend making changes to that model. Ms. Rich-Bye added that CSRs are on all of the silver plans. AHCT has a requirement that the lowest cost silver plan be a standard plan. Ms. Lopes added that it would be dependent on the rates approved by CID. Mr. Jeffreys added that the Health Plan Benefits and Qualifications Advisory Committee is starting to meet this month to start working on the 2019 plan designs. Mr. Tessier inquired whether CID has any provisions that would help carriers who are about to make a decision to offer products on the Exchange in 2018, in order to provide them with some comfort in the event that CSRs are defunded. Ms. Wade stated that

once CID makes a determination, a further conditional determination cannot be made. It is a challenge. Mr. Barnes encouraged staff to make a concerted effort to look at all the policies and criteria that Board has developed over the last few years, and identify those areas that may make the premium cost higher, or may increase uncertainty risk for the carriers. The elimination of some of those may have a stabilizing impact on the market. Mr. Doolittle supported Mr. Barnes' approach. The Board should be looking at all of the possible options that may help consumers. Some elements of the healthcare system are unsustainable.

VIII. In-Person Assistance Strategy

Andrea Ravitz, Director of Marketing, provided an update on AHCT in-person strategy. Ms. Ravitz described the Marketing Department's initiatives that will be implemented during this upcoming OE period. In the past four years, AHCT operated two storefronts, along with other locations around the state, in order to help consumers. AHCT has been evaluating the organization's outreach efforts due to the shortening of OE. Initially, OE lasted six months. It was later reduced to three months. Ms. Ravitz stated that because of changes on the federal level, the 2018 OE will last for six weeks. As a result, the in-person assistance strategy becomes even more important. Ms. Ravitz indicated that due to those changes, AHCT will be relocating the New Britain and New Haven storefronts to different locations that are yet to be determined. The determination will be educated decisions based on the data accumulated over the last four years and observed consumer behavior. AHCT now has enough data to understand what days generate higher volume, and what kind of questions people are asking. Ms. Ravitz stated that this approach will be more effective in reaching out to AHCT's consumers, given changes in the OE period. AHCT is hoping to partner with Certified Application Counselors (CACs). AHCT's certified staff and brokers will be able to assist consumers around the state. Ms. Ravitz stressed that the two storefronts are being re-located and assistance to the enrollees will be available throughout Connecticut. AHCT is planning to have ten different locations where help will be provided. Enrollment fairs will also be taking place to complement those ten locations. Most of those fairs will take place on Saturdays during the six-week OE period. Ms. Ravitz reiterated that these locations and fairs will be in addition to the existing consumer support structure that is available around the state. Ms. Ravitz thanked internal and external stakeholders that have been part of the decision of selecting these locations, based on their experience from CACs and brokers around the state. Ms. Ravitz indicated that AHCT's paid media effort will inform members of the public about the OE period.

IX. Adjournment

Vice-Chair Tessier requested a motion to adjourn. Motion was made by Roderick Bremby and seconded by Victoria Veltri. ***Motion passed unanimously.*** Meeting adjourned at 10:29 a.m.