

# *Board of Directors Meeting*

*February 16, 2017*

access health CT The logo for access health CT features the text "access health CT" in a sans-serif font. The "CT" is in a larger, bold font. To the right of the text is a graphic of a stylized sun or starburst composed of many small orange dots.

# Agenda

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- A. Call to Order and Introductions
- B. Public Comment
- C. Review and Approval of Minutes
  - January 26, 2017 Special Meeting
- D. CEO Report
- E. Finance Update
  - Approval of 2016 Audited Financial Statements (Vote)
  - Approval of 2016 Programmatic Audit Report (Vote)
  - Approval of 2016 Quasi-Public Report (Vote)
  - Second Quarter 2017 Reforecast (Vote)
- F. 2017 Open Enrollment Update
- G. Adjournment

# Votes

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## Review and Approval of Minutes

- January 26, 2017 Special Meeting

# *CEO Report*

*Finance Update*  
&  
*Second Quarter*  
*2017 Reforecast*

# Overview: February 2017

- The Finance Team continues fulfilling its commitment to support the organization as it has become a “going concern”, but is also experiencing continuing transition and challenges.
- Continue securing financial resources:
  - 2016 market based assessments received to date total \$33.4M.
  - 2017 market based assessment notices are expected to generate \$30.4M of total assessments. \$0.5M has been received to date.
- Regulatory requirements continue to be met:
  - Whittlesey & Hadley, P.C. completed two audits:
    - ❑ 2016 AHCT Financial Statement Audit
    - ❑ 2016 Programmatic Audit
  - 2016 AHCT Quasi-Public Annual Report was also completed
  - All of these reports were presented to the Audit Subcommittee of the Board at its meeting on February 10, 2017.
  - Completed and filed three regulatory filings:
    - ❑ 2014 Level I Grant Close out Report
    - ❑ Quarterly Report to the Connecticut Joint Standing Committees of the General Assembly under C.G.S. §38a-1092(a) for the fourth calendar quarter
    - ❑ 2015 Adverse Selection Study with the Connecticut General Assembly as required by Connecticut statute, C.G.S. §38a-1084(25)
- Improving business processes by culminating work with RSM, who is assisting in implementing the remaining functionality of the Enterprise Resource Planning (ERP) software from NetSuite. Current efforts focus on, completing workflows.
- The expense results for the seven months ended January 31, 2017, as well as the 2nd Quarter 2017 full year expense reforecast follows. The reforecast was presented to the Finance Subcommittee of the Board at its meeting on February 10, 2017



## *2017 Fiscal Year Q2 Reforecast Overview*

- The AHCT Q2 Reforecast of \$35.9M is about the same as the Q1 Reforecast of \$35.9M. On a gross expense basis, the Q2 Reforecast is \$64.2M , which is \$0.1M or 0.2% more than the Q1 Reforecast of \$64.1M.
- While the projected 1<sup>st</sup> quarter variance in M&O renewal expenses of \$0.7M materialized, the composition of the Reforecast has changed due to the implementation of regulatory and strategic initiatives. An increase in postage expenses is also projected. The overall net increase in AHCT expenses is \$22k.
- The increase in total expense of \$0.1M relates primarily to the increase in projected postage costs.

# 2017 Fiscal Year Q2 vs. Q1 Reforecast

**Fiscal Year 2017 Q1 Reforecast**

Access Health CT	FY17	DSS Reimb	Grant	AHCT
Salaries	\$ 8,065,818	\$ -	\$ -	\$ 8,065,818
Fringe Benefits	\$ 2,419,745	\$ -	\$ -	\$ 2,419,745
Temporary Staffing	\$ 2,380,144	\$ 1,691,420	\$ 1,248	\$ 687,476
Contractual	\$ 39,849,950	\$ 22,266,567	\$ 170,896	\$ 17,412,487
Equipment and Maintenance	\$ 10,150,549	\$ 2,707,869	\$ 1,394,637	\$ 6,048,043
Supplies	\$ 25,750	\$ -	\$ -	\$ 25,750
Travel	\$ 124,988	\$ -	\$ -	\$ 124,988
Other Administrative	\$ 1,067,230	\$ -	\$ -	\$ 1,067,230
<b>Total Expense</b>	<b>\$ 64,084,174</b>	<b>\$ 26,665,856</b>	<b>\$ 1,566,781</b>	<b>\$ 35,851,537</b>

**Fiscal Year 2017 Q2 Reforecast**

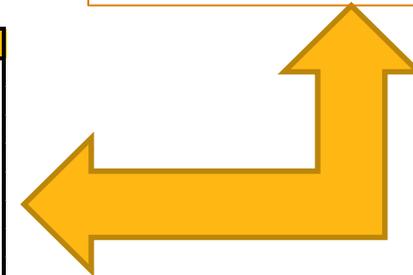
Access Health CT	FY17	DSS Reimb	Grant	AHCT
Salaries	\$ 8,065,818	\$ -	\$ -	\$ 8,065,818
Fringe Benefits	\$ 2,419,745	\$ -	\$ -	\$ 2,419,745
Temporary Staffing	\$ 2,300,388	\$ 1,390,486	\$ 1,248	\$ 908,653
Contractual	\$ 38,950,289	\$ 22,388,472	\$ 175,197	\$ 16,386,620
Equipment and Maintenance	\$ 11,139,964	\$ 3,001,560	\$ 1,390,336	\$ 6,748,068
Supplies	\$ 18,055	\$ -	\$ -	\$ 18,055
Travel	\$ 128,816	\$ -	\$ -	\$ 128,816
Other Administrative	\$ 1,197,762	\$ -	\$ -	\$ 1,197,762
<b>Total Expense</b>	<b>\$ 64,220,836</b>	<b>\$ 26,780,519</b>	<b>\$ 1,566,781</b>	<b>\$ 35,873,537</b>

**Q1 v. Q2 Reforecast Variance**

Access Health CT	FY17	DSS Reimb	Grant	AHCT
Salaries	\$ 0	\$ -	\$ -	\$ 0
Fringe Benefits	\$ 0	\$ -	\$ -	\$ 0
Temporary Staffing	\$ 79,757	\$ 300,934	\$ -	\$ (221,177)
Contractual	\$ 899,661	\$ (121,905)	\$ (4,302)	\$ 1,025,867
Equipment and Maintenance	\$ (989,415)	\$ (293,692)	\$ 4,302	\$ (700,025)
Supplies	\$ 7,695	\$ -	\$ -	\$ 7,695
Travel	\$ (3,828)	\$ -	\$ -	\$ (3,828)
Other Administrative	\$ (130,532)	\$ -	\$ -	\$ (130,532)
<b>Total Expense</b>	<b>\$ (136,663)</b>	<b>\$ (114,663)</b>	<b>\$ 0</b>	<b>\$ (22,000)</b>

## Variations

- The primary unfavorable variance is due to postage and the composition change is due to implementation of regulatory and strategic initiatives.
- For an Analysis of Shared Costs with DSS for Temporary Staffing, Contractual, and Equipment and Maintenance – See page 4 for detail



# 2017 Fiscal Year Q2 Reforecast Analysis of Shared Costs with DSS

DSS Allocable Breakout	Q1, FY17 RFCST	Q2, FY17 RFCST	Variance	Allocation %	Q1, FY17 RFCST	Q2, FY17 RFCST	Variance
<b>IT Allocable</b>	<b>\$ 3,860,570</b>	<b>\$ 3,769,786</b>	<b>\$ 90,784</b>		<b>\$ 3,168,900</b>	<b>\$ 3,169,644</b>	<b>\$ (745)</b>
Development (New)	\$ 1,004,500	\$ 158,500	\$ 846,000	84.00%	\$ 843,780	\$ 133,140	\$ 710,640
Hosting (M&O)	\$ 1,143,025	\$ 1,521,156	\$ (378,131)	80.00%	\$ 914,420	\$ 1,216,925	\$ (302,505)
Security (M&O)	\$ 706,445	\$ 729,800	\$ (23,355)	80.00%	\$ 565,156	\$ 583,840	\$ (18,684)
Testing (DDI)	\$ 1,006,600	\$ 386,090	\$ 620,510	84.00%	\$ 845,544	\$ 324,315	\$ 521,228
Testing (M&O)	\$ -	\$ 314,080	\$ (314,080)	80.00%	\$ -	\$ 251,264	\$ (251,264)
DSS Only Projects	\$ -	\$ 660,160	\$ (660,160)	100.00%	\$ -	\$ 660,160	\$ (660,160)
<b>Non- Allocable</b>	<b>\$ 12,117,296</b>	<b>\$ 10,440,189</b>	<b>\$ 1,677,107</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Accounting	\$ 80,000	\$ 88,125	\$ (8,125)	0.00%	\$ -	\$ -	\$ -
APCD	\$ 1,405,813	\$ 1,405,813	\$ 0	0.00%	\$ -	\$ -	\$ -
Capital Initiatives	\$ -	\$ -	\$ -	0.00%	\$ -	\$ -	\$ -
Legal	\$ 635,800	\$ 635,800	\$ 0	0.00%	\$ -	\$ -	\$ -
Marketing	\$ 4,952,245	\$ 4,176,278	\$ 775,966	0.00%	\$ -	\$ -	\$ -
SHOP	\$ 558,000	\$ 502,342	\$ 55,658	0.00%	\$ -	\$ -	\$ -
Plan Management	\$ 340,000	\$ 340,000	\$ 0	0.00%	\$ -	\$ -	\$ -
Verifications (Xerox)	\$ 2,032,976	\$ 2,032,976	\$ -	0.00%	\$ -	\$ -	\$ -
IT Development	\$ 1,869,995	\$ 1,058,831	\$ 811,164	0.00%	\$ -	\$ -	\$ -
1095 Projects	\$ 73,382	\$ 35,028	\$ 38,354	0.00%	\$ -	\$ -	\$ -
Other	\$ 169,085	\$ 164,995	\$ 4,090	0.00%	\$ -	\$ -	\$ -
<b>Non- IT Allocable</b>	<b>\$ 23,872,084</b>	<b>\$ 24,740,315</b>	<b>\$ (868,231)</b>		<b>\$ 19,097,667</b>	<b>\$ 19,218,827</b>	<b>\$ (121,160)</b>
Call Center	\$ 21,037,815	\$ 21,029,265	\$ 8,550	80.00%	\$ 16,830,252	\$ 16,823,412	\$ 6,840
Call Center (Brokers)	\$ -	\$ 716,781	\$ (716,781)	0.00%	\$ -	\$ -	\$ -
Operations	\$ 2,834,269	\$ 2,994,269	\$ (160,000)	80.00%	\$ 2,267,415	\$ 2,395,415	\$ (128,000)
<b>Contractual</b>	<b>\$ 39,849,950</b>	<b>\$ 38,950,290</b>	<b>\$ 899,660</b>		<b>\$ 22,266,567</b>	<b>\$ 22,388,472</b>	<b>\$ (121,905)</b>
BEST Staffing (DDI New)	\$ 796,545	\$ 677,165	\$ 119,380	84.00%	\$ 669,098	\$ 568,818	\$ 100,280
BEST Staffing (M&O)	\$ 1,053,436	\$ 960,692	\$ 92,745	80.00%	\$ 842,749	\$ 768,553	\$ 74,196
BEST Staffing via DSS (M&O)	\$ 40,000	\$ 40,000	\$ (0)	0.00%	\$ -	\$ -	\$ -
AHCT Staffing (M&O)	\$ 224,467	\$ 66,393	\$ 158,073	80.00%	\$ 179,573	\$ 53,115	\$ 126,459
AHCT Staffing	\$ 265,696	\$ 556,138	\$ (290,442)	0.00%	\$ -	\$ -	\$ -
<b>Temporary Staffing</b>	<b>\$ 2,380,144</b>	<b>\$ 2,300,388</b>	<b>\$ 79,757</b>		<b>\$ 1,691,420</b>	<b>\$ 1,390,486</b>	<b>\$ 300,934</b>
M&O (New)	\$ 3,384,836	\$ 3,751,950	\$ (367,115)	80.00%	\$ 2,707,869	\$ 3,001,560	\$ (293,692)
M&O (New FY17)2	\$ -	\$ -	\$ -	85.00%	\$ -	\$ -	\$ -
DDI (Release 20, 1095 etc.)	\$ 3,572,829	\$ 4,081,620	\$ (508,791)	0.00%	\$ -	\$ -	\$ -
M&O (APCD, EOM etc.)	\$ 3,192,884	\$ 3,306,393	\$ (113,509)	0.00%	\$ -	\$ -	\$ -
<b>Equipment &amp; Maintenance</b>	<b>\$ 10,150,549</b>	<b>\$ 11,139,964</b>	<b>\$ (989,415)</b>		<b>\$ 2,707,869</b>	<b>\$ 3,001,560</b>	<b>\$ (293,692)</b>
<b>GRAND TOTAL</b>	<b>\$ 52,380,643</b>	<b>\$ 52,390,641</b>	<b>\$ (9,999)</b>		<b>\$ 26,665,856</b>	<b>\$ 26,780,518</b>	<b>\$ (114,663)</b>



# *2017 Fiscal Year Q2 Reforecast Risks and Opportunities*

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- Risks and opportunities to the AHCT 2017 budget include
  - Risks
    - System maintenance & operations (M&O)
    - Cost sharing with DSS
    - Insurance renewal costs
    - Timing of State (DAS/Best) Billing
    - Call Center
  - Opportunities
    - Cost sharing with DSS
    - Business Process Outsourcing (BPO)
    - Call Center

# 2017 Fiscal Year Q1 Reforecast vs. Actuals

Through 7 Months

Category	Q1 Reforecast January YTD	Actuals January YTD	Variance January YTD
Salaries	\$4,665,562	\$4,584,810	\$80,752
Fringe Benefits	\$1,417,124	\$1,428,019	(\$10,895)
Temporary Staffing	\$513,841	\$490,990	\$22,852
Contractual	\$11,949,854	\$10,785,083	\$1,164,771
Equipment and Maintenance	\$3,855,436	\$3,064,612	\$790,824
Supplies	\$12,857	\$6,365	\$6,492
Travel	\$69,041	\$53,294	\$15,747
Other Administrative	\$473,672	\$651,472	(\$177,800)
<b>Total Expense</b>	<b>\$22,957,386</b>	<b>\$21,064,644</b>	<b>\$1,892,742</b>

The favorable variance is related to the timing of development of the APCD, as well as the integrated eligibility system.

# Access Health CT **2017 Open Enrollment Summary**

*February 16, 2017*

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OE Conclusion Yearly Comparison



2017 Marketplace Overview



QHP Customer Profile & Analysis



Retention & Acquisition Results



Plan Selections & Customer Preferences



Pricing Analysis

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The full Open Enrollment Summary Report is located on the AHCT Agency Site:  
<http://agency.accesshealthct.com/meetings#one>

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## OE Conclusion Yearly Comparison

# End of Open Enrollment (OE) – 4 Year Review

	Open Enrollment 1 110/1/13 – 3/31/14	Open Enrollment 2 11/15/14 – 2/15/15	Open Enrollment 3 11/1/15 – 1/31/16	Open Enrollment 4 11/1/16 – 1/31/2017
Active QHP Enrollment:	78,713	110,095	116,019	111,542
Total Active Medicaid Determinations:	129,588	442,508	608,003	671,960
% QHP Population with Financial Assistance:	77.7%	77.4%	78.1%	76.4%
% QHP Population Under 35 (Average Age):	30.9%	32.5%	33.2% (42.7)	31.7% (43.3)
Most Popular QHP Issuer (% of Enrollment):	Anthem (53%)	ConnectiCare Benefits Inc (42%)	ConnectiCare Benefits Inc (53%)	ConnectiCare Benefits Inc (69%)
QHP Auto-Renewal Rate:	N/A	67%	81%	63%
% of Enrollment w/ Broker Assistance:	30%	38%	50%	25%
Calls Handled by Call Center:	401,695	338,142	384,559	410,710
Website Volume (Unique Visitors):	863,766	586,172	385,827	338,825

# 2017 Open Enrollment (OE) Growth



**14,137 Increase in Total Enrollment (111,542)**

Net QHP enrollment increase since 11/1/2016



**75,997 Enrollees Renewed**

Enrollees who renewed their 2016 policies for 2017



**35,545 New QHP Enrollees Added**

Of those, over 13.7k Are First Time Customers



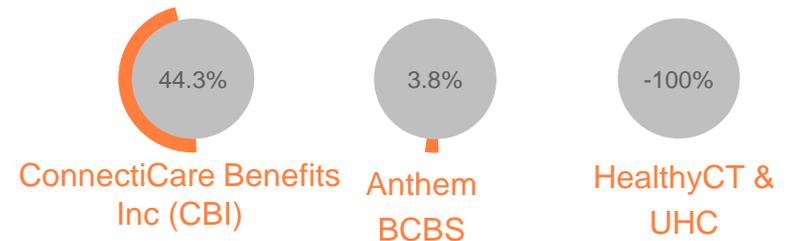
**77,805 Medicaid Enrollees**

Completed applications/redeterminations processed through the integrated eligibility system during Open Enrollment

## % Increase in OE Enrollment by Financial Assistance



## % Change in OE Carrier Enrollment



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## 2017 Marketplace Overview

# 2017 Marketplace Overview

- Eligibility for Financial Assistance
  - Over 75% of enrollees receive financial help for premiums.
- Enrollee Health Plan Coverage
  - ConnectiCare market share has increased 16% since start of OE, it now accounts for over two-thirds of enrollment in 2017.
  - 1 in 10 QHP households have one or more household members enrolled in a HUSKY program.
- Enrollee Coverage Deadlines
  - 83% of QHP customers enrolled in time to ensure their coverage started January 1.
- OE Broker Assistance
  - 25% of all new enrollment indicated receiving help from a broker.

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## QHP Customer Profile & Analysis

# Financial Assistance Profile

## Customer Profile by Financial Assistance Level

	APTC + CSR	APTC	No F.A.
Members	56,714	28,544	26,284
Avg. HH Size	1.5	2.1	2.3
Avg. Age	44.9	45.2	37.9
% Female	55.8%	52.2%	49.2%
Avg. % Federal Poverty Level	166.8%	315.2%	
% HUSKY Transfers (2016 Coverage)	15.4%	5.5%	3.0%
% w/ 2016 QHP Coverage	52.5%	64.3%	51.1%
% w/ 2015 QHP Coverage	33.6%	46.2%	38.0%
% w/ 2015 & 2016 QHP Coverage	31.0%	43.2%	35.5%

**Non-Subsidized Enrollees tend to be younger and have larger covered households.**

**43% of enrollees receiving an APTC without CSR have been enrolled since CY2015.**

*Household (HH) size only accounts for individuals within the household with QHP coverage*

# Customer Profile Summary

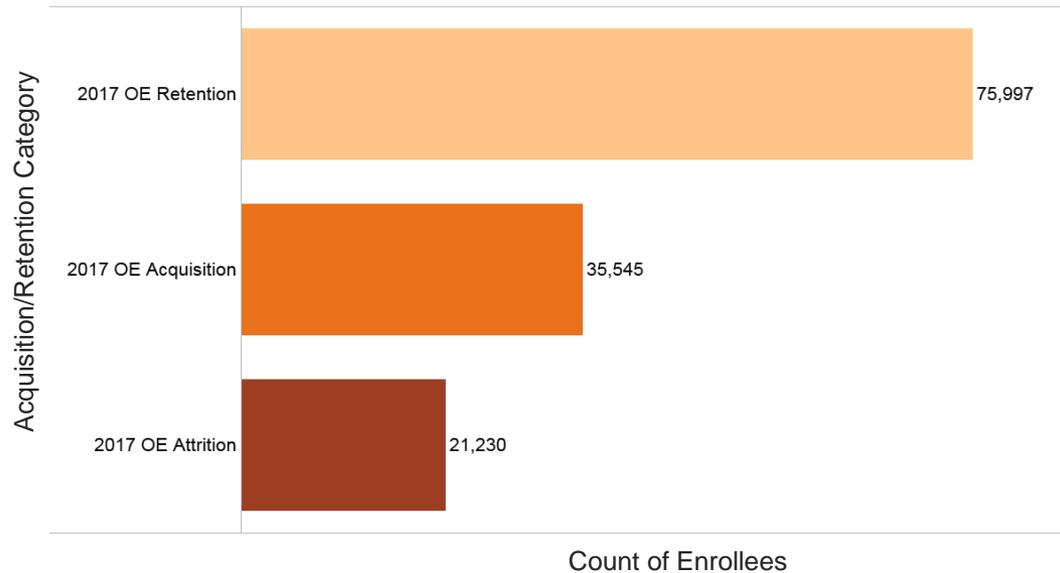
- **Customer Age-Mix**
  - 25% of enrollment consists of 18-34 year olds, aka “young invincibles.”
  - 55-64 Year Olds largest age group (31%).
  - 1.5% customers over 65.
- **Customer Geography**
  - Highest density of customers in urban areas.
  - Fairfield County accounts for largest proportion of customers (31%).
- **Customer Household Income**
  - 151% - 200% FPL Households account for nearly 20% of all enrollment. (\$23.5k).
  - 23.5% of enrollment over 400% FPL or declined Financial Assistance.
- **Misc. Applicant Information**
  - Over 10% of enrollees have declined the financial help gating question.
  - 93% of applicants indicated English is their preferred language.
  - Of applicants who responded, 33% identified race/ethnicity as non-white.

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## 2017 Open Enrollment Retention & Acquisition Results

# OE Acquisition & Retention Results

## Open Enrollment 2017 Customer Retention/Acquisition Status



**78% of customers enrolled in a 2016 plan prior to Open Enrollment were renewed/retained in a 2017 Plan.**

**32% of QHP customers with a 2017 plan were newly acquired during this open enrollment period.**

## OE Acquisition & Retention Results (cont.)

### Customer Retention/Acquisition Status by Engagement Segment

	Discontinued Carriers	Discontinued Plan	Active Renewal	Passive Renewal (Auto)
2017 OE Retention	7,369	8,733	8,644	51,251
2017 OE Acquisition			35,545	
2017 OE Attrition	3,717	3,637	4,355	9,521
<b>Grand Total</b>	<b>11,086</b>	<b>12,370</b>	<b>48,544</b>	<b>60,772</b>

**Only 63% of customers qualified for automatic renewal during 2017 Open Enrollment (compared to 81% in 2016 OE)\*.**

**Customers electing automatic renewal are nearly 25% more likely to renew.**

*\*The departure of UHC & Healthy CT, and the discontinuance of five plans offered in 2016, resulted in over 23k customers losing the opportunity to qualify for automatic renewal.*

# Customer Acquisition Profile

## Customer Profile by Open Enrollment Acquisition Type

	New Acquisition Customer*	Re-Acquired Customer**	Retained Customer***
Members	13,791	21,754	75,997
Avg. HH Size	2.0	1.7	1.9
Avg. Age	40.9	40.0	44.7
% Female	49.7%	53.5%	53.9%
Avg. % Federal Poverty Level	221.0%	197.3%	221.6%
% HUSKY Transfers (2016 Coverage)	0.3%	30.4%	5.9%
% w/ 2016 QHP Coverage	0.0%	1.4%	80.6%
% w/ 2015 QHP Coverage	0.0%	11.4%	52.3%
% w/ 2015 & 2016 QHP Coverage	0.0%	0.8%	51.4%

**Newly acquired QHP customers average 4 years younger than the retained customers.**

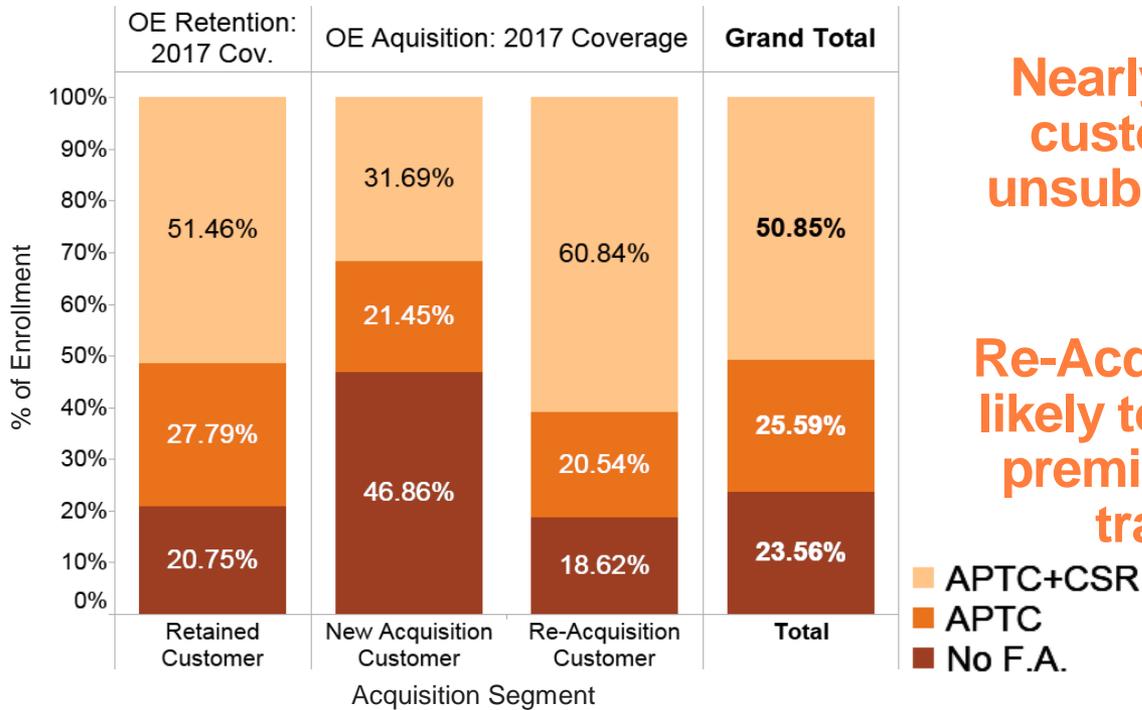
\*Enrollees who did not have an account with AHCT prior to 2017 Open Enrollment are defined as “new acquisition” customers.

\*\*Enrollees with accounts created prior to open enrollment, but not enrolled in a QHP are defined as “re-acquired” customers.

\*\*\*Enrollees with active 2016 QHP coverage prior to 2017 Open Enrollment are defined as “Retained” Customers.

# OE Customer Acquisition – F.A. Level

## Customer Acquisition by Financial Assistance (F.A.) Level

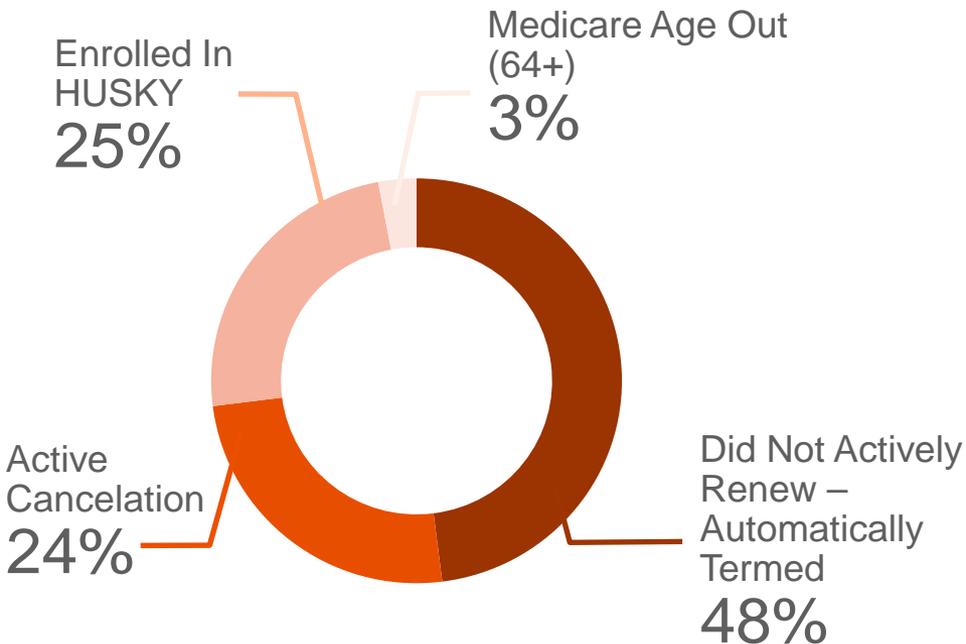


**Nearly 50% of new acquisition customers from 2017 OE are unsubsidized, compared to only 28% in 2016 OE.**

**Re-Acquired customers are more likely to receive financial help for premiums and nearly one-third transition from HUSKY.**

# Open Enrollment Customer Attrition

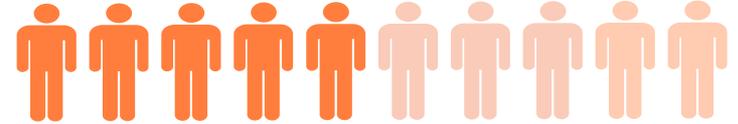
## 2017 Open Enrollment Attrition Reasons (21,230 non-renewals)



\* 2016 Leaver Survey Conducted by AHCT

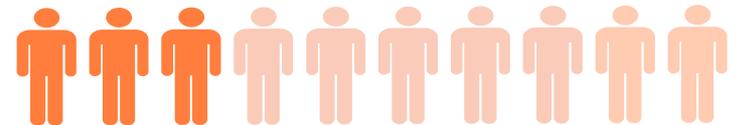
## 5 in 10

Non-Subsidized Leavers Indicate They Have Coverage Through Another Source\*



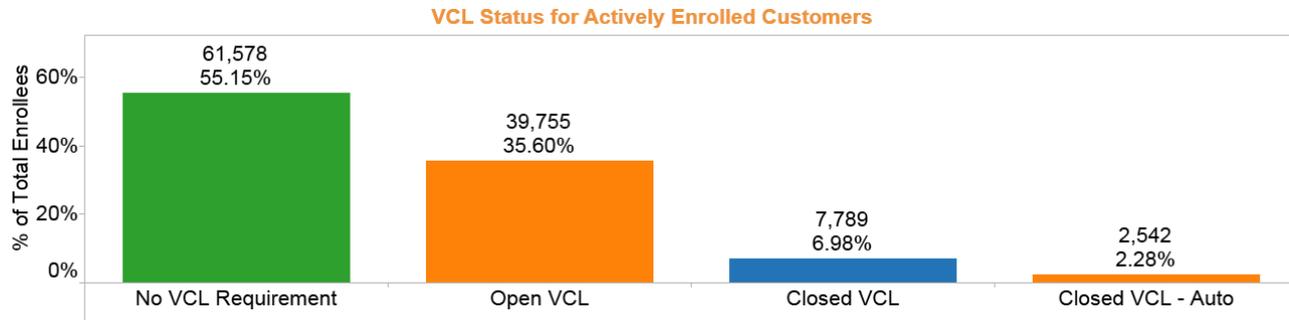
## 3 in 10

Subsidized Leavers Indicate They Have Coverage Through Another Source\*

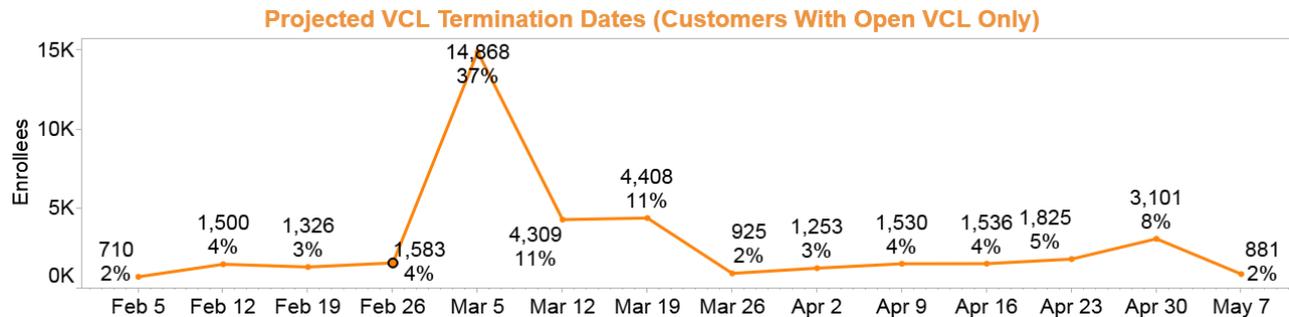


# Customer Retention – Outstanding Verifications

## Outstanding Verification Checklist (VCL) Activity For End of OE Customers



**36% of the enrolled customer base have an outstanding verification to complete.**



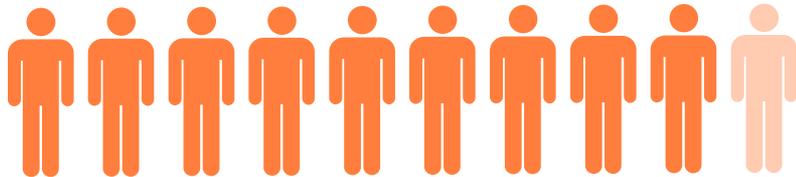
**Nearly 37% of open verifications have a due date of March 5, 2017.**

Verification status as of 2/5/2017

## Customer Retention – Effectuated Coverage

# 8.8 in 10

Enrollees have made their first premium payment\*



*\*Effectuation rate presented for Anthem BCBS customer base only  
Effectuation status as of 2/5/2017*

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## Plan Selections & Customer Preferences

- **Metal Tier Preferences**

- 64% of QHP customers selected a health plan in the Silver metal tier.
- Bronze plans most popular option for Non-Subsidized Customers.

- **Carrier Preferences & Transitions**

- Of the 10.4k customers who switched carriers between 2016 and 2017, 76% chose ConnectiCare Benefits Inc (CBI).
- 79% of new acquisition customers selected a plan from CBI.

- **Customer Shopping/Migration Trends**

- 34% of customers who renewed in 2017 selected a different plan from their prior year.
- 67% of all renewals who selected a different plan in 2017 selected a plan in the same metal tier.
- 25% selected a plan in a lower metal tier.

- **Plan Preferences & Selections**

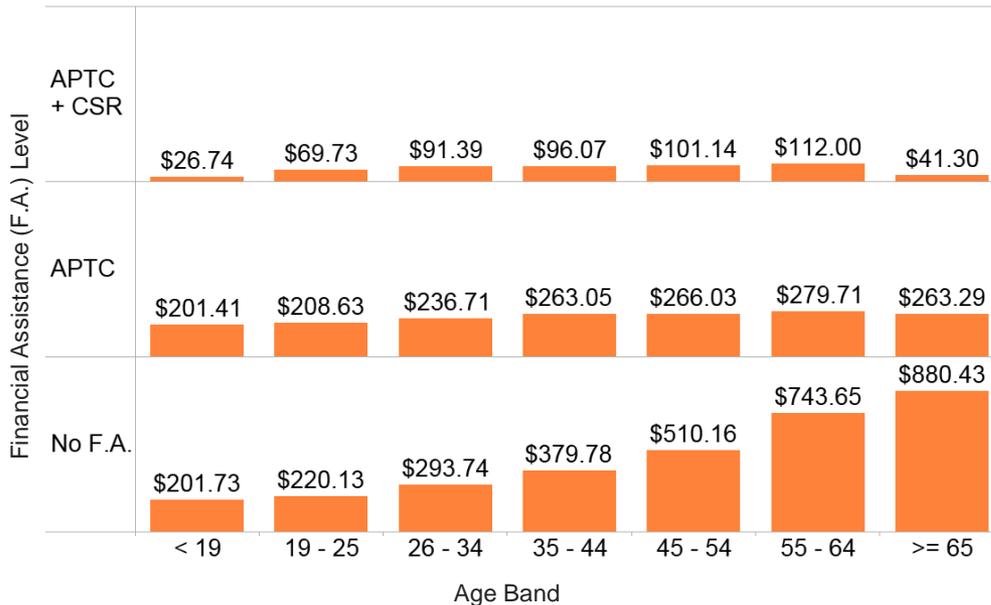
- Over half of all customers are enrolled in a standard silver plan.
- 16.5% of QHP enrollees selected a plan with a Health Savings Account (HSA).

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## Pricing Analysis

## Monthly Plan Cost – Age Band

Average Monthly After APTC Premium by Age Band and Financial Assistance (F.A.) Level\*

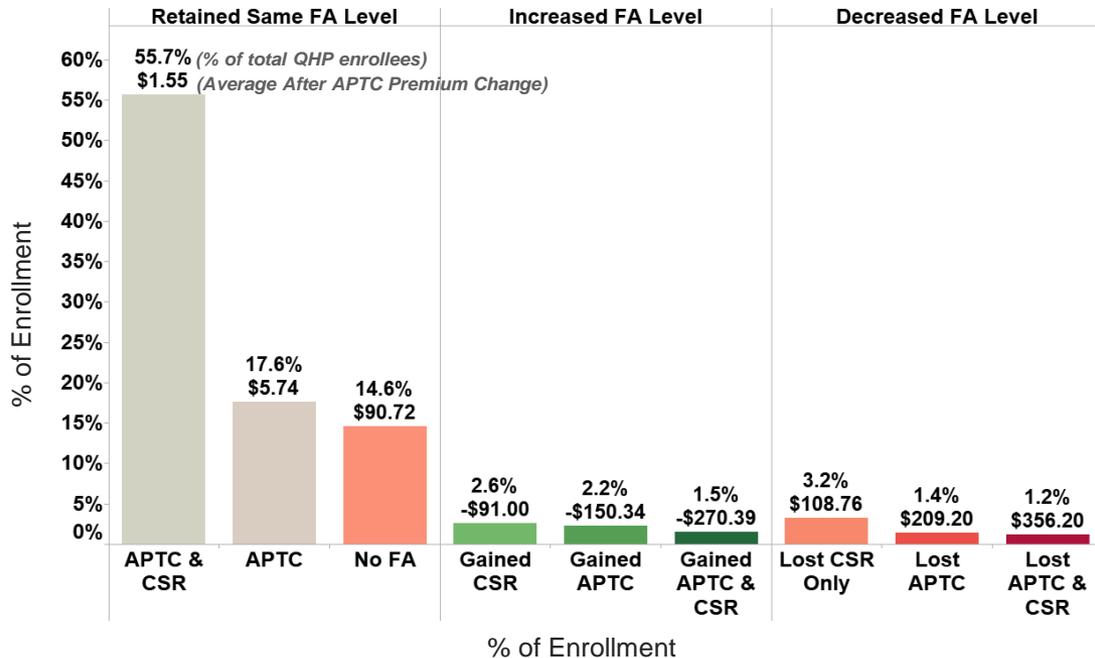


**For customers between age 55-64 years of age (31% of all QHP customers), their average monthly premium after APTC ranges from \$112 to \$743 depending on level of financial help.**

*\*Comparison excludes households with more than 1 enrollee and enrollees who did not have coverage in 2016.*

# Observed 2017 Premium Increase / Decrease

## Average 2016 to 2017 Change in Monthly After APTC Premium\*



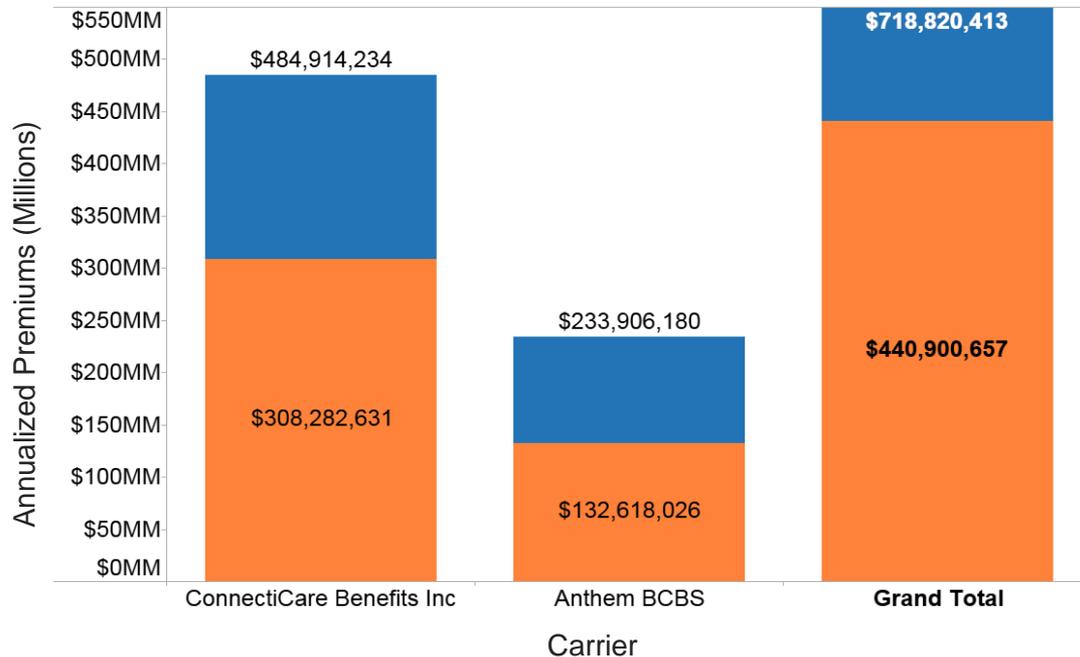
**For enrollees who retained similar financial help between 2016 and 2017, average increase of monthly after APTC premium was less than \$5 for subsidized customers and \$90 for non-subsidized.**

\*Comparison excludes households with more than 1 enrollee and enrollees who did not have coverage in 2016.

\*\* A variety of factors can impact premium fluctuations including annual rate changes, customer rating factors, customer plan selections, eligibility for financial help, and changes in household income.

# Annual Premium & APTC Projection

## Projected Annual Unearned Premium and APTC



**Total annualized premiums for the 2017 QHP customer base amounts to \$718.8 million, of which \$440.9 million are generated by premium tax credits.**

*Cost Sharing Reduction (CSR) amounts not included in this projection.*

# *Adjournment*