

Board of Directors Meeting

May 28, 2015

access health CT 

Agenda

- A. Call to Order and Introductions
- B. Executive Session
- C. Public Comment
- D. CEO Report
- E. Review and Approval of Minutes
- F. Votes
- G. 2016 Wakely Rate Review
- H. Finance
- I. Operations/Open Enrollment Update
- J. Adjournment

Executive Session

Public Comment

CEO Update

Review and Approval of Minutes (Votes)

Votes

- a. Appointment New Members to the Broker Agents and Navigators Advisory Committee
- b. Addition of New Members to Board Committees

2016 Wakely Rate Review

CT Rate Review Proposal

Description of Service

Review of up to 4 individual rate filings and final report
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Review of up to 3 small group rate filings and final report

Rate outlier analysis

Trend / consumer premium impact analysis
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Estimated Cost Range: \$100,000 to \$150,000, including out of pocket expenses

Finance

Finance Update

May 2015

- The Finance Team continues fulfilling its commitment to support the organization through its transition to a “going concern.”
- Continue securing financial resources:
 - 2015 market based assessments received to date total \$6.9M.
- Regulatory requirements continue to be met:
 - The Third Quarter 2015 Quasi-Public Financial and Personnel Status Report was submitted to the Office of Fiscal Analysis.
 - Coordinated and completed the Quarterly Report to the Connecticut Joint Standing Committees of the General Assembly under Sec.38a-1092(a) for the first calendar quarter.
 - Completed the quarterly Federal Financial Reports due to HHS’s Payment Management Services by April 30, 2015.
- Improving business processes by commencing use the new Enterprise Resource Planning (ERP) system on May 5, 2015. AHCT will evolve from an entirely paper process to a mostly electronic one.
- The public comment period for the revisions to the procedure, “Exchange Assessments and Fees,” which were approved by Board at the March 26, 2015 meeting, was completed May 7, 2015. Two public comments were received. A Board vote to adopt the procedure is needed.
- The FY 2016 Budget, along with 2016 Financial Sustainability presentations follows. These were reviewed with the Finance Subcommittee at a meeting on May 12th. The Subcommittee approved forwarding the budget to the Board for approval and also desires a discussion of sustainability and the marketplace assessment rate. The budget for 2016 for AHCT amounts to \$29.7M, approximately \$5.3M less than the expense forecast for 2015.



Connecticut's Official Health Insurance Marketplace

**2016 Fiscal Year Budget
&
2016 Financial
Sustainability
May 2015**

2016 Fiscal Year Budget Overview

- Compared to 2015, the 2016 AHCT budget of \$29.7M is \$5.3M or 15.1% less than the 2015 forecast of \$35.0M. On a gross expense basis, 2016 is \$81.7M , which is \$26.9M or 24.8% less than the 2015 forecast of \$108.6M.
- The decreases result from changes geared toward moving AHCT to maturity from a “start up”, which it has been for two and a half years. Including:
 - Eliminating jobs through the use of technology
 - Reorganizing roles to have more appropriate responsibilities
 - Converting selective outside consultants to full time employees
 - More aggressive contract renewals through effective vendor management
 - The Integrated Eligibility System (IES) design, development and implementation (DDI) evolving to enhancements and problem resolution from major system DDI
- The format of the budget is new and now depicts total gross expenses, expenses funded from remaining grants, Department of Social Services (DSS) reimbursements for shared services and Medicaid DDI, arriving at AHCT expenses. The latter representing operating expenses for the year.
- AHCT expenses include \$1.0M, net for the All Payer Claim Database (APCD). No other State Based Marketplace includes its State’s APCD

Access Health CT Budget Cycle

FY 2014

Funding:

Primarily federally funded by Level 2, Level 2 Supplemental and 2013 Level I Grants.

Expense Structure:

Design, Development and Implementation as well as Start Up costs.

FY 2015

Funding:

Primarily federally funding by Level 2 Supplemental, 2013 Level I and 2014 Level I Grants. Partial Marketplace Assessment revenue.

Expense Structure:

Design, Development and Implementation (DDI) as well as Operational costs.

FY 2016

Funding:

Primarily Marketplace Assessment revenue.

Expense Structure:

Operational costs with some continuing DDI that is primarily for enhancements and resolving issues.

2016 Fiscal Year Budget

2015 vs. 2016 Fiscal Year Forecast

Fiscal Year 2016				
Access Health CT	Budget	Grants	DSS Reimb	AHCT
Salaries	\$ 8,256,804	\$ 259,230	\$ -	\$ 7,997,574
Fringe Benefits	\$ 2,477,041	\$ 77,769	\$ -	\$ 2,399,272
Temporary Staffing	\$ 2,974,244	\$ 713,794	\$ 1,425,253	\$ 835,198
Contractual	\$ 66,545,301	\$ 7,685,692	\$ 41,696,135	\$ 17,163,474
Equipment	\$ 33,703	\$ 14,831	\$ 4,108	\$ 14,764
Supplies	\$ 30,000	\$ -	\$ -	\$ 30,000
Travel	\$ 297,600	\$ 4,500	\$ -	\$ 293,100
Other Administrative	\$ 1,043,033	\$ 38,894	\$ 22,967	\$ 981,173
Total Expense	\$ 81,657,727	\$ 8,794,709	\$ 43,148,463	\$ 29,714,555
Fiscal Year 2015				
Access Health CT	Forecast	Grants	DSS Allocable	AHCT
Salaries	\$ 7,602,141	\$ 1,070,679	\$ -	\$ 6,531,462
Fringe Benefits	\$ 2,112,874	\$ 185,772	\$ -	\$ 1,927,101
Temporary Staffing	\$ 2,447,632	\$ 1,497,281	\$ 571,731	\$ 378,621
Contractual	\$ 93,835,368	\$ 13,717,098	\$ 55,051,116	\$ 25,067,154
Equipment	\$ 606,436	\$ 316,056	\$ 208,727	\$ 81,652
Supplies	\$ 31,782	\$ 3,209	\$ -	\$ 28,572
Travel	\$ 317,508	\$ 50,612	\$ 2,624	\$ 264,272
Other Administrative	\$ 1,695,042	\$ 337,632	\$ 611,413	\$ 745,997
Total Expense	\$ 108,648,782	\$ 17,178,339	\$ 56,445,610	\$ 35,024,832
FY15 vs. FY16 Variance				
Access Health CT	Variance	Grants	DSS Allocable	AHCT
Salaries	\$ 654,663	\$ (811,449)	\$ -	\$ 1,466,112
Fringe Benefits	\$ 364,168	\$ (108,003)	\$ -	\$ 472,171
Temporary Staffing	\$ 526,612	\$ (783,487)	\$ 853,522	\$ 456,577
Contractual	\$ (27,290,067)	\$ (6,031,407)	\$ (13,354,981)	\$ (7,903,680)
Equipment	\$ (572,732)	\$ (301,225)	\$ (204,619)	\$ (66,888)
Supplies	\$ (1,782)	\$ (3,209)	\$ -	\$ 1,428
Travel	\$ (19,908)	\$ (46,112)	\$ (2,624)	\$ 28,828
Other Administrative	\$ (652,008)	\$ (298,738)	\$ (588,446)	\$ 235,176
Total Expense	\$ (26,991,055)	\$ (8,383,631)	\$ (13,297,147)	\$ (5,310,277)

Variances

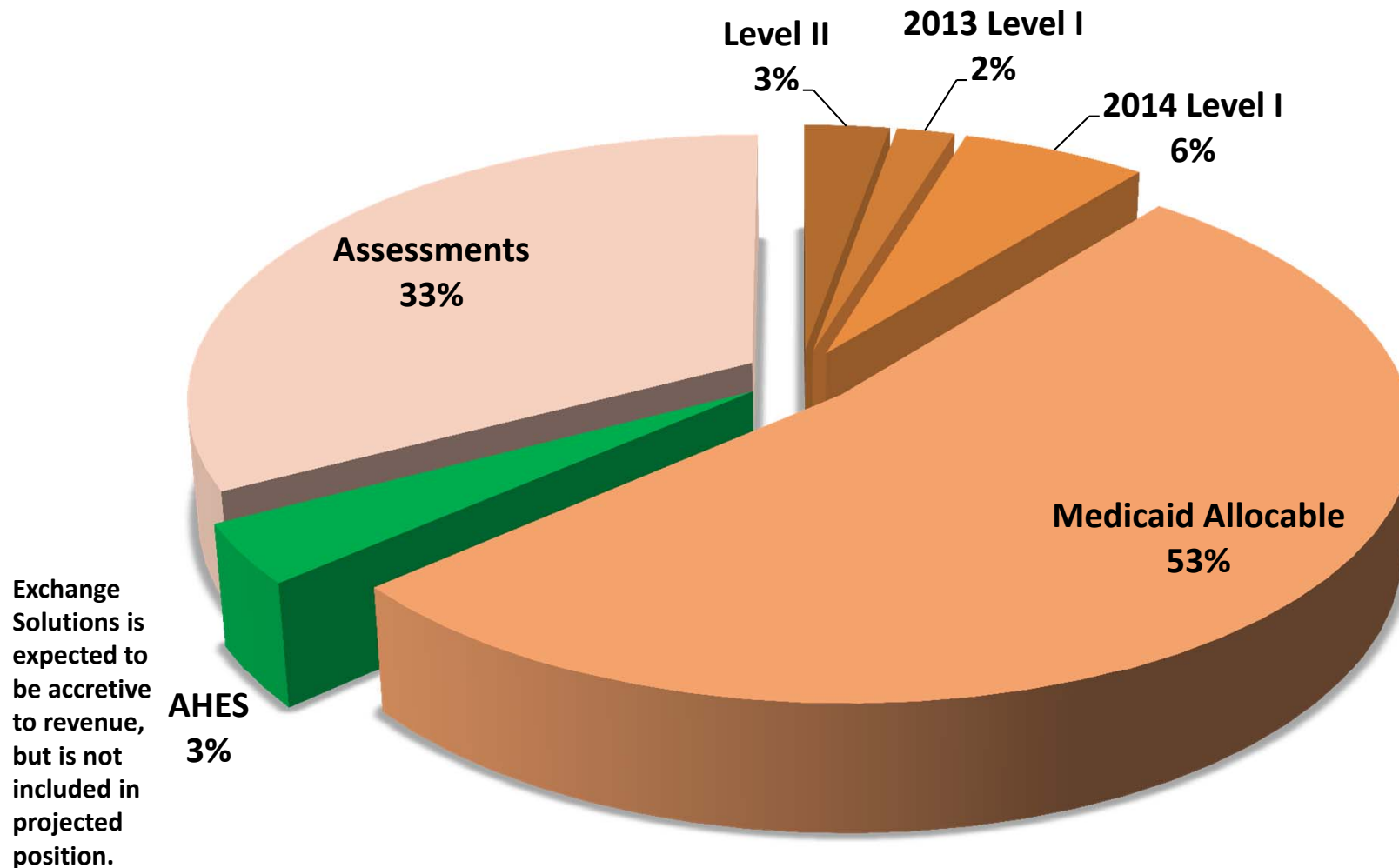
- Salary & Fringe costs increases due to workforce composition changes noted
- Temporary Staffing increases in anticipation of DDI and consultant changes
- Contractual – See page 5 for detail



2016 Fiscal Year Budget - Contractual

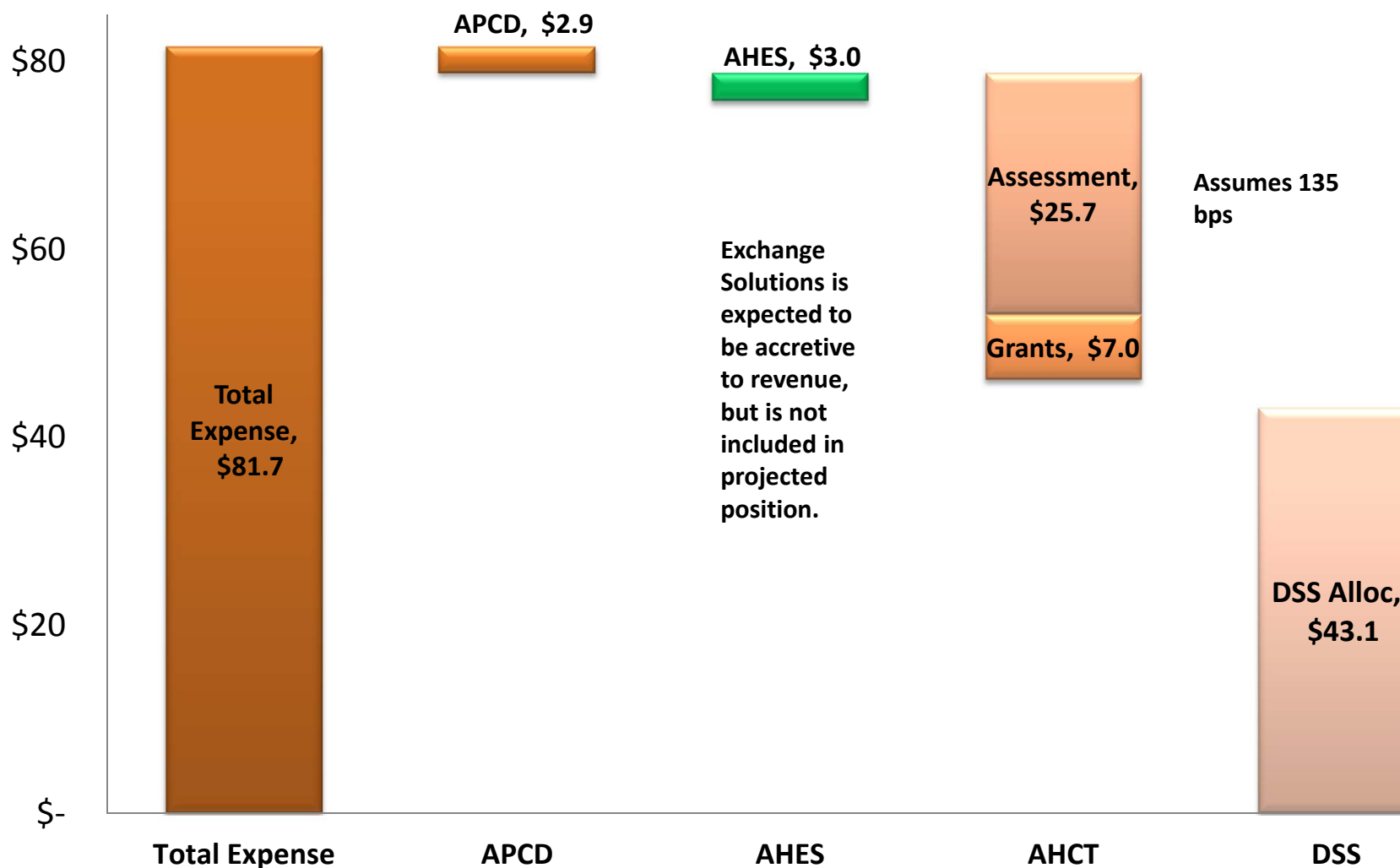
Contractual	FY15	FY16	Allocation %	DSS FY15	DSS FY16
IT Allocable	\$ 54,392,868	\$ 34,844,713		\$ 38,357,611	\$ 27,519,973
Consumer/Worker Portal (Old)	\$ 26,394,441	\$ 1,968,499	28.53%	\$ 7,530,334	\$ 561,613
Consumer/Worker Portal (New)	\$ 5,730,361	\$ 6,525,735	84.00%	\$ 4,813,503	\$ 5,481,617
Regulatory Compliance	\$ 5,515,708	\$ 6,281,288	84.00%	\$ 4,633,194	\$ 5,276,282
System Integration with DSS	\$ 1,134,810	\$ 1,292,322	84.00%	\$ 953,240	\$ 1,085,550
Technology Infrastructure	\$ 2,974,869	\$ 3,387,781	84.00%	\$ 2,498,890	\$ 2,845,736
Disaster Recovery	\$ -	\$ 524,325	28.53%	\$ -	\$ 149,590
BEST Staffing	\$ -	\$ 827,960	84.00%	\$ -	\$ 695,486
M&O	\$ 6,137,083	\$ 11,564,234	80.00%	\$ 4,909,667	\$ 9,251,387
Security (New)	\$ -	\$ 727,545	84.00%	\$ -	\$ 611,138
Security (Old)	\$ 437,379	\$ -	28.53%	\$ 124,784	\$ -
Testing (New)	\$ 1,233,600	\$ 462,956	84.00%	\$ 1,036,224	\$ 388,883
Testing (Old)	\$ 1,423,637	\$ -	28.53%	\$ 406,164	\$ -
Learning Mgt System	\$ -	\$ 683,616	84.00%	\$ -	\$ 574,237
Deloitte Holdback Warranty /Accrual	\$ -	\$ -	28.53%	\$ 8,040,630	\$ -
DSS Only Projects	\$ 3,410,980	\$ 598,453	100.00%	\$ 3,410,980	\$ 598,453
Non-Allocable	\$ 18,124,822	\$ 13,980,385		\$ -	\$ -
Accounting	\$ 80,310	\$ 75,000	0.00%	\$ -	\$ -
APCD	\$ 1,505,814	\$ 1,928,270	0.00%	\$ -	\$ -
Capital Initiatives	\$ -	\$ 3,000,000	0.00%	\$ -	\$ -
Legal	\$ 891,128	\$ 1,347,870	0.00%	\$ -	\$ -
Marketing	\$ 7,199,337	\$ 4,111,118	0.00%	\$ -	\$ -
SHOP	\$ 856,404	\$ 899,032	0.00%	\$ -	\$ -
Plan Management	\$ 848,141	\$ 1,434,744	0.00%	\$ -	\$ -
Verifications (Xerox)	\$ 4,289,883	\$ 1,000,000	0.00%	\$ -	\$ -
1095 Projects	\$ 2,013,731	\$ -	0.00%	\$ -	\$ -
Other	\$ 440,074	\$ 184,350	0.00%	\$ -	\$ -
Non-IT Allocable	\$ 21,317,678	\$ 17,720,203		\$ 16,693,504	\$ 14,176,162
Call Center (Old)	\$ 1,188,506	\$ -	56.00%	\$ 665,563	\$ -
Operations (Old)	\$ 314,152	\$ -	56.00%	\$ 175,925	\$ -
Call Center (New)	\$ 17,751,512	\$ 15,000,000	80.00%	\$ 14,201,210	\$ 12,000,000
Operations (New)	\$ 2,063,508	\$ 2,720,203	80.00%	\$ 1,650,806	\$ 2,176,162
Grand Total	\$ 93,835,368	\$ 66,545,301		\$ 55,051,116	\$ 41,696,135

2016 Fiscal Year Budget – Funding Sources



2016 Fiscal Year Budget – Funding Sources

In \$ Millions



2016 Fiscal Year Budget

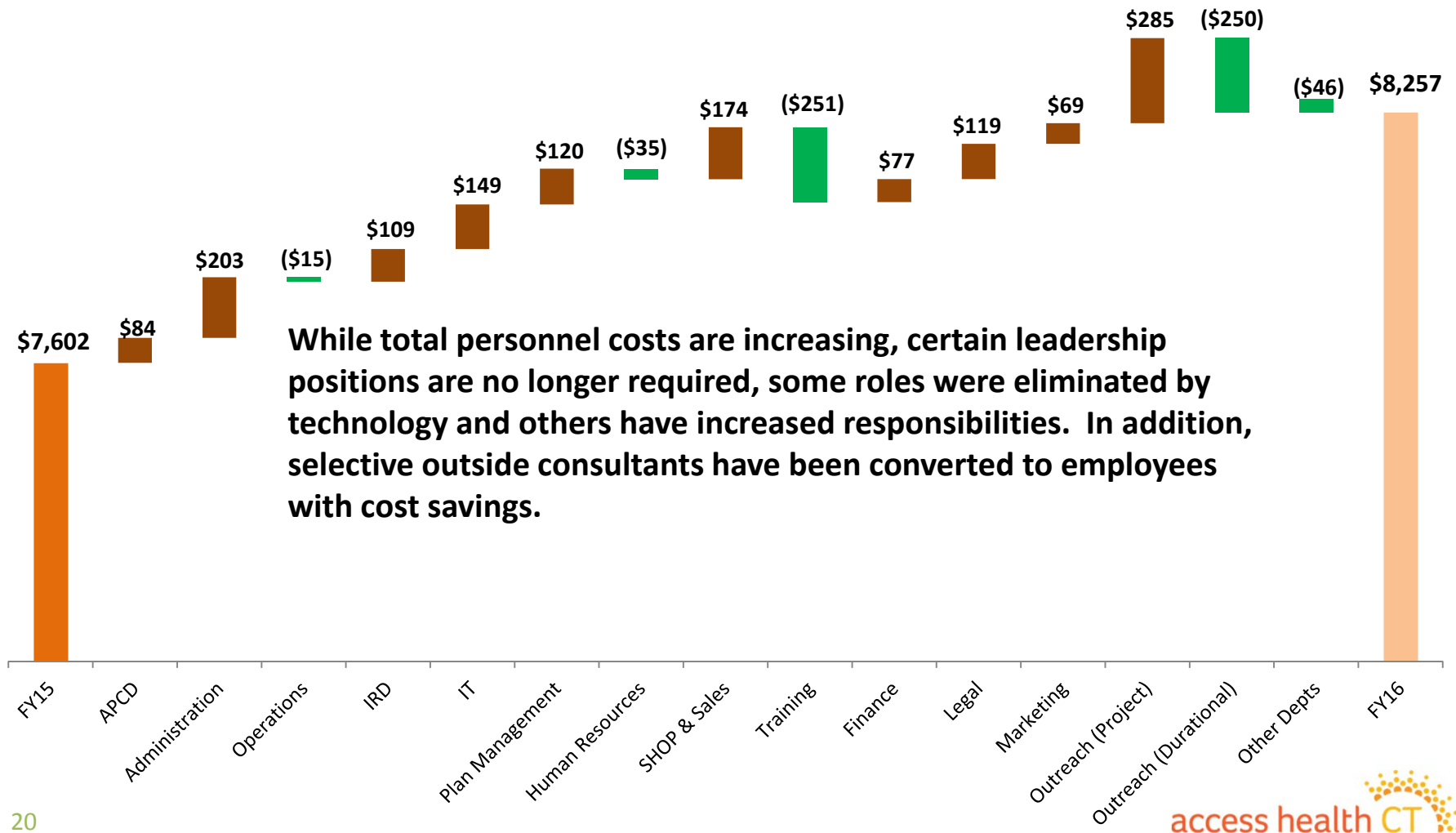
FY16 Salaries

Department	FY16 Salaries	FTE
APCD	\$ 438,563	4
Administration	\$ 573,633	4
Operations	\$ 386,897	4
IRD	\$ 875,347	15
IT	\$ 697,826	7
Plan Management	\$ 656,536	7
Human Resources	\$ 307,577	4
SHOP & Sales	\$ 425,037	4
Training	\$ 332,298	4
Finance	\$ 809,401	7
Legal	\$ 742,766	7
Marketing	\$ 409,428	4
Outreach (Project)	\$ 484,740	15
Outreach (Durational)	\$ 685,000	12
Other Depts	\$ 431,756	3
Grand Total	\$ 8,256,804	101

Salaries – Salary totals \$8,256,804. This excludes a 30% benefit load. Permanent full time employees = 89.

2016 Fiscal Year Budget

FY16 vs. FY15 Salary



2015 Fiscal Year Forecast vs. Actuals

Through 9 months

CATEGORY	BUDGET	ACTUALS	VARIANCE	Explanations
Salaries	\$ 5,746,901	\$ 5,761,473	\$ (14,572)	Extended Outreach staff
Fringe Benefits	\$ 1,556,302	\$ 1,551,841	\$ 4,461	
Temporary Staffing	\$ 1,835,024	\$ 1,769,048	\$ 65,975	Timing of expenses
Consultants	\$ 61,208,091	\$ 60,184,978	\$ 1,023,113	Timing of expenses
Equipment	\$ 340,316	\$ 331,847	\$ 8,470	
Supplies	\$ 26,532	\$ 25,884	\$ 647	
Travel	\$ 233,058	\$ 246,742	\$ (13,684)	
Other Administrative	\$ 787,766	\$ 762,798	\$ 24,968	
TOTAL EXPENSE	\$ 71,733,990	\$ 70,634,610	\$ 1,099,380	



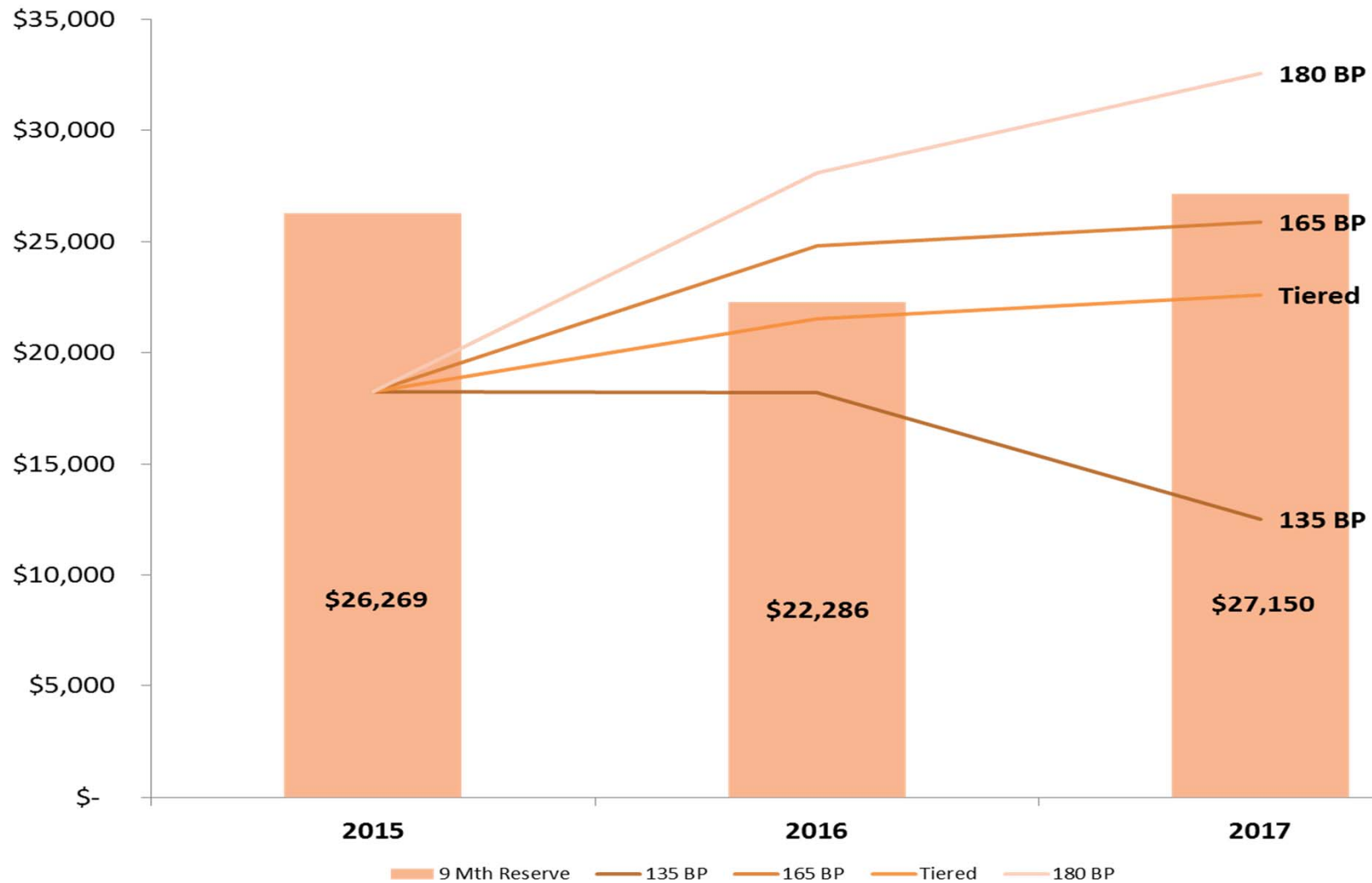
Connecticut's Health Insurance Marketplace

2016 Financial Sustainability

2016 Fiscal Sustainability Overview

- The marketplace assessment was approved in 2013 and was charged for the first time in CY 2014 based on Statewide Individual, Small Group and Dental premium from 2012. This timing is used to be able to rely on the most recent officially filed data by licensed carriers in the State.
- The first assessment rate that was approved was 135 bps. This rate was pegged at providing a cash reserve of approximately 75% of AHCT's operating budget. Given that AHCT was in a "start up" mode, operating expenses varied from the assumptions. The actual reserve varies approximately from 5 to 7 months.
- The assessment rate scenarios that follow indicate an increase in the rate will be required at some point in the next two years to provide an appropriate cash reserve of approximately 9 months.

Fiscal Year Assessment Scenarios



Fiscal Year Assessment Scenarios (Detail)

Assessment remains at 135bps, which was set at 75% of requirement

Scenario One - 135 BP					
Premium Base Year	Marketplace Premium	Assessment Collection Year	Assessment Rate	Marketplace Assessment	Year End Reserve
2012	\$ 1,837,564	2014	0.0135	\$ 24,807	\$ 24,359
2013	\$ 2,141,986	2015	0.0135	\$ 28,917	\$ 18,251
2014	\$ 2,198,235	2016	0.0135	\$ 29,676	\$ 18,213
2015	\$ 2,259,147	2017	0.0135	\$ 30,498	\$ 12,511

Increase Assessment to 165bps; reserve approaches 9 months

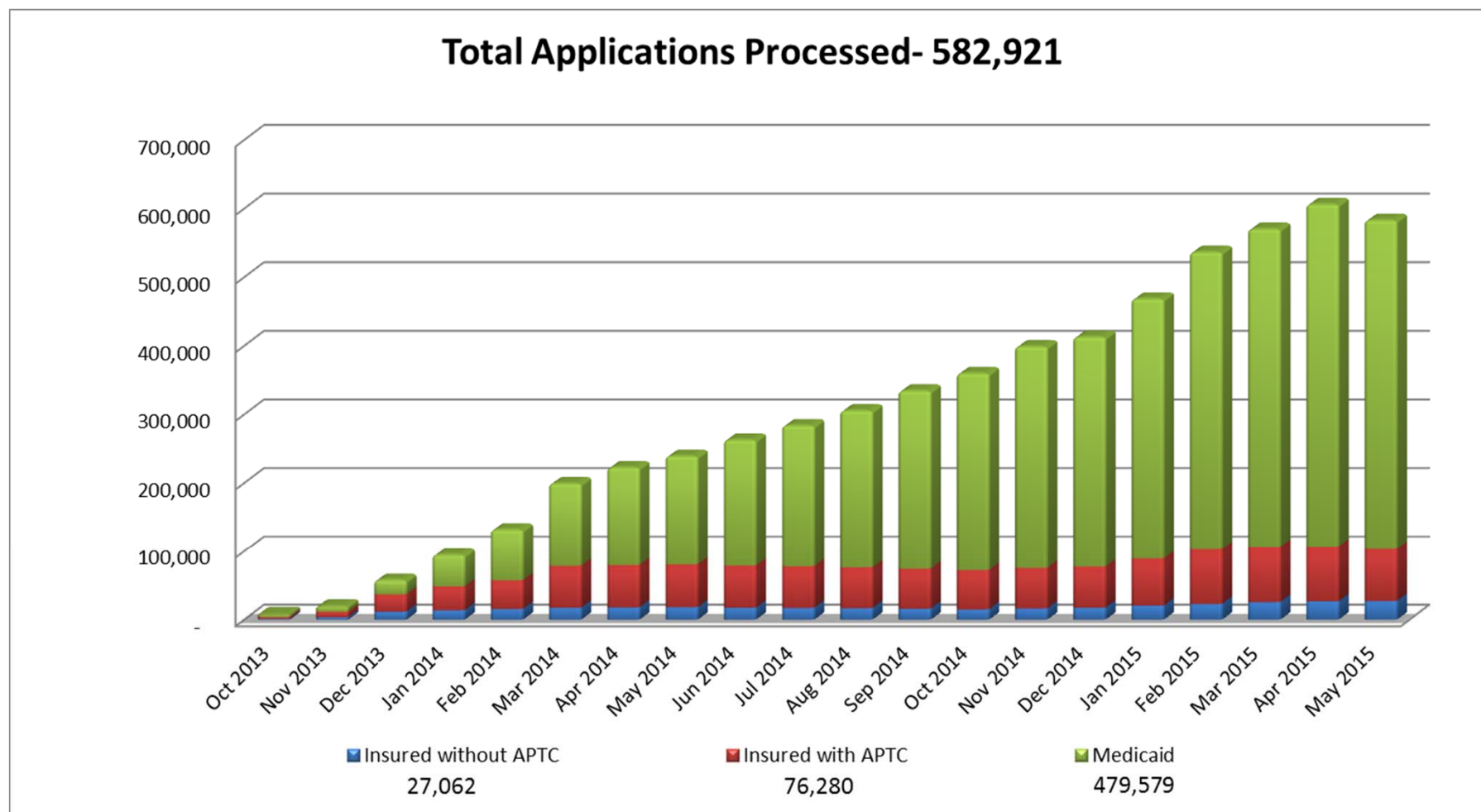
Scenario Two - 165 BP					
Premium Base Year	Marketplace Premium	Assessment Collection Year	Assessment Rate	Marketplace Assessment	Year End Reserve
2012	\$ 1,837,564	2014	0.0135	\$ 24,807	\$ 24,359
2013	\$ 2,141,986	2015	0.0135	\$ 28,917	\$ 18,251
2014	\$ 2,198,235	2016	0.0165	\$ 36,271	\$ 24,807
2015	\$ 2,259,147	2017	0.0165	\$ 37,276	\$ 25,883

Increase Assessment on a tiered basis to 150bps for 2016 and 165bps for 2017; close to a 9 month reserve

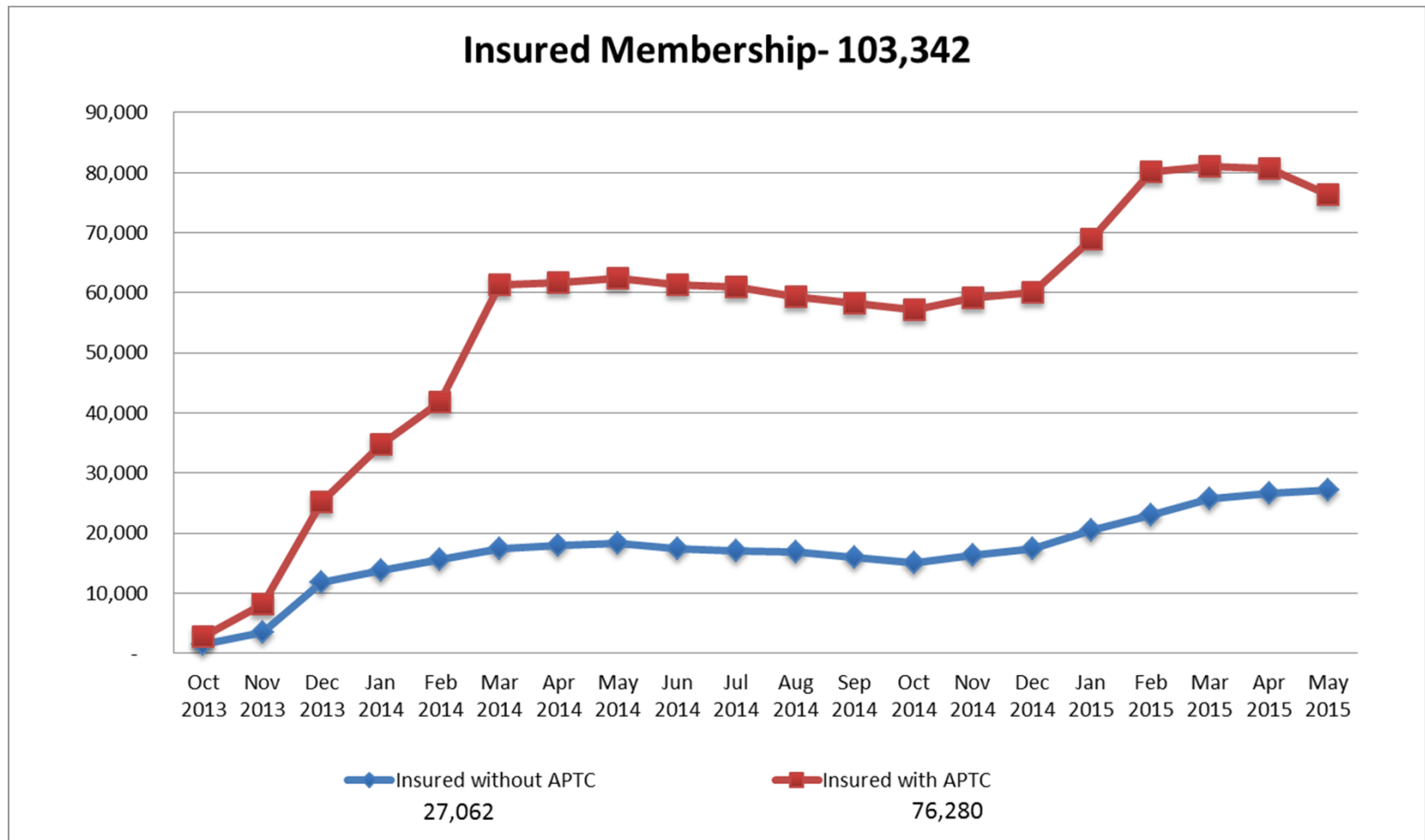
Scenario Three - Tiered Approach					
Premium Base Year	Marketplace Premium	Assessment Collection Year	Assessment Rate	Marketplace Assessment	Year End Reserve
2012	\$ 1,837,564	2014	0.0135	\$ 24,807	\$ 24,359
2013	\$ 2,141,986	2015	0.0135	\$ 28,917	\$ 18,251
2014	\$ 2,198,235	2016	0.0150	\$ 32,974	\$ 21,510
2015	\$ 2,259,147	2017	0.0165	\$ 37,276	\$ 22,586

Operations/Special Open Enrollment Update

Total Applications Processed



QHP Enrollment



Special Enrollment

- AHCT enrolled 1,429 Connecticut residents in private health care plans (QHP-quality health plans) during the Special Open Enrollment Period that ran from April 1, 2015 to April 30, 2015.
- The special enrollment period was opened to individuals who did not have health care coverage in 2014 and were subject to a penalty on their 2014 federal taxes.



Access Health CT

First Annual Broker Conference

- Location: At The Cromwell Crown Plaza
- Date: June 16, 2015
- Attendance: 110 Brokers registered as of 5/21/2015
- Agenda:

8:00 – 8:45	Continental Breakfast –Exhibition – Registration
8:45 – 9:00	Welcome! Jim Wadleigh, Chief Executive Officer Invited: Lt. Governor Nancy Wyman
9:00 – 10:00	The Future of Marketplaces, Presented by Jon Kingsdale, Ph.D. One Continuing Education Credit
10:00 – 10:15	Break/Exhibition
10:15 – 11:15	Navigating The Marketplace and Healthcare Reform, Presented by Philip A. Poley, Accenture One Continuing Education Credit
11:15 – 11:45	Q&A with AHCT Panel
11:45 – 12:00	Closing Words
12:00 – 1:00	Exhibition Open

Tier 3 Consumer Support Center (IRD)

- To provide some context, the Call Center answered a total of 654,597 calls from November 15, 2014 to May 14, 2015

Open Enrollment - November 15, 2014 – May 14, 2015

Private Health Insurance and Medicaid Inquiries

Source of Inquiries	LOGGED	RESOLVED	PENDING RESPONSES
Carrier Questions	2,144	1,775	369
Returned Premium Checks	702	702	0
Public Affairs	336	266	70
Maximus	4,652	4,300	352
Broker	828	692	136
CAC	34	27	7
OHA	513	395	118
Legal	396	235	161
Storefront	155	155	0
Onboarding/Password Resets	186	186	0
Marketing/Social Media	34	28	6
Website/emails/phone calls	377	377	0
Misc. Consumer Support	3,197	3,197	0
Totals as of 5.14.15:	13,554	12,335	1,219

Adjournment