



CT HEALTH INSURANCE EXCHANGE

(d/b/a access health CT)

FISCAL YEAR 2015 ANNUAL REPORT

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Executive Summary

The Board of Directors (Board) of the Connecticut Health Insurance Exchange d/b/a access health CT (AHCT or Exchange), a quasi-public agency, is pleased to submit its Fiscal Year 2015 Annual Report, as required by Connecticut General Statute Chapter 12, Quasi-Public Agencies, and Section 1-123 (a) and in compliance with Section 38a-1089(b).

The Exchange successfully developed and implemented the State-based Health Insurance Marketplace for the State of Connecticut and continues to build a sustainable operating model that is aligned with our mission, vision, and guiding principles.

Our **Vision**: AHCT supports health reform efforts at the state and national level that provide Connecticut residents with better health, and an enhanced and more coordinated health care experience at a reasonable, predictable cost.

Our **Mission**: To increase the number of insured residents, improve health care quality, lower costs, and reduce health disparities through an innovative, competitive marketplace that empowers consumers to choose the health plan and providers that give them the best value.

Our **Guiding Principles**: While building and maintaining an Exchange requires work across a diverse spectrum of functions and disciplines, we will continue to make sure that all activity is aligned to four (4) simple principles for our organization, each with its own goal and objectives:

(1) Exceptional Consumer Experience

Goal: *Consumer Focus*

Objectives:

- a. *Accessibility*: AHCT should strive to reduce the number of residents without health insurance and improve access to health care for all residents
- b. *Integration*: AHCT should be designed to integrate public program information, eligibility and enrollment outreach and operations to ensure maximum healthcare coverage for Connecticut residents and seamless transitions between public programs and the Exchange
- c. *Equity*: AHCT should work to address longstanding, unjust disparities in health access and health outcomes in Connecticut

(2) Sustainability

Goal: *Long term stability*

Objectives:

- a. *Affordability*: Access to health care is only possible when it is affordable. Affordability of coverage, within the Exchange and within the state, is essential to improving the

state's health care system and economy

- b. *Viability*: Board of Director decisions should lead to health insurance which is viable for the state and the health care industry as well as for residents
- c. *Stability*: AHCT should promote solutions that respect existing strengths of our State's health care system and promote stability within the Exchange

(3) Flexibility

Goal: *Responsiveness to changing market and social conditions*

Objectives:

- a. The Exchange should be nimble and flexible in responding to the quickly changing insurance market, health care delivery system, and general economic conditions in Connecticut, while being sensitive and responsive to consumer demands
- b. Board decisions should be designed to support transformative change in the delivery of healthcare through the collaboration of all constituents in the system

(4) Transparency

Goal: *Open conduct of business*

Objectives:

- a. AHCT is accountable to the public, and its activities should be transparent, its services easily available, and its information easily understandable by the populations it assists
- b. The Board should design its governance arrangements and operations to be the simplest and most open way of delivering its functions, having regard to its vision mission, and principles

Background

Governance

Access Health CT, which is the brand name under which the Connecticut Health Insurance Exchange does business, was created by Connecticut enabling legislation-PA 11-53, effective July 1, 2011, "as a body politic and corporate, constituting a public instrumentality, and political subdivision of the state" ... that shall not be construed to be a department, institution, or agency of the state." PA 11-53 is codified at CGS 38 a-1080 through 1092.

The passage of Connecticut's Public Act 11-53 in June 2011 provided the necessary legal authority and infrastructure to develop a fully-functioning State-based Health Insurance Exchange capable of achieving financial sustainability. The Act established the Exchange as a quasi-public authority governed by a fourteen (14) member Board of Directors. Lieutenant Governor Nancy Wyman selected as chair of the Exchange Board

of Directors by Governor Dannel Malloy.

In June 2012, the Legislature enacted Public Act 12-1 amending CGS 38a-1081, the section of the enabling statute that set out the Exchange's governance structure. These amendments brought the Exchange's enabling statute into even closer alignment with Section 1311(d) of the Affordable Care Act (ACA) and with 45 CFR 155.110 (1.2a), 1.2(c), and (1.2(d)). Specifically, the State's HealthCare Advocate, who previously was an *ex officio* non-voting member of the Board, became an *ex officio* voting member of the Board. In addition, the amendments clarified certain conflict of interest restrictions on Board members, as well as the conflict of interest restrictions applicable to Exchange employees.

In June 2013, the Legislature enacted PA 13-247, changing the composition of the Exchange's Board of Directors, to remove the head of the Office of Health Reform as a voting Board member and add the Commissioner of Mental Health and Addiction Services as a non-voting Board member. PA 13-247 also gave the Exchange the authority to charge interest and penalties to carriers who failed to pay their Exchange assessments and fees when due and transferred to the Exchange the authority to operate the State's All Payer Claims Database.

Under CGS 38a-1084, Duties of the Exchange, the Exchange is specifically directed to establish and operate a Small Business Health Options Program (SHOP) Exchange (Subsections 13 and 14) through which qualified employers may access coverage for their employees. In addition, under CGS 38a-1084 Subsection (3), the Exchange is directed to implement procedures for the certification, recertification, and decertification of health benefit plans as qualified health plans using guidelines established under Section 1311 of the ACA and section 38a-1086. Under Qualified Health Plans, CGS 38a-1085(a), the Exchange is required to make qualified health benefit plans available to qualified individuals and qualified employers for coverage beginning on or before January 1, 2014. Under 38a-1087, the Exchange is directed to operate the Navigator Grant Program.

AHCT staff has worked closely with its Board to ensure that its governance structure remains in compliance with the ACA and any and all relevant State and Federal regulations. Since first convening in September 2011, the Exchange Board has met primarily monthly and focused on Exchange strategy and policy development, vendor procurement, research activities, the hiring of an experienced Exchange leadership team, and the development of the Exchange's Qualified Health Plan (QHP) requirements. Future updates and changes to the ACA, or any other applicable Federal and/or State laws, regulations, and guidance continue to be monitored and changes made by the Board to the Exchange's Bylaws and Policies and Procedures as required.

The Exchange's Bylaws, first adopted in January 2012, were revised October 18, 2012, and September 19, 2013, to address changes in the Exchange's Authority and Board membership, quorum, and conflict of interest requirements as a result of PA 12-1 and PA 13-247. The Bylaws mirror the provisions in the law with respect to the number and appointed or *ex-officio* status of Board members and the required expertise and terms of office of the board members. The Bylaws also mirror the law with respect to Board officers and the requirement that all appointed Board members take an oath before serving.

Finally, the Bylaws establish four standing committees: Finance, Audit, Human Resources, and Strategy and allow the Board to establish such other *ad hoc* committees as it requires. The Board may delegate to any standing or *ad hoc* committee such Board powers, duties, and functions falling within that committee's area of cognizance that the Board deems appropriate. At the June 18, 2015, meeting of the Board of Directors the members adopted an amendment to the Bylaws to create a new process for the cancellation and rescheduling of meetings of the Board of Directors.

Grant Awards

Prior to the establishment of AHCT, much of the Marketplace planning activity was funded by Federal establishment grants that were awarded to the State of Connecticut by the U.S. Department of Health and Human Services (HHS) Centers for Medicare and Medicaid Services (CMS). Based on the State's progress in its planning efforts, HHS awarded establishment grants to AHCT in 2011 and 2012 to build on the work conducted under the initial planning grant and to further the development of and to stabilize the operations of AHCT during its first year of operations. These funds allowed AHCT to shape its strategy successfully and meet all necessary development milestones and benchmarks during fiscal year 2013.

During 2013, AHCT was also awarded Federal Grant funding of \$2.6 million for the development and implementation of the In-Person Assister Program. Through a partnership with the State of Connecticut's Office of the Healthcare Advocate, the implementation of this program provided hands-on assistance directly to the uninsured individuals seeking health insurance coverage via AHCT during the initial open enrollment timeframe.

In fiscal year 2014, AHCT was awarded a \$25 million amendment to the existing Establishment Grant of \$107 million awarded in fiscal year 2013. This was pursuant to Section 1311 of the ACA to support the on-going establishment of the State operated health insurance exchange marketplace. These additional funds were awarded as a result of administrative supplement requests submitted by AHCT to support unforeseen development and implementation costs.

On October 23, 2013, AHCT was awarded a new Level I Establishment Grant in the amount of \$20.3 million by HHS primarily to fund the stabilization of systems for adherence to Federal guidance and regulations that were not contemplated at the time of the Establishment Grant funding request. Supplemental funds of \$2.1 million were awarded on December 17, 2014, and were used to support continued efforts needed to develop enhancements to the EDI 834 benefit enrollment and maintenance interfaces.

In October 2014, AHCT was awarded no-cost extensions for the Level I and Level II establishment grants, along with a re-budgeting request for the Level II grant, through October 23, 2015, and December 31, 2015, respectively.

On October 15, 2014, AHCT applied for a New Level I Establishment Grant through CMS primarily to support required system enhancements to maintain compliance with Federal regulations. The award of \$9.3 million was granted on December 17, 2014. In addition to regulatory system changes, the grant funded new customer outreach approaches and establishing the transitional reinsurance program. System enhancements to the Plan Management Worker Portal, Learning Management System and establishment of a Tier 2 and 3 Contact Center

(Issue Resolution Department) were also funded.

In October 2015, AHCT applied for and received a no-cost extension for the 2014 Level I Establishment Grant to extend the project performance period from December 15, 2015, to December 15, 2016, in order to complete necessary design, development, and implementation activities.

On December 28, 2015, AHCT received approval for a re-budgeting request for the Level II Establishment grant to revise the project budget in order to better align cost estimates with expected expenditures.

Marketplace Assessments

Connecticut PA 11-53 authorized the Exchange to “charge assessments or user fees to health carriers that are capable of offering a qualified health plan through the Exchange.” This assessment authority is a critical underpinning for the Exchange’s operational sustainability. Public Act 13-247, gave AHCT the authority to charge interest and penalties to carriers failing to pay the assessments and fees required to fund Exchange operations, now codified at CGS 38a-1083 (c)(7). During its 2014 legislative session, the Connecticut General Assembly passed Public Act 14-217, which included provisions providing additional enforcement authority for the Exchange’s assessment. Specifically the Legislature added Subsection (d) to CGS 38a-1083. This section directs the Commissioner of Insurance to “see that all laws respecting the authority of the Exchange pursuant to [38a-1083(c) (7)] are faithfully executed.” In enforcing the assessment the Commissioner “has all the powers specifically granted under Title 38a and all further powers that are reasonable and necessary.”

Marketplace Assessments are charged to all health and dental carriers that are capable of offering a qualified health plan through the Exchange to generate funding necessary to support the operations of AHCT. The Exchange was able to collect a full year assessment from carriers in fiscal year 2015, compared to a partial year in fiscal year 2014. Marketplace Assessment revenues were first initiated in January 2014 and are billed and collected on a calendar year basis. Final determinations as to the terms, conditions, basis, and methodology of any assessments or fees to be charged shall rest in the sole discretion of the Board, acting in accordance with applicable law.

Fiscal Year 2015 in Review

AHCT remains committed to the mission of serving our state’s citizens and has demonstrated significant progress in the establishment, implementation, and operation of the Connecticut Health Insurance Marketplace. The Exchange has evolved and strengthened operational and business processes and continues to improve by implementing tactical and strategic initiatives.

The Exchange’s technology solutions facilitated critical functionality including eligibility, enrollment, and information exchange among individual consumers, employers, insurance carriers, and State and Federal government agencies. The Exchange team continued to deploy enhancements to the AHCT Exchange Marketplace throughout 2014 and 2015. These technology enhancements provided a more seamless shopping experience for consumers; improved the infrastructure, and increased functionality and system performance. Close coordination, communication, and collaboration continue with AHCT and its State partners, Connecticut

Department of Administrative Services, Bureau of Enterprise Systems and Technology (BEST) and Department of Social Services (DSS), on the integrated eligibility and enrollment system.

During the summer of 2014, AHCT worked with Connecticut carriers to publish QHP plan design options and components of the QHP application for the AHCT web portal's November 1st Open Enrollment launch for the 2015 benefit plan year. During this time, extensive broad media efforts and community outreach led to increased AHCT brand awareness on social media channels. Additionally, AHCT successfully worked towards its goal of creating brand awareness in the uninsured population through targeted urban/ethnic media campaign to inform, educate, and stimulate interest among these key uninsured groups.

At the end of the extended open enrollment period, AHCT enrolled 110,095 QHP applicants. An additional 1,429 enrolled in a Special Open Enrollment in April 2015. Since October 1, 2013, AHCT processed eligibility for 442,508 Medicaid individuals for the DSS to review and approve.

Grant funding supported design, development, and implementation for technology solutions and enhancements. As AHCT transitions from grant funds as the main source of funding, Marketplace Assessments to carriers provided a full year of funding to support ongoing operating costs of AHCT.

Lastly, AHCT furthered its many partnership activities with other Connecticut State agencies, specifically with DSS, the Connecticut Insurance Department (CID), Office of Policy and Management (OPM), and the Office of the Healthcare Advocate (OHA) in order to further AHCT's mission, vision, and guiding principles.

Consumer and Stakeholder Engagement and Support Efforts

Since the conclusion of the first open enrollment period in March 2014, AHCT has continued to engage a younger and more diverse audience. The Exchange's statewide marketing program has centered on driving enrollment and continuing to raise awareness about the benefits of accessing affordable health care coverage. The objectives were specifically to raise awareness and enroll those who did not have current coverage as well as those who had coverage elsewhere but may see better value with AHCT. In addition, marketing objectives sought to reach those who are already enrolled with AHCT and need to renew coverage. The Exchange also continued to inform consumers about health care coverage and how to fully utilize their current insurance coverage.

Research shows that remaining uninsured individuals are more tightly clustered in Connecticut's major urban centers which tend to contain substantial amounts of Connecticut's African American/Black and Hispanic populations. To reach this population, AHCT chose to establish a new approach using broad-based media coverage supplemented with a targeted urban/ethnic media campaign to inform, educate, and stimulate interest among these key groups.

Marketing efforts included sponsorship of the Univision World Cup Spanish language broadcast and a series of concerts scheduled throughout the summer. These two projects continued to build on the positive brand recognition of AHCT in Connecticut and engaged more consumers in a conversation about health care coverage and the ACA through social media and in-person interactions with staff at concerts.

In the fall of 2014, in preparation for AHCT's second open enrollment period, AHCT focused its marketing efforts heavily on targeted populations living in Connecticut's top ten urban areas including Waterbury, Meriden, Norwich, Bridgeport, and Willimantic. Marketing efforts combined broad-based media coverage with social media coverage and community outreach. In-person events and social media engaged more consumers in a direct conversation about health care coverage. Targeting the TV, radio, print, and outdoor advertising focused on addressing the specific information that minority groups need to understand the health insurance coverage and enroll. The campaign included digital and print advertisements that run in both English and Spanish and direct mailers that are either bi-lingual or specifically targeted to Spanish speaking households on websites such as HolaCiudad and CTLatino. AHCT also ran highly effective Spanish commercials on Univision, UniMás, and Telemundo.

Media reports from the Call Center indicate that these targeted efforts generated considerable interest in the form of phone calls. With a set of fifty (50) vanity phone numbers, AHCT was able to track the success of marketing efforts by call volume. From May 2014 through April 2015 there were approximately 16,019 calls received just from Spanish language materials alone (including Spanish-only and Bilingual TV ads). This does not include all of the printed materials that are two-sided with Spanish on the back. For all marketing materials, including print, posters, TV, radio, direct mail, emails, and social media, 84,458 calls were generated between May 2014 and April 2015.

Broad and targeted media coverage and community activities continue to be a focus of marketing efforts in 2015 as AHCT prepared for open enrollment in the fall for the plan year beginning January 1, 2016. The Exchange successfully expanded its presence and reached into everyday conversations on social media and exposed more residents to basic helpful information about AHCT such as what requirements must be met by residents per the ACA and the suite of AHCT support channels that they could utilize for enrollment assistance.

Operations

Operations continued to focus on eligibility and enrollment as well as customer service. Open Enrollment began on October 1, 2014, for the benefit plan year beginning January 1, 2015. The Exchange maintained free in-person assistance channels such as storefronts, branded as AHCT enrollment centers, and community partnerships during Open Enrollment.

On February 16, 2015, AHCT announced an extension of its' Open Enrollment period from February 15th to February 20th. The Exchange enrolled 110,095 QHP applicants during the Open Enrollment period. An additional 1,429 enrolled in a Special Open Enrollment in April 2015. Similar to the Federally-facilitated Marketplaces, AHCT offered a special enrollment period to individuals who did not have health care coverage in 2014 and were subject to a penalty on their 2014 Federal taxes. Since October 1, 2013, AHCT had eligibility determination volume for 442,508 Medicaid individuals.

The Issue Resolution Department (IRD) is responsible for resolving carrier and consumer issues of a complex nature. IRD tracks issues from all sources, aiding in meeting the reporting requirements, and timely resolution of issues. The Exchange's Call Center, operated by our vendor Maximus, handles Tier 1 routine customer

service issues. IRD resolves Tier 2 issues to consumers with escalated issues and Tier 3 issues requiring research and coordination with external stakeholders, such as carriers, OHA, and CID. In 2015, IRD was relocated to an adjacent office space specifically designed to meet their needs for secure and confidential resolution of issues.

For the 2014 Federal tax year, AHCT sent out over 72,000 1095-A Health Insurance Statements to all QHP consumers, except those receiving catastrophic coverage. The 1095-A is a form that QHP recipients on Exchange use to file their taxes as evidence of coverage and to reconcile their Advanced Premium Tax Credit (APTC) with the Internal Revenue Service (IRS). To provide comprehensive consumer support with their 1095-A, AHCT sent communications to customers and updated the consumer portal's "Learn More" tab with: 1095-A Frequently Asked Questions, an informational video, and a bronze and silver plan premium calculator for those seeking an affordability exemption. For consumers actively seeking 1095-A assistance, AHCT launched a special 1095-A telephone line on January 26, 2015, where consumers could speak to a Call Center representative, request a reprint, and escalate issues if their 1095-A required corrections.

Technology

In fiscal year 2015, the Exchange and DSS continued its partnership to develop and enhance an integrated eligibility and enrollment system. Connecticut has implemented this shared technology for both QHPs on the Exchange and for Modified Adjusted Gross Income (MAGI) Medicaid and Children's Health Insurance Plan (CHIP) eligibility determination. DSS is leveraging this unique opportunity to replace its antiquated Eligibility Management System with ImpaCT. The Exchange has focused with DSS on prioritizing the top change requests and defining the scope for upcoming releases.

The Exchange's information technology actions have been able to deliver more business functionality while maintaining a stable, user friendly, platform to shop, compare, and enroll in health coverage. Significant updates and enhancements to the Integrated Eligibility System (IES) were released in the second half of 2014. These included new and enhanced functionality for the APTC calculator, searches, archive and purges, and income verification hierarchy. Plan Management Worker Portal functions were designed, developed, and deployed to provide improvements for the 2015 plan year enrollment. Other Open Enrollment releases focused on core functionality enhancements such as automatic renewals, redeterminations for verification of information, and 1095 Reporting. In November of 2014 Data Warehouse was deployed into production.

The March 2015 release to IES contained enhancements for the Data Warehouse; performance optimization of Worker Portal and Federal Data Services Hub service calls to speed income verifications; business rule and configuration updates to enable the Special Enrollment Period from April 1 to April 30; rollout of compliant Voter Registration functionality; and improvements to decrease website page response time.

Also during fiscal year 2015, the Data Center hosted by Connecticut's BEST relocated within the state. This is a significant rebuilding of the entire infrastructure supporting IES. The Exchange worked with BEST, DSS, and our contractors to successfully complete this process without business interruption to AHCT. There is also an increase in performance batch schedules.

Additionally, the AHCT technology infrastructure was updated to set up five (5) alternative development environments. Previously, AHCT was solely dependent on one (1) system integrator to provide estimates of complexity, pricing, and delivery. This risk of dependency on a single vendor has been reduced and expands AHCT's ability to solicit competitive bids to better support best in class development services.

The Exchange deployed security enhancements by implementing a data and data integrity software used to monitor and detect changes to file system objects. Other system functionality includes integrity assurance, change management, and policy compliance. Another security enhancement deployed in May 2015 is multifactor authentication. This is one of the most effective mechanisms enterprises can deploy to protect digital assets. The Exchange deployed this security enhancement to workers that are outside the State of Connecticut network.

Plan Management Activities

During fiscal year 2015, the Plan Management team completed certification of all submitted QHPs for the 2015 benefit plan year, and commenced work on needed activities that will lead to issuer and QHP certification for the 2016 plan year. The Exchange utilized a variety of techniques and methods to establish the Plan Management processes and functions required for carrier management activities related to certification, re-certification, decertification, continued monitoring, and compliance of QHPs published on the AHCT Market Place Web Portal. The Exchange has established manual and automated processes, policies, and procedures to effectively complete QHP certification.

During the fiscal year, the Plan Management Worker Portal, used in uploading carrier plan information to populate the consumer shopping portal with benefit, cost-sharing, and premium rate information, was redesigned. The Exchange contracted with Deloitte (2014) and Amtex (2015) as the System Integrator for system design, development, and implementation (DDI) and further system enhancements to the application functionality. An Excel and Access database expert was acquired to enhance the Plan Management data template comparison tool. These enhancements have improved the overall certification process for Plan Management and the carriers as well as efficiency and quality for consumers.

Other Plan Management efforts and improvements were made to benefit the consumers including:

- Development and implementation of a uniform Schedule of Benefits Template that issuers participating on the Marketplace are required to file to ease the ability of a consumer to compare information across all the plans.
- Utilization of Maptitude software to help determine the Carrier's compliance with network adequacy requirements.
- Performance of an outreach campaign to those Essential Community Providers (ECP) for whom QHP Issuers indicated there was difficulty in securing a network contract to educate them about AHCT enrollees and their potential care needs.
- Development of a stand-alone dental product and consumer shopping experience.

For the 2015 benefit plan year, the following carriers achieved certification and their plans were offered:

- Individual Medical: Anthem Blue Cross and Blue Shield (Anthem), ConnectiCare Benefits, Inc., Healthy CT and UnitedHealthcare
- SHOP Medical: Anthem, Healthy CT and UnitedHealthcare
- Individual Dental: Anthem
- SHOP Dental: Anthem, Met Life

Plan Management continues to identify opportunities and develop future system enhancements to expedite annual certification and recertification activities, as well as ongoing maintenance in support of annual changes made to Federal data templates and requirements.

Transitional Reinsurance Program

The ACA established a Transitional Reinsurance Program (TRP) and a Permanent Risk Adjustment Program, two of three premium stabilization programs started in the 2014 benefit plan year, to provide issuers with greater stability as the insurance market reforms are implemented. The Exchange has leveraged the Federal Risk Adjustment and operates its own Transitional Reinsurance Program by leveraging an existing State asset to run its State-based reinsurance program through Health Reinsurance Association (HRA). The primary contract between HRA and AHCT was executed in June 2015 to provide for services for the Plan Years 2014 through 2017. All reinsurance payments for the 2014 benefit year were paid by HRA to CT insurers in August and November 2015.

All-Payer Claims Database

Connecticut's All-Payer Claims Database (APCD) was established to collect, store, analyze, and report health insurance claims data from public and private payers of health claims within the State of Connecticut. With the passage of Public Act 13-247, the Connecticut General Assembly authorized AHCT to build the APCD. In November 2014, Onpoint Health Data (Onpoint) was contracted to assist in the development of the APCD. Onpoint leveraged their proven APCD solution, Onpoint CDM, which encompasses data intake through data preparation and extraction. In 2015, AHCT worked with Onpoint to set up the APCD website, engage in developing detail specifications for web reports, and determining data access requirements. The Exchange has conducted a most thorough review of its data management vendor to ensure compliance of data infrastructure and encryption to conform to the Health Insurance Portability and Accountability Act (HIPAA) and National Institute of Standards and Technology (NIST) standards. Upon successful completion of the security audit, AHCT will allow Onpoint to accept data from the Carriers and other submitters. Once fully tested and operational, AHCT will report health care information relating to safety, quality, cost-effectiveness, and efficiency, for all levels of health care while assuring the residents of this State that data security and privacy are highly valued the APCD.

Financial Summary

During fiscal years ended June 30, 2015, and 2014, grant funds and Marketplace Assessments were the two (2) revenue sources for AHCT. The investment for the development of the State Exchange was entirely funded from Federal grant dollars awarded. This Federal investment was expected to cover all development, start-up, and operating expenses during the first year of operations and grant extension periods. The ongoing operational charges for AHCT were not funded by Federal grant funds after December 31, 2014. Ongoing operations are funded with health and dental marketplace assessments and cost reimbursements from DSS related to maintaining and operating the IES covering QHP, MAGI Medicaid and CHIP operated by AHCT and DSS, respectively. The Exchange has not issued bonds and has no bonds outstanding.

Operating expenses consist primarily of consultant expenses that are related to DDI of the Individual and SHOP marketplaces; marketing AHCT's brand; as well as operating costs for the Call Center. Depreciation and amortization are related to capitalization of the IES. Salaries and benefits are aligned with staffing in administration and operations. Equipment expense includes hardware and software for open enrollment support, administration and operations. Administration expenses include mailing services and rent expense associated with the operations and storefronts. Total operating expenses are reduced by cost reimbursements from DSS for shared costs.

NetSuite was implemented in May 2015 as the Enterprise Resource Planning system. Finance continues to learn and leverage the functionality of the software and utilize the system for financial reporting. The Exchange has established internal compliance and financial audit policies. In addition, Finance has established accounting policies and procedures. Finance submits grant and other required financial reporting on behalf AHCT to Federal oversight agencies, CMS and Consumer Information and Insurance Oversight (CCIIO).

The Exchange's independently audited FY 2015 financial statements are included in **Appendix A** as follows:

1. The Statement of Net Position (Balance Sheet);
2. The Statement of Income, Expenses, and Changes in Net Position; and
3. The Statement of Cash Flows

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB). Under this method of accounting, an economic resources measurement focus and an accrual basis of accounting is used, similar to private industry. Income is recorded when earned, and expenses are recorded when incurred.

The Statement of Net Position presents information on AHCT assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of AHCT is improving or deteriorating.

The Statement of Income, Expenses and Changes in Net Position reports income and expenses of AHCT for the fiscal year. The difference - increase or decrease in net assets - is presented as the change in net assets for the

fiscal year. The cumulative differences from inception forward are presented as the net assets of AHCT, reconciling to total net assets on the Statement of Net Position.

The Statement of Cash Flows presents information showing how AHCT cash and cash equivalent positions changed during the fiscal year. The Statement of Cash Flows classifies cash receipts and cash payments as resulting from cash provided by operating activities and cash used for capital assets and related financing activities. The net result of those activities is reconciled to the cash balances reported at the end of the fiscal year. This statement is prepared using the direct method, which allows the reader to easily understand the amount of cash received and how much cash was disbursed.

Human Resources Summary

AHCT maintains a sustainable workforce with the knowledge, skills, and abilities to operate a fully functioning Health Insurance Marketplace. An organizational structure and leadership roles have been established and AHCT continues to refine a sustainable organization and business model. AHCT maintains an Employee Policies and Procedures Handbook that is given to all staff.

In Fiscal Year 2015, AHCT's focus was on maintaining a highly skilled and dedicated workforce by offering the opportunity to take classes and workshops to improve business knowledge. Bi-weekly People, Process, and Technology (PPT) sessions are offered to familiarize the staff with changes in functional areas and policies. Topics included Protected Health Information, Information Technology updates, Employer Appeals Process, Performance Management, as well as setting annual individual goals based on AHCT's organizational goals to name a few.

Eighty-eight (88) positions were budgeted for the next fiscal year; a number of positions were rewritten and reclassified to provide for the needs of a maturing organization. Staff at fiscal year-end totaled 74 employees, reduced slightly from eighty (80) at the end of fiscal year 2014 as the organization evolved.

Durational employees continue to be a component of the AHCT staff, particularly during Open Enrollment when staffing increases are necessary to cover personal enrollment specialists at the storefronts and in community organizations. This fiscal year AHCT retained the acquired knowledge and experience of ten (10) storefront employees who were previously durational employees. These employees remained on staff following open enrollment to provide customer support. They also assisted with new storefront employee training in the fall of 2015 and became store supervisors or store managers. Stores in New Haven and New Britain require at least twenty (20) employees total to operate successfully during open enrollment and continually hiring and training new durational employees to fit these positions was not practical.

On December 22, 2014, the AHCT Board of Directors' Audit Committee approved a Whistleblower Policy. AHCT has contracted with a whistleblower hotline, which allows employees to anonymously call or report issues online. This Whistleblower Policy is consistent with State statutes regarding whistleblower protections.

Affirmative Action Policy Statement

AHCT's policy on Equal Employment Opportunity and Affirmative Action was approved by the Exchange Board of Directors in January 2012. The policy states:

The Connecticut Health Insurance Exchange (Exchange) is an equal employment opportunity and affirmative action employer, dedicated to the policy of nondiscrimination in employment on any basis prohibited by law. The Exchange is committed to providing equal employment and advancement opportunities without consideration of race, color, religious creed, age, sex, sexual orientation, gender identity or expression, marital status, national origin, ancestry, veteran status, mental retardation, genetic information, disability, or other legally protected status, unless there is a bona fide occupational qualification under applicable Connecticut statute excluding persons in one of the foregoing protected groups. Additionally, the Exchange will take affirmative action to ensure workplace equality, avoid all forms of discrimination, and develop a workforce that is representative of all segments of the population.

The Exchange will utilize affirmative action measures at all stages of the employment process. With regard to recruitment and hiring, the Exchange will notify recruiters, consultants, prospective candidates, and employees that "The Connecticut Health Insurance Exchange is an "Affirmative Action/Equal Employment Opportunity Employer" and shall broadly disseminate this policy by posting it on its website, bulletin boards, and other locations accessible to employees and potential candidates for employment. The Exchange will attempt through recruitment efforts to increase the number of highly qualified female and minority applicants who apply for each vacancy with the ultimate goal that the Exchange's workforce will mirror the diversity of the labor pool. Additionally, the Exchange will attempt to reach a greater number of Hispanic, African-American, Asian/Pacific Islander and Native American potential applicants by contacting organizations and educational institutions that promote the interests of such individuals and attending job fairs and other events where potential exposure to qualified female and minority applicants is high. The Exchange also recognizes the hiring difficulties which are sometimes encountered by the physically disabled and older persons and will undertake measures to overcome the effects of past discrimination, if any, and to achieve the full and fair utilization of such persons in the work force.

The Exchange is also committed to equal opportunities for its employees with regard to all employment practices, including but not limited to compensation, benefits, training, promotions and discipline. All personnel decisions will be strictly based upon the needs of the Exchange and an employee's job-related skills and abilities. Consistent with its commitment to equal opportunity, the Exchange expects that all employees shall adhere to its policy of nondiscrimination. The Exchange is equally committed to ensuring nondiscrimination in all of its programs and initiatives.

Employees should bring any complaints regarding discrimination or any other violation of this policy to the immediate attention of the designated Equal Employment Opportunity (EEO) / Affirmative Action Officer. Alternatively, employees may submit discrimination complaints to their supervisor. Complaints brought under this policy will be promptly investigated. Any employee who violates this policy or knowingly retaliates against an employee reporting or complaining of a violation of this policy shall be subject to immediate disciplinary action, up to and including discharge.

The Exchange is committed to ensuring that all contractors who do business with it provide equal opportunities in employment without regard to legally protected status. The participation of minority business enterprises meeting the qualifications established by applicable regulation shall also be solicited and encouraged. All bidders, contractors and suppliers will be notified regarding this policy and all contracts for services or materials must include a statement in which the contractor agrees to abide by affirmative action and nondiscrimination principles.

The EEO/Affirmative Action Officer shall monitor compliance with this policy, including but not limited to maintaining data with regard to the hiring and promotion of women and minorities, and shall regularly report on these matters to the Chief Operating Officer (COO), Chief Executive Officer (CEO) and the Board of Directors. All managers shall be responsible for administering and complying with this policy within his or her respective departments. The COO, CEO and the Board of Directors will provide any necessary guidance in carrying out this policy and any changes or modifications which may be necessary. In accordance with Connecticut General Statutes § 1-123, the Board of Directors' annual report to the Governor and Auditors of Public Accounts shall include this affirmative action policy statement, a description of the Exchange's work force by race, sex and occupation, and a description of affirmative action efforts.

Affirmative Action Efforts in Fiscal Year 2015

AHCT continues to maintain a strong commitment to the Equal Employment Opportunity and Affirmative Action policy. Statewide advertisement of all new staff positions are posted electronically on the State's CT.gov and Department of Labor websites, as well as AHCT's own website. These websites and AHCT recruitment efforts reach a broad range of diverse candidates. The Exchange continues to seek fluent Spanish speaking employees to improve communication with the population of Connecticut residents, who have some of the highest uninsured rates, require enrollment support, as well as resources to educate them on the need for health insurance.

Vacation and sick time are pooled with each employee receiving 23 paid days off each calendar year to be used as needed, and as approved by departmental managers.

Workforce Composition

At the end of fiscal year 2015, AHCT had 74 employees, with no durational employees. Each fall AHCT is required to submit information on workforce composition to the Equal Employment Opportunities Commission of the Federal government. In September 2014 AHCT reported 25% of employees were Hispanic, Black, Asian, or Two Races, and 60% were female. The Senior Management Team included three women. Appendix C (herein) provides a more detailed description of workforce composition by department as of June 30, 2015.

Planned Activities for Fiscal Year 2016

As AHCT moves into its third year of operation, we continue to try to improve the way we do business and the value we offer our consumers, the residents of Connecticut. The Exchange continues to develop and implement all systems, processes, and procedures necessary to ensure operational excellence and organizational sustainability.

One way to position ourselves as a leader in our field is to establish a department that will use analytics to prove the importance of AHCT and the Affordable Care Act to our state's healthcare. To accomplish this, a new department called Technical Operations and Analytics was developed. Its mission is to facilitate process improvement and business intelligence by pairing AHCT business owners with technical subject matter expertise and actionable data analytics.

Efforts with the APCD continue to enhance data information, develop the web environment, analytical reporting and more sophisticated self-serving reports. Consumers in the Exchanges have considerable lack of knowledge regarding the choice and selection of right metal and, within it, the right plan. In November 2015 AHCT launched a tool to help consumers understand what's available in the marketplace and which health insurance plans meet their needs. The decision support tool, called Health Plan Selector, will assist with individual and family shopping for health plans in the Exchange. The tool will help consumers choose the right plan and tier based on their family's household characteristics and health conditions, and expected use in the future.

In another organizational alignment, the Information Technology and Plan Management departments were consolidated under one area renamed Marketplace Strategies. As AHCT moves from a website "build" environment to the continuous update and improvement of the Exchange system, focus is on outstanding service to our consumers and stakeholders. Marketplace Strategies is responsible for the coordination, implementation, and support of initiatives that improve service to participants and active coordination with carriers to provide plans that are affordable and offer value to the consumer. The cycle in place related to certification of plans year over year is continuous and work on the 2017 benefit plan year is already in process for Marketplace Strategies.

From a technology perspective, Fiscal Year 2016 will be focused on enhancing the Integrated Eligibility System. Preparation for Open Enrollment, beginning on November 1, 2015, included implementing support plans and refining processes to meet consumer demands. Improvements to the Plan Management Worker Portal to improve overall efficiency and quality for consumers were deployed in the October 2015 release. The October major release also focused on items specific to open enrollment operation, curtailing the ability to initiate multiple applications, and enhancing the Medicaid functionality by ensuring integration with DSS efforts to roll out their ImpaCT project. A planned March 2016 release addresses integration requirements of the integrated eligibility system with that ImpaCT project. The work to be accomplished in the October and March major releases was prioritized collaboratively with DSS. That collaboration effort continues as we plan other releases for 2016. Additional security features, Data Warehouse modifications and functionality are in the design phase

with anticipation of development in early 2016.

The Exchange still considers bilingual communications to be of utmost importance, and moving forward every effort will be made to issue all communications and notices in English and Spanish, as well as additional languages if necessary. Marketing and communications will be both broad and targeted. The Exchange implemented summer events leading up to Open Enrollment with a program called “access health CT Summer Tour: Get Out, Get Active, Get Healthy”. In addition, AHCT established a new outreach approach called “Community Chats” in the fall of 2015. During these educational sessions that targeted community leaders, elected officials, multicultural media, and general public, AHCT shared important information about the mission and started conversations to seek partnerships to help spread the word.

The Learning Management System (LMS) software became operational as of September 2015 and has been well-received and well-utilized. LMS contains training content and manages the individual training credentials for personnel assisting clients to ensure compliance with regulatory requirements and simplify training administration. LMS will also be used by Call Center staff to further develop their knowledge about the ACA and how to use the system to enroll applicants. The LMS is also being evaluated for other functional areas, which include security training, new hire, consultant, project training, and initiation.

From an organizational and human resources perspective, AHCT continues to analyze and assess its current functional alignment and staff, evaluate its sustainable business practices, and implement strategic planning in order to assure a knowledgeable and efficient staffing structure going forward.

From an Operations perspective, after three open enrollments with AHCT’s Call Center vendor, Maximus, the timing was right to have a formal ‘RFP’ process for a new call center vendor. The RFP was sent out January 21, 2016 with responses due February 29, 2016. The objective is to partner with a vendor that can provide improved technology and value-added services in a more cost effective manner. Maximus did not submit a proposal.

Throughout Fiscal Year 2016, AHCT will continue to monitor future updates and changes to the ACA, or any other applicable Federal and/or State laws, regulations, and guidance for any required changes to the legal authority and governance of Connecticut’s Health Insurance Marketplace, and will proactively manage those changes in support of an ACA compliant Marketplace for the consumers of Connecticut. Connecticut’s uninsured rate is at historic lows—and among the lowest in the nation— and AHCT’s focus is on building a healthier state through expanding our reach and retaining consumers.

Appendix A: Connecticut Health Insurance Exchange Fiscal Years Ending 2015 and 2014 Financial Statements

**Statement of Revenue, Expenses and Changes in Net Position
For the Twelve Months Ending June 30, 2015 and 2014**

	FY15	FY14
Operating Revenues:		
Government Grants and Contracts	\$ 41,921,051	\$ 73,303,817
Non-Government Grants and Contracts	-	205,000
Marketplace Assessment	26,862,411	12,465,573
Interest Income	42,923	17,879
Total Revenues	<u>68,826,385</u>	<u>85,992,269</u>
Operating Expenses:		
Salaries and Wages	7,856,531	6,985,039
Fringe Benefits	2,053,491	1,546,881
Consultants	40,271,647	50,438,598
Equipment	248,022	1,231,834
Supplies	36,293	38,850
Travel	239,640	202,096
Administration	1,471,757	1,502,855
Maintenance	597,622	1,270,281
Depreciation and Amortization	12,067,967	9,469,050
Total Operating Expenses	<u>64,842,970</u>	<u>72,685,484</u>
Change in Net Position	3,983,415	13,306,785
Net position, beginning of year	37,194,319	23,887,534
Net position, end of year	<u>\$ 41,177,734</u>	<u>\$ 37,194,319</u>

Statement of Net Position
For the Twelve Months Ending June 30, 2015 and 2014

	FY15	FY14
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 22,144,345	\$ 39,782,505
Accounts Receivable-Grant	6,117,260	3,325,310
Accounts Receivable- Non-Grant	26,340,628	-
Accounts Receivable - Market Assessment	1,769,817	-
Prepaid Expenses	185,410	154,822
Total Current Assets	<u>56,557,460</u>	<u>43,262,637</u>
Noncurrent Assets:		
Software development in progress	179,735	-
Equipment and software, net	15,571,488	25,177,072
Security Deposit	8,653	8,653
Total Noncurrent Assets	<u>15,759,876</u>	<u>25,185,725</u>
 Total Assets	 <u><u>\$ 72,317,336</u></u>	 <u><u>\$ 68,448,362</u></u>
Liabilities and Net Position		
Current Liabilities:		
Accounts Payable	\$ 10,556,042	\$ 214,732
Accrued Liabilities	20,583,560	30,303,613
Refundable Advances	-	735,698
Total Liabilities	<u>\$ 31,139,602</u>	<u>\$ 31,254,043</u>
Net Position:		
Net position invested in capital assets	15,571,488	25,177,072
Unrestricted Net Position	<u>25,606,246</u>	<u>12,017,247</u>
Total Net Position	<u>41,177,734</u>	<u>37,194,319</u>
Total Liabilities and Net Position	<u><u>\$ 72,317,336</u></u>	<u><u>\$ 68,448,362</u></u>

Statement of Cash Flows
For the Twelve Months Ending June 30, 2015 and 2014

	FY15	FY14
Cash Flows from Operating Activities		
Receipts from funding sources	\$ 22,681,369	\$ 93,043,719
Receipts from Marketplace Assessment	26,000,098	11,557,380
Reimbursement of operating costs	21,584,424	16,524,148
Payments to employees	(9,551,406)	(7,863,696)
Payments to vendors	(66,330,843)	(59,359,748)
Net cash provided by (used for) operating activities	<u>\$ (5,616,358)</u>	<u>\$ 53,901,803</u>
Cash flow from Capital and related financing activities		
Payments for software development in progress	\$ (12,664,958)	\$ (22,468,544)
Purchase of software and equipment	(924,357)	(2,451,563)
Reimbursement of equipment and software, and software development in progress	\$ 1,567,513	\$ 5,806,470
Net cash (used for) capital and related financing activities	<u>(12,021,802)</u>	<u>(19,113,637)</u>
Net change in cash and cash equivalents	(17,638,160)	34,788,166
Cash and cash equivalents at beginning of year	39,782,505	4,994,339
Cash and cash equivalents at end of year	<u>\$ 22,144,345</u>	<u>\$ 39,782,505</u>
Reconciliation of operating income to net cash provided in operating activities		
Change in net position	\$ 3,983,415	\$ 13,306,785
Adjustments to reconcile change in net position to net cash provided by operating activities:		
Depreciation and amortization	12,067,967	9,469,050
Changes in assets and liabilities:		
Prepaid expenses	(32,469,908)	(1,789,414)
Accounts receivable	(30,588)	849,136
Accounts payable - current	21,288,507	14,263,742
Accrued liabilities	(9,720,053)	20,530,475
Security Deposit	-	(8,653)
Refundable advance	(735,698)	704,887
Accounts payable - long term	-	(3,424,205)
Net cash provided by operating activities	<u>\$ (5,616,358)</u>	<u>\$ 53,901,803</u>

Appendix B Listing of Outside Individuals/Firms Receiving in Excess of \$5,000.00; FY 2015

200 Main Street Associates LLC	Crowne Plaza Hartford-Cromwell	ITech Solutions, Inc.	Roth Staffing Companies, L.P.
45-55 Church Street LLC	Deloitte Consulting LLP	James W. Fairfield-Sonn	Scan-Optics LLC
800 Response, LLC	DLT Solutions, LLC	Jeffers Cowherd P.C.	Security Services of Connecticut, Inc.
A&A Office Systems, Inc.	Edge Technology Services, Inc.	Jeffrey L. Wayand	Sentek Global, Inc.
Accuvant, Inc.	Edyta Lortie	Kardas Larson LLC	Shan Howard Jeffreys
Advanced Office Systems	Eliassen Group, LLC	KnowledgeBase Marketing Inc.	SHI International Corp.
Advent Cat Risk	Entravision Communications Corporation	Kool Ink LLC	Shipman & Goodwin LLP
Akamai Technologies, Inc.	ePlus Technology Inc.	KPMG LLP	Solution-Soft Systems, Inc.
Altura Communication Solutions, LLC	Equifax Information Systems, LLC	Kris Squires Print & Promotional Products	Spitfire Communications, LLC
Amtex Systems Inc.	Express Employment Professionals	Linium Staffing	Strategic Security, Inc.
Anthem BCBS of CT	Fairfax Data Systems, Inc.	Live Nation Marketing, Inc.	TEKsystems, Inc.
Atlassian Pty Ltd	Fibertech Holdings Corp	Lockton Companies	Test.com, Inc.
Automatic Data Processing, Inc.	Florence Ellen Whaley-Wexlar	Maxdom Corp	The Pert Group, Inc.
Bobira Studios Inc.	FUSE	Maximus Health Services, Inc.	The Pitney Bowes Bank, Inc.
bswift	G4S Secure Solutions (USA) Inc.	Meredith Corporation	The Southern New England Telephone Co
Byron Barnes	Gartner Inc.	MetroHartford Alliance, Inc.	The Travelers Indemnity Company
Capitol Cleaning Contractors, Inc.	Global Strategy Group LLC	NetSuite Inc.	The Tri-Com Consulting Group, LLC
CDW LLC	Grossman Heinz LLC	New Fields Technologies LLC	Thomas Byrne Associates

Cellco Partnership	Grunberg 280 Trumbull, LLC	NEXT LEVEL Partners, LLC	Thomson Reuters Inc.
Center for Health Policy Development	Hallmark Totaltech, Inc.	NGP Van, Inc.	TouchPoint Integrated Communications LLC
Chubb and Son a division of Fed Ins Co	Hartford Parking Authority	One Eleven Interactive, Corp.	Unum Life Insurance Company of America
Church and Main Deli-Cafe	Health Reinsurance Association	On-Line Systems, Inc.	Verizon Business Network Services Inc.
Cigna Health & Life Insurance Company	HealthPass New York	Onpoint Health Data	Vision Service Plan
Cloud Sherpas, Inc.	ICMA Retirement Corporation	Outlet Broadcasting, LLC dba HVIT Cozi TV	V-Link, Inc.
CMI Sound Systems	IGX Acquisition Global, LLC	Oxford LLC	Voya Financial
CodeBaby Corp	IMG College, LLC	Pappas MacDonnell, Inc.	W.B. Mason Co. Inc.
Cognizant Technology Solutions	InfoGroup Inc.	Patricia A. Hackett	WageWorks, Inc.
Comcast Corporation	ING	Peoples United Bank	Wakely Consulting Group, Inc.
Connecticut Center For Primary Care	Innovative Advantage, LLC	PharmaCares	Ward Consulting Group, LLC
Connecticut Parking Services Inc.	Integration Partners Corporation	Pitney Bowes Presort Services, Inc.	Whittlesey & Hadley, P.C
Connecture, Inc.	International Business Machines Corp	Propark Inc.	Windstream Communications
Constant Contact, Inc.	Interpreters and Translators, Inc.	Robert Half International, Inc.	

Appendix C Workforce Analysis as of June 30, 2015

Department	Grand Total	Total Male	Total Female	White Male	White Female	Black Male	Black Female	Hispanic Male	Hispanic Female	Other Male	Other Female
Executive	3	1	2	1	2						
Operation	35	10	25	5	6	2	3	3	16		
IT	6	5	1	5	1			1			
Marketing	4	0	4	0	2		1		1		
Plan Mgmt. /SHOP	10	4	6	4	4		1		1		
Legal	5	2	3	2	3						
Finance	8	2	6	2	2		2				2
APCD	2	2		1						1	
access health Solutions	1	1		1							
Total Staff Positions	74	27	47	20	20	2	7	4	18	1	2