Connecticut Health Insurance Exchange
Health Plan Benefits and Qualifications Advisory Committee
Special Meeting

Holiday Inn
Suite 202

Thursday, January 19, 2017
Meeting Minutes

Members Present:
Grant Ritter (Chair); Robert Tessier; Stephen Frayne; Maria Diaz

Participants by Phone: Kimberly Martone; Mary Ellen Breault; Paul Lombardo
Wakely Consulting Group: Brittney Phillips

Other Participants:
Access Health CT (AHCT) Staff: James Wadleigh; Shan Jeffreys; Susan Rich-Bye

The Meeting of the Health Plan Benefits and Qualifications Advisory Committee was called to order at 10:00 a.m.

I. Public Comment

No public comment

II. Welcome and Introductions

Chair Grant Ritter called the meeting to order at 10:00 a.m.

III. 2017 Plans: 2018 Actuarial Value Calculator Results

Shan Jeffreys, Director of Marketplace Strategies briefly updated the Committee on the strategic road map for plan designs for 2018. Two more meetings are planned before a Special Meeting of the Board of Directors. Mr. Jeffreys indicated that plan designs approved by the Committee will be brought to the Board of Directors for a final vote. Mr. Jeffreys stated that AHCT wants to be proactive in terms of working with the Committee.

Kimberly Martone joined by phone at 10:04 a.m.

Mr. Ritter inquired about the deadline for plan design approval. Mr. Jeffreys responded that it is March 1st. Mr. Jeffreys provided a high level overview of the standardized plan designs from the Actuarial Value (AV) calculator designed by Centers for Medicare and Medicaid Services (CMS). CMS updates the AV calculator each year, and existing standard plans are run through the new year's AV calculator. The new actuarial values for standard plans must be evaluated to determine the impact for the standard plans for the upcoming year.

Mr. Jeffreys explained that the AV of a plan refers to the percentage of healthcare costs paid by the carrier versus the percentage paid by the consumer. Mr. Jeffreys indicated that for a plan with an actuarial value of 70%, the consumer would be responsible for 30% of their healthcare costs.

Maria Diaz arrived at 10:06 a.m.

Mr. Jeffreys explained the individual and small group standard plan designs. Mr. Jeffreys indicated that AHCT contracted with the Wakely Consulting Group to assist with the standard plan designs for the 2018 plan year. When the 2017 standard plans were run through the 2018 AV calculator, some plans still fall within the AV range for the various metal tiers, while some do not. Bronze and Bronze HSA do fall within the range now. Gold and Silver plans do not fall within the range anymore. These are the areas that need the Committee's attention. Some of the Small Group standard plans also fall outside the AV range using the 2018 AV calculator.

Mr. Tessier expressed concern about plans falling outside the AV range. Mr. Jeffreys responded that AHCT is looking at various options but some are concerning. Mr. Jeffreys added that more information will be shared at the next meeting adding that one of the options is to provide the carriers more flexibility. Also, consumers may need to be provided with more options as well. Mr. Jeffreys added that multiple options are available. Brittney Phillips stated that CMS updated the 2018 AV calculator using claims data. In previous years, updates to the AV calculator were based on trend only. Mary Ellen Breault added that cooperation with the carriers is a crucial element in properly crafting plan designs. Mr. Jeffreys emphasized that carriers are willing participants in this process.

Stephen Frayne inquired about the main drivers that resulted in the AV calculator falling outside of the range. Ms. Phillips replied that cost-sharing in some categories may have been too low. Mr. Ritter inquired how much flexibility is available in regards to possibly raising co-pays or co-insurance. Ms. Breault responded that there should be some flexibility. Limitations exist on prescription drugs. Ms. Phillips added that on the silver plan, the only service that is not currently at the maximum is primary care visits. Ms. Breault indicated that if increases are made, then patients will be paying 100% of the cost. If the increases are made, then it would seem that people would have no coverage. Ms. Breault added that the Insurance Department is not in favor of increasing them unless a full study of the entire industry is done. Mr. Ritter expressed his concerns about consumers not being able to obtain

the healthcare coverage benefit in that case. Ms. Breault added that the AV calculator is a bit misleading since it pertains to only certain benefits within the plan.

Mr. Tessier inquired whether the Committee has the ability to make changes since the areas of flexibility are limited. Mr. Jeffreys described the AHCT Carrier Plan Offerings. Mr. Jeffreys also touched upon the plan costs as well as regulations.

IV. Plan Year 2018 – Plan Design Strategic Overview

Mr. Jeffreys described carrier offerings. At the next meeting, more details will be presented. Increasing the plans within SHOP for small group will be discussed. Mr. Jeffreys indicated that AHCT is looking to have more interaction with the carriers as well as consumers so the latter can see more details about plans before they make their selection. Mr. Jeffreys added that AHCT is subject to federal and state regulations. The AV calculator is using the experience from post-ACA.

V. For Consideration – Plan Year 2018 Certification Standards

Mr. Jeffreys described certifications standards. Mr. Jeffreys added the Board of Directors will be voting as to whether to require the payment of broker commissions for participation on the Exchange for 2018. It will be included in the solicitation to the carriers as well as the application. Mr. Jeffreys added that a tobacco use surcharge may also be discussed for inclusion from the APTC standpoint. Consumers would self-attest to tobacco use. Pros and cons will be discussed at the next Committee meeting. The formulary review standards are uniform. Leveraging the Connecticut Insurance Department (CID) review for this area will be sought. Susan Rich-Bye added that the AHCT Board of Directors adopted a drug formulary standard in 2014.

Mr. Jeffreys briefly spoke about network adequacy and choice. The carriers have different ideas and strategies about this issue. Reevaluation of these issues will be discussed with this Committee. Mr. Frayne inquired about the input from individuals other than those who are creating the product. Mr. Jeffreys responded that AHCT is looking at both national and local research to guide any potential changes. Ms. Breault clarified that some carriers have separate entities that operate as licensed affiliates, which could be a bit problematic. Mr. Frayne stated that he understands the nature and the rationale, but the initial thought was that AHCT did not want to offer an inferior product. Mr. Frayne asked if changes will be made, will it bring more choice offerings or will it have negative consequences. Mr. Jeffreys responded that for the past year AHCT had many conversations with other carriers. The carriers expressed their desires to include the changes under discussion by this Committee. These proposed changes could hopefully make participation more attractive to the carriers and need to be discussed and fully evaluated by this Committee. Mr. Frayne encouraged these discussions. The circumstances that surround the Affordable Care Act (ACA) are rapidly changing. Mr. Tessier commented that statements from Mr. Frayne are well taken. In the past, the Committee and the Board considered making allowances to encourage participation. Carriers were permitted to offer additional non-standard plans to encourage

innovation in plan designs. Mr. Jeffreys spoke about Essential Community Providers. The current standard requiring participating carriers to contract with a certain percent of Essential Community Providers (ECPs) was approved by the Board in 2012 and updated a year later. Mr. Tessier asked how many people use the ECPs. Mr. Jeffreys responded that he will get this data for the Committee to consider.

Mr. Jeffreys indicated that it may be worth discussing whether AHCT should continue requiring that the lowest costing Silver individual plan be a standard plan. The Federally Facilitated Marketplace (FFM) allows the lowest costing Silver plan to be either a non-standard or a standard plan. Mr. Jeffreys noted that he would like to examine the impact to the consumer if the lowest cost Silver individual plan requirement is changed. Mr. Jeffreys added that his intention is to have more meetings of the Health Plan Benefits and Qualifications Advisory Committee in order to discuss and review the issues affecting plan designs.

Mr. Ritter asked if the standard silver plan must be the carriers' lowest cost and if they are not allowed to offer lower cost non-standard plans. Mr. Jeffreys confirmed. An analysis is needed of whether consumers are driven by cost or quality of plan benefits. Mr. Ritter noted that the negative trend that Connecticut is experiencing is being felt across the nation. It is a national actuarial calculator. There needs to be a solution to this issue. Modifications to certain elements, such as network adequacy may need to be considered. Mr. Tessier asked what has been the experience with the standard silver plan premium over the first three years. Paul Lombardo indicated that it has been fairly modest. The average annual increase for the three-year period was around 8%. Susan Rich-Bye added that the expiration of the Transitional Reinsurance Program (TRP) after the 2016 plan year had an impact on premium increases. Mr. Lombardo concurred. The trend was in high single and low double digits. The prescription drug trend is also a significant factor.

Mr. Lombardo added that some people who did not have insurance are learning how to use it now. Some of the carriers are now faced with larger claims because some patients did not see their primary care physicians and their medical issues grew as a result. The experience adjustments add an additional five to 10 percent of the premium increase amount for the carriers. Mr. Frayne indicated that more than 75% of AHCT customers receive premium support. Mr. Frayne inquired that if the network adequacy standard is loosened, what would be CID's expectation. Mr. Lombardo responded that it will not be known until the carriers file rate and form filings for those products. They would have to justify the level of savings depending on the network structure. It could be anywhere between five and ten percent. It is a pure estimate and guess at this time. Mr. Lombardo added that it would most likely contribute to savings on premiums in 2018. Mr. Frayne commented that the committee members are being asked to vote on a promise that something will get better, but are not sure if it will. Mr. Frayne asked for the carrier representatives to be present at committee meetings so they can be asked questions directly. Mr. Jeffreys responded that carriers will be available. Mr. Ritter noted that when the Committee first voted on the standards, members had no idea of what the real impact would be. Mr. Jeffreys indicated that both participating carriers are committed to having representatives from their actuarial departments participate on the Committee.

VI. Next Steps

Mr. Jeffreys outlined the upcoming meeting dates for the Committee.

VII. Adjournment (Vote)

Grant Ritter requested a motion to adjourn the meeting. Motion was made by Robert Tessier and was seconded by Stephen Frayne. ***Motion passed unanimously.*** Meeting adjourned at 11:08 a.m.