



FINANCE SUBCOMMITTEE ACCESS HEALTH CT

Special Meeting
Connecticut Historical Society
Dangremond Room
Hartford, CT
February 10, 2017

Meeting Minutes

Members Present: Robert Tessier (Acting Chair of Meeting); Victoria Veltri; Michael Gilbert on behalf of Commissioner Roderick Bremby, Department of Social Services (DSS)

On the phone: Robert Scalettar, MD

Members Absent: Secretary Benjamin Barnes, Office of Policy and Management (OPM)

Access Health CT (AHCT) Staff – James Wadleigh; Steven J. Sigal; Susan Rich-Bye; Tricia Brunton; Sinisa Crnkovic

The Special Meeting of the Connecticut Health Insurance Exchange Finance Subcommittee was called to order at 10:32 AM

I. Call to Order and Introductions

Acting Chair of the meeting Robert Tessier called the meeting to order at 10:32 AM

II. Approval of the Minutes

Robert Tessier requested a motion to approve the November 3, 2016 Finance Committee Special Meeting Minutes. Motion was made by Victoria Veltri and seconded by Robert Scalettar. ***Motion passed unanimously.***

III. 2017 Fiscal Year Second Quarter Expense Reforecast

Steven Sigal, Chief Financial Officer, provided a brief summary of the Second Quarter 2017

Reforecast. Mr. Sigal indicated that the second quarter reforecast is virtually the same in total for AHCT as it was in the first quarter reforecast. The current budget stands at \$35.9 million. The only major item that affects the reforecast is an increase in postage expenses. The variance of \$22,000 is mostly postage-related. There were normal changes in categories between temporary staffing, contractual, equipment and maintenance as well as components of information technology. Mr. Sigal noted that AHCT has been sending an increased number of notices this year which resulted in the postage variance. The previously predicted unfavorable variance in Maintenance and Operations (M&O) expenses came to fruition. Mr. Tessier asked about the purpose of the mailings. Susan Rich-Bye indicated that the mailings were system notices required by CMS for a variety of transactions primarily for Medicaid, but also private health insurance. James Wadleigh added that Transitional Medical Assistance (TMA) was not part of it. The Department of Social Services (DSS) is reimbursing AHCT for that expense. Mr. Tessier inquired if temporary staffing is part of the M&O. Mr. Sigal confirmed that it is. Mr. Sigal noted that AHCT is working with DSS and the Bureau of Enterprise and System Technology (BEST) to review the BEST portion of the expense. One-time events that will not reoccur include expenditures relating to the last federal grant, as well as transition expenses related to the new call center. Mr. Sigal explained the schedule, "Analysis of Shared costs with DSS". Temporary staffing is shared with DSS..

Mr. Sigal provided information on the financial risks and opportunities for the Exchange. An uncertainty exists pertaining to cost-sharing with DSS. The Call Center, as well as the Cost-Sharing with DSS represent both risks and opportunities. Victoria Veltri asked if the Call Center is receiving compensation by the number of calls. Mr. Sigal noted that Faneuil's compensation is dependent on membership. Mr. Wadleigh added that if the call is not attributed to Medicaid or Qualified Health Plan (QHP), AHCT does not specifically pay for that call. Last year AHCT spent \$25 million in total; this year it will be \$15 million or less. AHCT had a different call center vendor last year. The average consumer call lasted approximately 20 minutes last year. Mr. Wadleigh emphasized that with the new call center vendor, the average length of a consumer phone call is 11.3 minutes. Ms. Veltri added that the volume of calls to the Office of the Healthcare Advocate (OHA) also dropped. Ms. Veltri inquired about the 1095s. Mr. Wadleigh indicated that since the system improvements were incorporated, the reconciliations are much better as compared with previous years.

Mr. Wadleigh noted that at a high level currently, the AHCT budget is roughly between \$36 and \$37 million. The current revenue stream for 2018 is \$30 million. AHCT needs to reduce expenses by \$7 million for the 2018 budget. Mr. Tessier noted that 2018 will present AHCT with many risks that are related to Federal as well as state developments. Mr. Tessier also asked about possible business process outsourcing. Mr. Sigal noted that AHCT is constantly evaluating vendors to perform services for it that are less costly. Ms. Veltri asked about paying for the brokers at the call center. Mr. Wadleigh indicated that the cost will be anywhere between \$700,000 and \$1 million. Currently, a plan exists to reduce the number of brokers in the call center in 2018.

Robert Tessier requested a motion to approve the 2017 Fiscal Year Second Quarter Expense Reforecast as presented by Exchange Staff. Motion was made by Victoria Veltri and seconded by Robert Scalettar. ***Motion passed unanimously.***

Dr. Scalettar inquired if the AHCT's membership in Choosing Wisely is reflected in the 2017 budget. Mr. Sigal responded that it is in the budget. Mr. Wadleigh noted that AHCT will not renew its membership in Choosing Wisely for 2018. Mr. Wadleigh added that AHCT is a member of numerous organizations. AHCT is funded by charging 1.65% assessment on the small group and individual markets. Last year, the assessment generated approximately \$33.5 million. This year, due to lower than anticipated enrollment in the individual market as well as the small group market, the revenue from assessments will be about \$30 million. AHCT needs to reduce its budget to be in-line with its revenue. Mr. Tessier inquired about the small group market decreasing in size. Mr. Sigal noted that there are some small groups that are sending their employees to purchase health insurance in the individual market. The small group premium continues to decline. Mr. Wadleigh added that the small group market assessment in 2016 totaled \$19.5 million, while in 2017 the assessment totaled \$16.8 million.

Mr. Wadleigh added that as an organization, AHCT is continually looking for ways to reduce its expenses. Mr. Wadleigh added that AHCT would like to lower its assessment. In essence, AHCT is lowering its assessment because of the small group premium contraction. The cost was reduced by 10%. Dr. Scalettar inquired about the political situation surrounding the assessment issue. Mr. Wadleigh stated that he is aware of the politics pertaining to the AHCT assessments. As an organization, AHCT continues to drive costs outside of the organization. AHCT is not held to the same standards as other quasi-public agencies with respect to finding ways to generate revenue. There are a number of legislative proposals that would require AHCT to perform additional duties. If these bills pass, assessments would need to be raised to cover expenses related to the additional duties. The overall gross budget has been reduced by approximately 50% when compared with the budget from three years ago. Mr. Tessier asked about the timeframe for AHCT to receive assessment income related to calendar year 2017 premiums. Mr. Sigal replied that due to the time lag relating to when data is available, the 2017 assessment income would be received in calendar year 2019.

Also, Mr. Wadleigh added that the AHCT cost to maintain the APCD in 2017 is \$3.5 million. Next year's expected budget allocation is \$1.5 million. The reduction in cost relates to completing APCD development and entering the maintenance and operation phase (M&O). It was intended that APCD would be self-sustaining. Ms. Veltri inquired how the APCD was supposed to be self-sustaining without using AHCT's assessment funds. Mr. Wadleigh stated that the expectation was that fees would have been charged for the ability to use its services. Mr. Wadleigh indicated that Tamim Ahmed, APCD's Executive Director, stated that \$17,000 was generated so far. It is a good start. However, it is nowhere near the amount that APCD should be generating.

Mr. Tessier commented that in terms of a possible repeal of the Affordable Care Act (ACA), there

seems to be a consensus in Washington that a replacement bill should be passed simultaneously. AHCT has to position itself regardless of what happens to the ACA. Dr. Scalettar thanked Mr. Wadleigh and other AHCT staff for leading the organization through turbulent times.

IV. Adjournment

Robert Tessier requested a motion to adjourn the meeting. Motion was made by Victoria Veltri and seconded by Robert Scalettar. ***Motion passed unanimously.*** Meeting adjourned at 11:25 a.m.