



Finance Subcommittee Access Health CT

Special Meeting
Dangremond Room, Connecticut Historical Society
Hartford, CT 06103
Wednesday, May 4, 2016

Meeting Minutes

Members Present: Victoria Veltri, Office of the Healthcare Advocate (OHA), Robert Tessier, Michael Gilbert on behalf of Commissioner Roderick Bremby, Department of Social Services (DSS); Kasia Janik, Office of Policy and Management (OPM)

Members Participating by Telephone: Dr. Robert Scalettar

Absent: Benjamin Barnes, Secretary, OPM

Access Health CT (AHCT) Staff: James Wadleigh, Steven Sigal, Tricia Brunton, Susan Rich-Bye, Sinisa Crnkovic, Marcin Olechowski

I. Call to Order and Introductions:

Victoria Veltri called the meeting to order at 3:00 PM.

II. Meeting Minutes – May 12, 2015

Ms. Veltri requested a motion to approve the Minutes of the May 12, 2015 Finance Subcommittee meeting as published. Robert Tessier made the motion and Dr. Scalettar seconded the motion. Motion passed unanimously.

Mr. Scalettar asked for clarification of who was in the room participating in the meeting. Mr. Sigal provided that information to him.

III. 2017 Fiscal Year Budget

Steven Sigal, Chief Financial Officer, presented the overview of the 2017 Fiscal Year Budget. Mr. Sigal stated that the AHCT portion of the budget is \$2 million more than last year. He noted

that the increase is about 6.1% of the overall budget. Mr. Sigal noted that the actual gross budget decreased by \$12 million from the 2016 forecast. He indicated that the increase in the AHCT budget relates to the culmination of the Federal grant funding. He noted that the last remaining Federal grant will culminate in December 2016. Mr. Sigal indicated that one of the major influences on the budget is that AHCT is in the process of hiring a new call center vendor, which will incur start-up costs. However, some of one-time extra costs will be offset because the Integrated Eligibility System (IES) continues to mature resulting in less design, development and implementation costs (DDI). Mr. Sigal noted that the budget includes operating expenses and DDI for the All Payer Claims Database (APCD), each in the amount of \$1.4 million. He stated that the DDI portion of the cost will be incurred due to the delay in implementation of the APCD program. He added that if it had been implemented when originally anticipated, this DDI would have been funded by Federal grants.

Mr. Sigal explained that the decrease in the gross total expense is driven by the change in approach in contracting for DDI with Deloitte. He stated that both DSS and AHCT will have their own individual contracts or individual statements of work (SOWs) under the contract. Michael Gilbert noted that DSS and AHCT may also share the statement of work, but receive split invoices.

Mr. Sigal directed the Committee's attention to the next slide in the presentation, which indicated that the major funding for AHCT in 2017 will be derived from assessments and a small portion from grant funding from the 2014 Level I grant that remains.

Dr. Scalettar inquired about the APCD's cost of \$1.4 million which would have to be used next year. Mr. Wadleigh replied that there was a delay with the implementation of APCD adding that for some of the carriers it takes longer to get their data organized appropriately. Mr. Wadleigh said that as a result, the project was delayed by three to six months. Dr. Scalettar inquired if AHCT has a new liability in the form of spending money for APCD and questioned what funds will be used. In response, Mr. Wadleigh indicated that AHCT is going to be using existing assessment funds. Dr. Scalettar asked for confirmation that AHCT will not be relying on a state funds for funding. Mr. Wadleigh responded in the affirmative.

Susan Rich-Bye stated that APCD is a program of the Exchange and it is legislatively mandated to operate it. The assessment is used for the operations of the Exchange. Mr. Sigal stated that without the delay the majority of the development would have been completed by the end of 2016. He pointed out that it was always anticipated that the Exchange would have to support APCD's operating expenses. At this point, he stated, AHCT also has to support the \$1.4 million in APCD's development expenses in 2017.

Mr. Sigal next explained the 2017 Fiscal Year Budget. He stated that the total budget for AHCT is \$34.6 million and that there are some variances when compared to the 2016 forecast, which are shown in the third display on the slide. He stated that the salary and fringe increase relates to the continuing process of converting needed temporary staff to permanent employees. Mr. Sigal then explained the next slide providing detail of costs that AHCT shares with DSS. Mr. Sigal provided explanations of the various departmental costs that are associated with the operations of the Exchange. One notable driver is the temporary staffing that are shared between AHCT and DSS that work at the Bureau of Enterprise and Systems Technology (BEST).

Mr. Sigal then explained call center operations. He noted that the plan is to bring on a new vendor that would decrease the call center operating costs to approximately \$18 million. Mr. Sigal noted that this amount includes \$1.8 million in start-up cost. Mr. Wadleigh stated that through the RFP process there are currently two vendors competing to provide that service for the Exchange.

Dr. Scalettar posed a question regarding methodologies and allocations, as well as the processes going forward as it relates to the budget and sustainability. Mr. Sigal stated that there is a lot of collaboration between AHCT and DSS. He indicated that conversations about allocations take place regularly. Mr. Sigal emphasized that discussions take place about how shared services may be approached differently. Mr. Sigal indicated that he doubts that any of those changes materially impact the sustainability of the organization. Mr. Gilbert indicated that a lot of headway was made. He pointed out that AHCT's budget aligns closely with DSS's expectations regarding shared universal cost and allocation ratios and reflects what DSS would have expected.

Mr. Tessier commented about the uncertainty of the state budget asking if there are ways to find additional efficiencies with vendors that AHCT and DSS share. Mr. Sigal indicated that AHCT is always on the lookout for vendors that are more cost-effective that would be able to perform the job. Mr. Sigal emphasized that AHCT is spending money cautiously and AHCT and DSS have a better DDI prioritization process in place. Mr. Wadleigh stated that AHCT is actively negotiating Information Technology (IT) investments for next year. He indicated that AHCT was able to spread it across three different vendors to get the work done resulting in significant savings. Mr. Gilbert added that DSS has more constraints regarding choosing vendors sometimes creating disconnects between DSS and AHCT in terms of how DSS and AHCT can be more efficient. Mr. Sigal indicated that the assessments are growing as a majority of AHCT's funding and that starting in December 2016 it will comprise 100% of AHCT's funding. Mr. Sigal then explained the AHCT budget, identifying some one-time expenses or otherwise aberrational budget items versus AHCT run rate or normal expenses. Mr. Sigal indicated that the Exchange has one time start-up costs of \$1.8 million a year for the next three years for the call center. Also, he noted the development costs for APCD of \$1.4 million, emphasizing that AHCT is the only Exchange in the country that operates its own APCD while those in other states are run by their respective state government. He stressed that recurring expenses for operations are \$26.4 million. Ms. Veltri asked if there are any Medicaid matching funds available to help support APCD since the database contains Medicaid data. Mr. Wadleigh responded that he will be visiting other state exchanges to see their work in this area. Ms. Rich-Bye reiterated that other states' APCDs are run by state government executive branch agencies so other exchanges may not have relevant experience.

Mr. Tessier asked if it is known what portion of the \$1.4 million for APCD relates to the Onpoint contract. Mr. Sigal stated that it is about \$1.0 million. Dr. Scalettar asked if there is any way of finding sources beyond assessments and grants for funding AHCT. Mr. Wadleigh responded that AHCT continues to have conversations with other states on how regionalization may come into play. Mr. Wadleigh added that AHCT's goal is to reduce cost to the State of Connecticut. He stated that AHCT's plan is to work cooperatively with other exchanges to offset some of the organization's operating costs.

Dr. Scalettar asked if the Federal Government has any role in facilitating the cooperation between exchanges. Mr. Wadleigh indicated that the Federal Government wants AHCT to

cooperate with other exchanges, but they have not taken any action themselves yet. Mr. Wadleigh then drew the Committee's attention to AHCT's SHOP program. He emphasized that this program can be customized, modernized to any states' needs and it would offset some of AHCT's costs.

Mr. Sigal continued with the next slide and noted that AHCT has 88 permanent employees with an additional 30 outreach durational employees during open enrollment. He stated that this number equals 100 full time employees. Mr. Tessier asked for a table that shows in more detail where the durational employees are reflected in a separate column from the permanent employees. Mr. Wadleigh responded that such a table will be provided to Mr. Tessier.

Mr. Sigal then discussed salary changes by departments. The largest increase is in IT department. He then noted this is where most of the conversion from contractor/temporary staffing to permanent employees is occurring.

Mr. Sigal then discussed various risks and opportunities to the budget. He stated that AHCT is in discussion with DSS to include Medicaid enrollment in the mobile application and a favorable outcome is included in the budget. He indicated that since cost-sharing with DSS is under discussion for change in approach, it is both a risk and an opportunity. Ms. Veltri asked why the mobile Medicaid application may be a risk. Mr. Sigal responded that AHCT assumed a favorable outcome and, if so, it would result in cost-sharing that reduces AHCT expenses. If it doesn't reach a favorable outcome, the reduction in expenses will not occur.

Mr. Sigal stated that AHCT was still closing its books for April so that the next slide is labeled "Under Construction". He noted, however, that the third quarter full year forecast is \$2.3 million less than the second quarter forecast.

IV. 2017 Financial Sustainability

Mr. Sigal reported on 2017 financial sustainability. He emphasized that the Board approved the assessment rate for 2 years last year. He indicated that it is not necessary to consider any changes to the assessment rate. He pointed to the projections for assessment collections. He stated that at the end of 2017 it is AHCT's projection that it will have a five-month reserve. Mr. Sigal presented historical results and AHCT's related assessment rates. Ms. Veltri requested a motion to recommend the 2017 Fiscal Year Budget to the full Board. Mr. Tessier made the motion and Dr. Scalettar seconded it. ***Motion passed unanimously.***

V. Adjournment

Ms. Veltri requested a motion to adjourn. Motion was made by Mr. Tessier and was seconded by Dr. Scalettar. ***Motion passed unanimously.*** Meeting was adjourned at 3:55 pm.