As Approved by the Board of Directors on February 16, 2017

STATE OF CONNECTICUT
LIEUTENANT GOVERNOR NANCY WYMAN

# Connecticut Health Insurance Exchange
# Board of Directors Special Meeting

Hilton Hartford
Hartford Commons Room

Thursday, January 26, 2017
**Meeting Minutes**

**Members Present:**
Lt. Governor Nancy Wyman (Chair); Victoria Veltri; Maura Carley; Paul Philpott; Cecelia Woods; Grant Ritter; Commissioner Miriam Delphin-Rittmon, Department of Mental and Health Addiction Services (DHMAS); Robert Scalettar, MD; David Guttchen, Designee for Secretary Benjamin Barnes, Office of Policy and Management (OPM); Commissioner Katharine Wade, Connecticut Insurance Department (CID); Demian Fontanella, Acting Healthcare Advocate

**Other Participants:**
Access Health CT (AHCT) Staff: James R. Wadleigh, Jr., Susan Rich-Bye; Robert Blundo; Steven Sigal

**Members Absent:**
Robert Tessier; Commissioner Raul Pino, Department of Public Health (DPH); Commissioner Roderick Bremby, Department of Social Services (DSS)

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

## I. Call to Order

Lt. Governor Nancy Wyman called the meeting to order at 9:00 a.m.

## II. Public Comment

Deb Polun from Connecticut Health Center Association provided a public comment.

## III. Votes

Lt. Governor Wyman requested a motion to approve the November 17, 2016 Board of Directors Regular Meeting Minutes. Motion was made by Cecelia Woods and seconded by Victoria Veltri. ***Motion passed unanimously.***

Susan Rich-Bye, Director of Legal Affairs and Policy, provided the names of three members to be appointed to the Health Plan Benefits and Qualifications (HPBQ) Advisory Committee. Ms. Rich-Bye explained the important role that the HPBQ Advisory Committee plays in assisting both staff members and the Board on recommendations on standard plan designs, and also other factors that go into solicitations that the Exchange issues.

Lt. Governor Wyman requested a motion to appoint Neil Kelsey, Tu Nguyen, and Ellen Skinner to be members of the Health Plan Benefits and Qualifications Advisory Committee. Motion was made by Demian Fontanella and seconded by Victoria Veltri. ***Motion passed unanimously.***

The Exchange By-laws require the election of a Vice-Chair to take place yearly in January. Lt. Governor Wyman requested a motion to elect Robert Tessier as vice chair of the Board. Motion was made by Paul Philpott and seconded by Cecelia Woods. ***Motion passed unanimously.***

Ms. Rich-Bye provided a brief overview of the Nondiscrimination Policy and Procedure. Lt. Governor Wyman requested a motion to adopt the Nondiscrimination Policy and Procedure as presented by Exchange Staff. Motion was made by Grant Ritter and seconded by Robert Scalettar. ***Motion passed unanimously.***

Shan Jeffreys, the Director of Marketplace Strategies, provided a brief overview of the broker commissions for plans sold through Exchange Individual market for the 2018 Plan Year. Mr. Philpott commented that brokers are paid on the contingency basis, and they are compensated based on their productivity. Dr. Scalettar inquired whether brokers are compensated off of the Exchange. Mr. Jeffreys responded that brokers are paid commissions off of the Exchange. Brokers selling small group plans are paid commissions. Dr. Scalettar asked for a price differential for comparable products on and off of the Exchange. Mr. Wadleigh responded that in many instances, off Exchange prices are more expensive than those offered on the Exchange.

Maura Carley asked for the information regarding how many people enroll online. Robert Blundo, Director of Technical Operations and Analytics, responded that these data are currently not available. Mr. Wadleigh added that based on past Open Enrollments (OE), 40%-50% of people obtaining healthcare coverage on the Exchange did so online. However, historical data show that more people are requesting assistance when choosing their health plans.

Grant Ritter inquired about the participating carriers' reaction to the proposal of reinstituting broker commissions. Mr. Wadleigh indicated that generally, they were not surprised that AHCT

was intending to reestablish this measure. Dr. Scalettar inquired whether other states are requiring broker commissions to be paid for on-exchange individual policies, and the possible impact on premiums if broker commissions were reinstituted. Mr. Wadleigh responded that Connecticut is the only state in the country that allowed elimination of broker commissions for 2017. During the fall timeframe, the Connecticut Insurance Department (CID) conducts the rate review. After a thorough review process, the Department will be able to determine the impact of commissions on premiums. Mr. Philpott commented that asking carriers to pay broker commissions does not make the cost disappear. It shifts the cost from one entity to another. Mr. Philpott added that brokers are a cost effective way of extending the Exchange's sales and services. Cecelia Woods inquired about the role of brokers in the current OE. Mr. Wadleigh responded that brokers have to re-enroll customers in order for their commissions to continue. Generally, AHCT has been in the 80% range for auto-renewal. Since the changes that occurred on the Exchange, including plan and carrier changes, this number will be lower this year. Mr. Wadleigh praised the AHCT employees for their outstanding performance in dealing with these issues. Demian Fontanella inquired whether the unassisted enrollment is self-reported. Mr. Blundo replied that it is system-based. Mr. Fontanella added that health literacy is an issue.

Lt. Governor Wyman requested a motion to require any health carrier offering offering a health insurance plan through the Exchange to pay a commission to an insurance producer or broker who assists an individual or small employer in enrolling in a health insurance plan through the Exchange. Motion was made Victoria Veltri and seconded by Paul Philpott. ***Motion passed unanimously.***

Lt. Governor Wyman requested a motion to require that the amount of commission a carrier pays to a producer or broker who assists an individual or small employer enrolling in a health insurance plan through the Exchange be the same as the amount of commission the carrier pays to producers or brokers who assist individuals or small employers in enrolling in health plans outside of the Exchange. Motion was made by Demian Fontanella and seconded by Victoria Veltri. ***Motion passed unanimously.***

## IV. CEO Report

James Wadleigh, CEO, briefly updated the Board on AHCT activities. Mr. Wadleigh indicated that the fourth OE is getting close to the end, and urged all residents to enroll in quality, affordable coverage. Mr. Wadleigh pointed out that everyone is still required to have coverage. AHCT will evaluate the changes if the law is modified or repealed. Mr. Wadleigh pointed out that AHCT has a lot of work underway. One of the priorities is to improve the carriers' experience with AHCT. Improving customers' experiences with the organization is another priority. Changes to the Special Enrollment Process (SEP) is one of those priorities. Open Enrollment preparations for 2018 are also underway. AHCT will continue to work to lower the organization's operating costs. Reports from the All Payer Claims Database will be provided to the Board Members.

## V. 2017 Open Enrollment Update

Robert Blundo, Director of Technical Operations and Analytics, provided an update on membership. Mr. Blundo indicated that six days are left in OE 2017. For the month of January, gathered data indicate that 5,100 web visitors are recorded daily, and 700 applications were submitted. Of those 700 applications, over 200 are Qualified Health Plan (QHP) enrollees. This translates into 10,300 more individuals when comparing to the numbers from the prior OE. Over the last two months, 17,000 Medicaid applications had been submitted. Mr. Blundo indicated that in terms of the product selection shift, a 38% increase was reported for ConnectiCare Benefits, Inc. and a 4% increase for Anthem. Mr. Philpott asked for a confirmation of the increased percentage of individuals who are not receiving financial assistance, which grew by 12% and those who receive it, which increased by 10%. Mr. Blundo confirmed these perecentages. Mr. Philpott noted that it is a tremendous achievement by the team. Mr. Philpott praised the AHCT staff for enrolling people who do not receive financial assistance. AHCT creates value. Mr. Philpott praised AHCT CEO, Mr. Wadleigh for his efforts. Mr. Wadleigh responded by indicating that he does not want to take credit for these achievements. Mr. Wadleigh noted that the Board's support has been crucial in achieving these goals. The Exchange is also proud of its team. Lt. Governor Wyman reiterated Mr. Philpott's point that AHCT creates value for Connecticut residents.

## VI. Plan Management Update

Shan Jeffreys, Director of Marketplace Strategies, provided a brief overview of Plan Management activities. AHCT is working on the 2018 plan year. Solicitations to the carriers will be going out in March, while the applications will follow a month later. Mr. Jeffreys noted that AHCT is being more proactive with advisory committees. The Health Plan Benefits and Qualifications Advisory Committee is very active. AHCT is working with Wakely Consulting Group on the 2018 plans and the actuarial value calculator. Changes within plan designs will occur. Mr. Philpott noted that AHCT may need to compete with other entities in the future and encouraged thinking about the alternative future. Mr. Jeffreys agreed. Mr. Ritter indicated that many limitations on plan designs are state-regulated, not federally-regulated. Mr. Ritter stated that in this sense, AHCT may not have a disadvantage off the exchange because the same state regulations need to be met. Mr. Ritter mentioned that one area that AHCT may see a disadvantage is the adequacy of coverage. Many of the benefits and co-pays that AHCT offers maxed out. This needs to be addressed. Katharine Wade added that a number of items can be looked at, such as formulary and limited networks. Ms. Wade added that people need to have options along with the consumer disclosure. Dr. Scalettar inquired whether AHCT is encouraging other carriers to join the Exchange. Mr. Wadleigh responded that along with the Lt. Governor, an active effort has always been underway to solicit other carriers to join. CID is also participating in this effort. Mr. Wadleigh added that changes in regulations were made to allow additional dental carriers to participate in Connecticut. AHCT is hoping that they will be submit their applications to participate on the Exchange. Lt. Governor Wyman thanked AHCT Staff for being proactive in their efforts in soliciting new carriers.

## VII. Wakely: 2016 Adverse Selection Study

Steven Sigal, Chief Financial Officer, introduced Julie Andrews to present the 2016 Adverse Selection Study. Wakely was retained by AHCT to perform this study. AHCT is required by its enabling legislation to report annually on the impact of adverse selection on the exchange, provide recommendations to address any negative impact reported, and provide recommendations to ensure the sustainability of the exchange. This study is based on 2014 and 2015 data. Data for the study have been collected from various sources. Carriers' perspective was added through the survey responses. Risk factor profiles were presented. The nature of adverse selection, areas of potential adverse selection, and the study methodology were reviewed. The risk adjustment formula is benefitting the on-exchange plans. Centers for Medicare and Medicaid Services (CMS) continue to work to improve the formula. Ms. Wade inquired whether Wakely used tobacco as a rating factor in the off-Exchange individual market. Ms. Andrews indicated that based on reviewing markets in different areas, the population may have a higher proportion of tobacco users that is not being properly reflected in the enrollment. Ms. Andrews noted that small group enrollment in the fully insured marketplace continues to decline. Some of the carriers' responses also suggested additional regulatory changes to encourage enrollment and ensure adequate premiums and limit abuse on the Exchange.

## VIII. Procedure: Pre-Enrollment Verification of Consumers' Eligibility for Special Enrollments – Amendment to Current Procedure

Ms. Rich-Bye provided an overview of the proposed amendment to the current Procedure: Pre-Enrollment Verification of Consumers' Eligibility for Special Enrollments. This procedure requires consumers enrolling during the Special Enrollment Period (SEP) to submit documents verifying their eligibility. As a follow-up to Wakely's report, AHCT has been looking at a number of factors in the marketplace to assess whether consumers were not abusing SEP, and if that is having an impact on the marketplace. Ms. Rich-Bye indicated that members enrolling during the SEPs have a significantly worse experience than those enrolling during the OE periods. It was part of the feedback that was received in the Wakely Adverse Selection Report. An indication was made that some enrollees are dropping their coverage after utilization of services. AHCT is seeing a high volume of individuals enrolling during the SEP, averaging 500 new applications per month. The types of qualifying life events, nearly 80% of them, are attesting to the loss of Minimum Essential Coverage (MEC). Ms. Rich-Bye noted that the impact on rates as indicated to AHCT by the carriers, is about a 6-10% of premium increase. Lt. Governor Wyman asked whether AHCT is aware if those individuals who are applying during the SEP are the same as those from previous years. Ms. Rich-Bye responded that AHCT at this point does not have this information. Mr. Blundo noted that AHCT does not look retrospectively at individuals who are applying for coverage. Mr. Blundo added that AHCT has the technical ability to look back into the system to determine if a given person applied for healthcare coverage during the SEP in the past. Mr. Wadleigh added that it is more on the line of a 2-1 ratio.

Lt Governor Wyman asked whether it would be possible to determine the age groups of the repeated utilizers, and if a prevalent season exists for the repeated enrollees. Mr. Blundo responded that there are no distinctive trends regarding age groups and seasonality of the sign-ups. Mr. Wadleigh added that the participating carriers have indicated that the fourth quarter SEPs are significantly more expensive to them as a business. Cecelia Woods asked about the ways that people can prove that they lost MEC. Ms. Rich-Bye responded that currently it is an attestation. Ms. Rich-Bye noted that the policy that was adopted by the Board in June of 2016 allows AHCT to request document verification. Ms. Veltri commented that people can lose MEC numerous times due to the lack of employment, and emphasized that it does not necessarily mean that they are enrolling just to utilize services and then drop the coverage after their medical procedures are done. Ms. Rich-Bye agreed.

Maura Carley asked whether AHCT knows more about this population in terms of differing reasons for the loss of MEC. Ms. Rich-Bye noted that operationally, AHCT has been able to gather these data since fall. Mr. Wadleigh indicated that the latest full data are one-and-a-half-years old. Lt. Governor Wyman asked why the number of the SEP applicants is virtually the same each month. Mr. Blundo replied that AHCT is starting to see a stabilization of numbers. Mr. Wadleigh added that no method exists to capture method codes. In the past, AHCT performed the lever survey. Mr. Wadleigh doubted that losing a job was major factor in losing MEC. Ms. Rich-Bye underlined that the proposed amendment would require SEP applicants to submit proper documentation before the enrollment is submitted to the carrier. Applicants would be required to supply verifying documentation to AHCT within 30 days of their application submission. Ms. Veltri inquired whether people under COBRA will be well-served under this verification procedure. Ms. Rich-Bye responded that if someone has a loss of MEC, one can enroll either the 60 days before, if the person is aware that the loss of MEC is approaching, or 60 days after. If the first option is exercised, then as a result, the first effective date of new coverage would begin on the day that the original loss of MEC was supposed to take place, therefore, there would be no gap in coverage. The individual would have to find out about the COBRA options first. Once someone begins COBRA, then it has to be continued until it expires. If the consumer decides that the cost of COBRA is prohibitive, it is not a qualifying life event under the rules of SEP. Unless the SEP applicant is from another country, one has to show that she/he had medical coverage for at least one day in sixty days preceding the move. If that was not the case, then an applicant would have to wait for the next regular OE to apply. It is a federal requirement.

Mr. Fontanella inquired about the possible timeframe for AHCT to review the documentation once it is submitted. Mr. Wadleigh noted that it should be done within 30 days. Mr. Fontanella encouraged AHCT to include in the notice to the consumer a timeline commitment for reviewing verification documents. Ms. Rich-Bye noted that the effective date would be based on the rules of the ACA. Ms. Carley inquired about the process in which a self-reported qualifying event, such as divorce, takes place. Ms. Rich-Bye noted that most likely a court order indicating dissolution of marriage may have to be provided to support the case. Ms. Carley noted that obtaining this documentation may be delayed significantly. Ms. Carley inquired if a COBRA election letter would suffice. Ms. Rich-Bye responded that as long as the COBRA letter showed the termination of the previous coverage, it would be valid. Ms. Veltri expressed her concerns about the birth of

a child as a Special Enrollment qualifying event. If a child is born, a child can be covered from the time of birth. However, if the parents did not pay the premium within 60 days, there could be potential problem with the retroactive coverage. Ms. Rich-Bye commented that nothing in the procedure changes the underlying law. The person can have retroactive coverage, but has no evidence of effective coverage. Ms. Rich-Bye clarified that they would not have the proof of having coverage at that time, but they would be able to submit their claims after documents are reviewed.

Lt. Governor Wyman requested a motion to approve the Amended Procedure: Pre-Enrollment Verification of Consumers' Eligibility for Special Enrollments as presented by Exchange staff for publication in the *Connecticut Law Journal* and 30 days of public comment. Motion was made by Paul Philpott and seconded by Victoria Veltri. ***Motion passed unanimously.***

Lt. Governor Wyman acknowledged that circumstances surrounding the Affordable Care Act are changing. Lt. Governor Wyman expressed words of appreciation to everyone who cares about consumers who are looking to obtain affordable healthcare coverage.

## XI Adjournment

Lt. Governor Wyman requested a motion to adjourn the meeting. Motion was made by Cecelia Woods and seconded by Victoria Veltri. ***Motion passed unanimously***. Meeting adjourned at 10:58 a.m.