Access Health CT

Board of Directors Meeting

February 15, 2018

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Today's Agenda

A. Call to Order and Introductions

B. Public Comment

C. Votes
- Review and Approval of Minutes
- Appoint Paul Philpott to the SHOP Advisory Committee

D. CEO Report

E. Plan Management Update

F. Adverse Selection Study

G. Operations Update

H. Adjournment

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Public Comment

(2 Minutes per Commenter)

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Votes

- January 18, 2018 Meeting Minutes
- Appoint Paul Philpott to the SHOP Advisory Committee

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CEO Report

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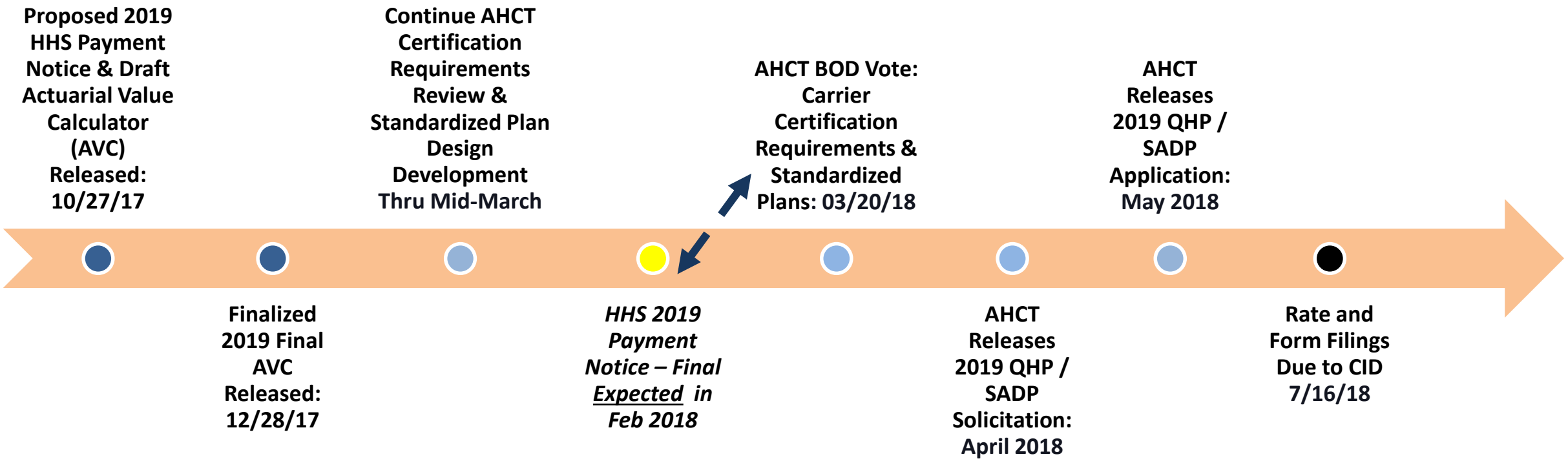
Plan Management Update

Certification Review Schedule

Certification Review Topics	2017/2018 Discussion Date	Status
Requirement to submit Standardized Plan Designs	September & October	Completed
Plan Mix – Individual Medical	*September & October*	*Outstanding Items*
Pediatric Dental Coverage in Medical Plans	*September & October*	*Pending additional review*
Lowest Cost Silver Plan in the Individual Market	*September & October*	*Pending additional review*
Essential Health Benefits (EHB) Benchmark Plan	November	Completed
Prescription Drug Formulary Standards	November	
Network Adequacy Standards	November	
Essential Community Provider (ECP) Contracting Standards	November	
Tobacco Surcharge	December	Completed
Broker Compensation	December	
Certification Requirements Policy	December - January	
Standardized Plan Development - Medical	*December – March*	Scheduled (12/13/17, 1/10, 1/24, 2/7, 2/28 & 3/12/18)
Plan Mix – SHOP	January	Completed
Plan Mix – Stand-Alone Dental Plans (SADPs)	*January - February*	*Scheduled (1/10/18, 1/24/18, 2/7 & 2/28/18)*
Standardized Plan Development – SADP	*January - February*	

Next Steps

2019 AHCT Standardized Plan Design Development Continuum



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➢Appendix

2018 AHCT Plan Enrollment: Standardized/Non-Standard QHPs

Data for Individual AHCT plans as of end of open enrollment

Metal Level	Enrollment	Percent
Catastrophic	1,752	1.54%
Bronze	40,074	35.11%
Silver	63,410	55.56%
Gold	8,898	7.80%
TOTAL	114,134	100.00%

Metal Level	Standardized Plans	Non-Standard Plans	Total	Percent in Standardized Plans
Catastrophic	0	1,752	1,752	0.00%
Bronze*	34,749	5,325	40,074	86.71%
Silver	55,526	7,884	63,410	87.57%
Gold	7,671	1,227	8,898	86.21%
TOTAL	97,946	16,188	114,134	85.82%

*Bronze Plans	Standardized Plans	Non-Standard Plans	Total	Percent in Standardized Plans
Non-HSA Bronze	14,238	3,670	17,908	79.51%
HSA Compatible	20,511	1,655	22,166	92.53%
Total	34,749	5,325	40,074	86.71%

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2018 AHCT Plan Enrollment: Standardized/Non-Standard QHPs

	GOLD		SILVER		BRONZE (HSA compatible)		BRONZE (not HSA compatible)		CATASTROPHIC	
County	Non-Std	Standard	Non-Std	Standard	Non-Std	Standard	Non-Std	Standard	Non-Std	Grand Total
Fairfield	284	2,648	2,270	17,239	372	7,057	898	4,749	436	35,953
Hartford	155	1,835	1,585	12,675	257	4,801	936	2,792	479	25,515
Litchfield	144	578	613	3,736	163	1429	295	971	98	8,027
Middlesex	47	449	390	2,526	68	1156	122	721	96	5,575
New Haven	298	1,425	1,674	12,538	355	4,128	749	3,069	404	24,640
New London	165	336	688	3,668	263	963	343	994	124	7,544
Tolland	87	242	358	1,734	93	636	200	544	87	3,981
Windham	47	158	306	1,410	84	341	127	398	28	2,899
Total	1,227	7,671	7,884	55,526	1,655	20,511	3670	14,238	1,752	114,134
	8,898		63,410		22,166		17,908		1,752	114,134

Data for Individual AHCT plans as of end of open enrollment

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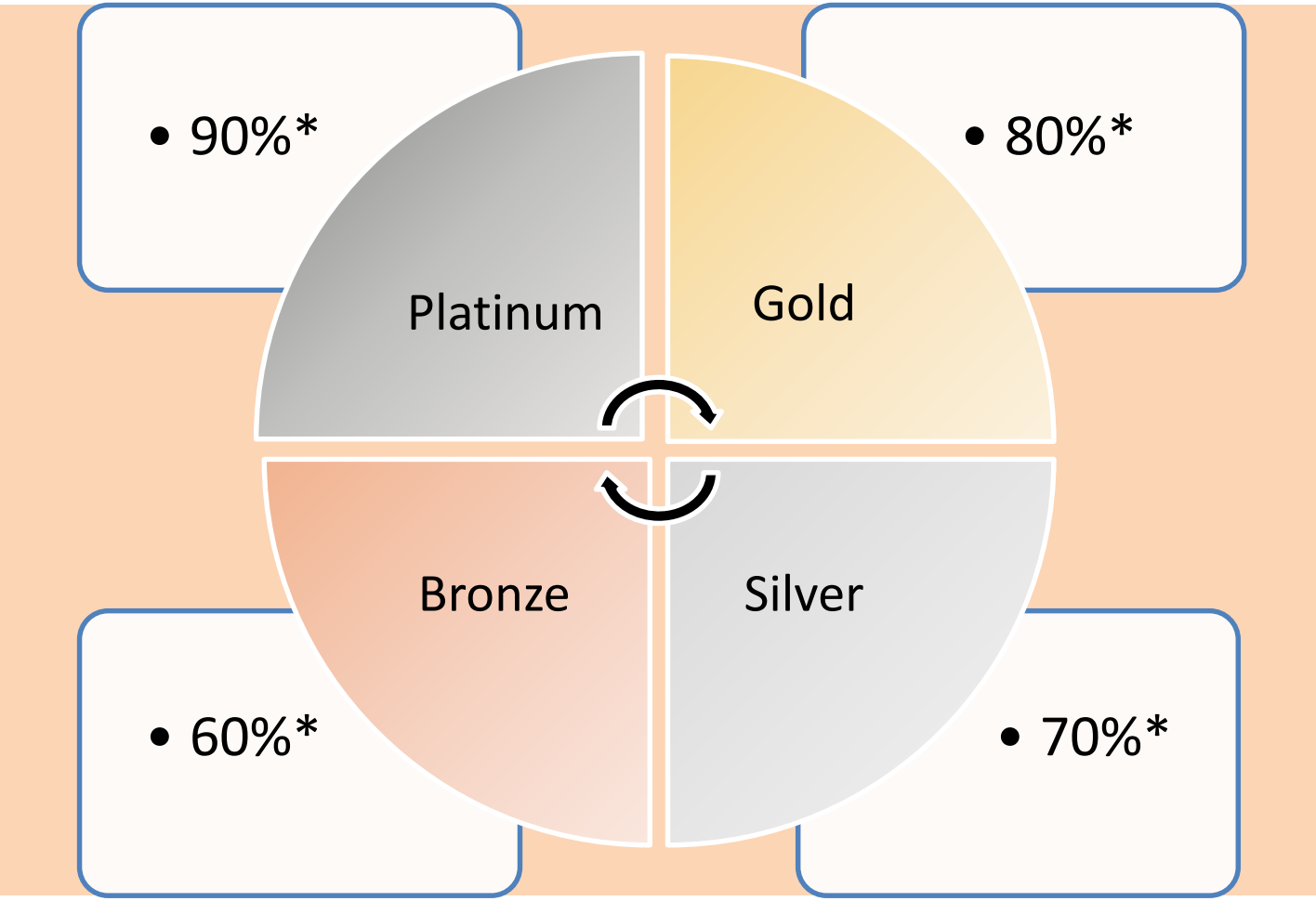
Affordable Care Act - Health Plan Types

Metal Levels: Actuarial Value & Average Overall Cost of Providing Essential Health Benefits (EHBs)



**CMS regulations allow for a 'de minimis' range for the Actuarial Value (AV) calculation for each metal level, and for Silver Cost Sharing Reduction plans*

Per regulations effective for the 2018 Plan Year, 'de minimis' AV ranges are as follows:

- *Platinum: 86% - 92%*
- *Gold: 76% - 82%*
- *Silver: 66% - 72%***
- *Bronze: 56% - 62% (AV range permitted for 'Expanded Bronze' plans is up to 65%; plan must include at least 1 major service not subject to deductible or is a High Deductible Health Plan)*

***Silver Cost Sharing Reduction (CSR) Plans:*

- *73% CSR: 72% - 74%, but must be at least 2 points greater than 'standard' Silver plan*
- *87% CSR: 86% - 88%*
- *94% CSR: 93% - 95%*

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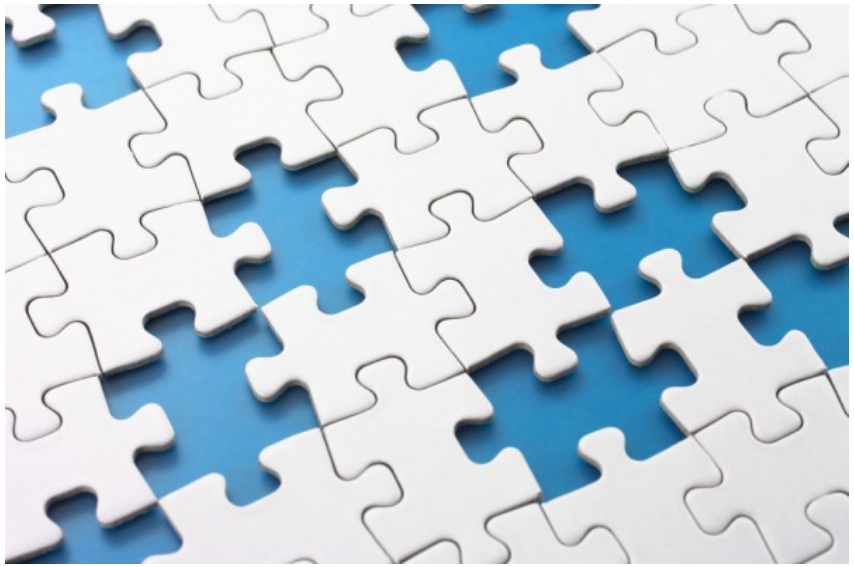
Access Health CT
2017 Adverse Selection Study

February 15, 2018

PRESENTED BY
Julie Andrews, FSA, MAAA
Senior Consultant



Scope of Presentation

AHCT retained Wakely Consulting Group (Wakely) to perform the adverse selection analysis. This presentation provides a high level summary of the analysis, results and recommendations. The full report can be found in Appendix A.

Access Health CT 2017 Adverse Selection Study

February 15, 2018 Board of Directors Meeting

Purpose of Study

Access Health Connecticut (AHCT) is required by legislation to:

- Report annually on the impact of adverse selection on the exchange
- Provide recommendations to address any negative impact reported
- Provide recommendations to ensure sustainability of the exchange

Disclosures: Wakely relied on data provided by others to complete this study. Data was reviewed for reasonability and appropriateness. The Study and results are intended to fulfill the legislative reporting requirements; any other use of this information may not be appropriate

Access Health CT 2017 Adverse Selection Study

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Defining, Identifying, & Measuring Adverse Selection For purposes of this study, adverse selection is:

- Defined as one segment of the market attracting enrollees with higher health risk than another segment of the market
- Identified by higher risk scores in one segment of the market than another
- Measured by the difference in risk scores between market segments
- Measured by the difference in loss ratios between market segments (before and after risk adjustment transfer payments)

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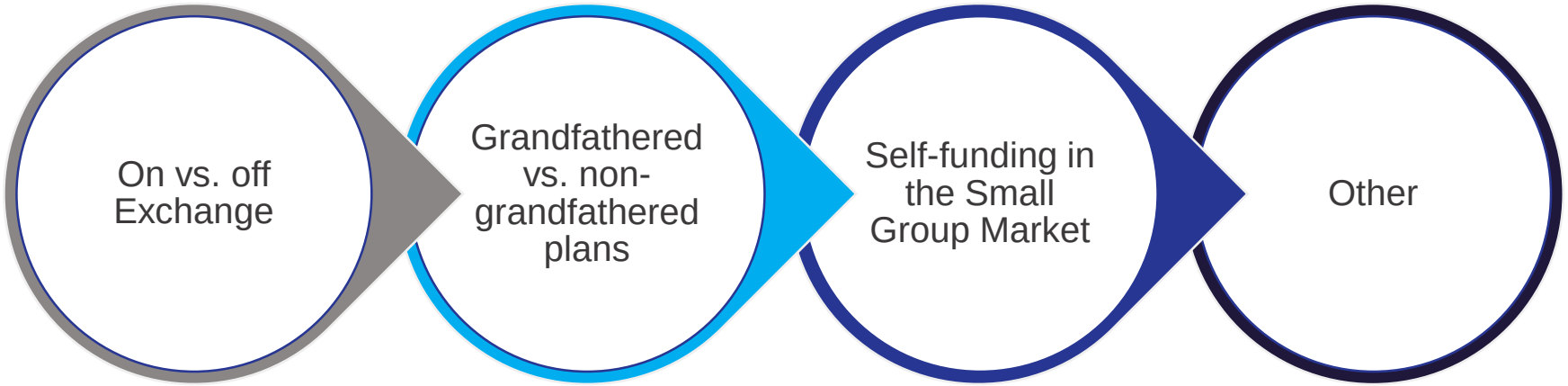
Areas of Potential Adverse Selection



Nature of adverse selection:

- Impossible to completely remove adverse selection in any insurance market where there is a choice of coverage
- Impact of adverse selection can be created, managed or mitigated through regulation and policies

Access Health CT 2017 Adverse Selection Study

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Methodology For each potential area of adverse selection considered, the analysis included:

- Quantitative analysis based on demographics, plan enrollment, claims experience, federal risk scores and risk adjustment transfer payments.
- Subjective comments based on survey responses from carriers and other market data available to Wakely

Conclusions: Individual Market On vs. Off Exchange

- On exchange enrollees have higher risk scores than off exchange plan enrollees in individual market
- On exchange enrollees are of higher average age than off exchange plan enrollees in individual market
- Loss Ratios after consideration of risk adjustment transfers indicates that on exchange enrollees are not financially disadvantaged.
- May indicate potential adverse selection. Minimal impact in market due to protection of risk adjustment mechanisms

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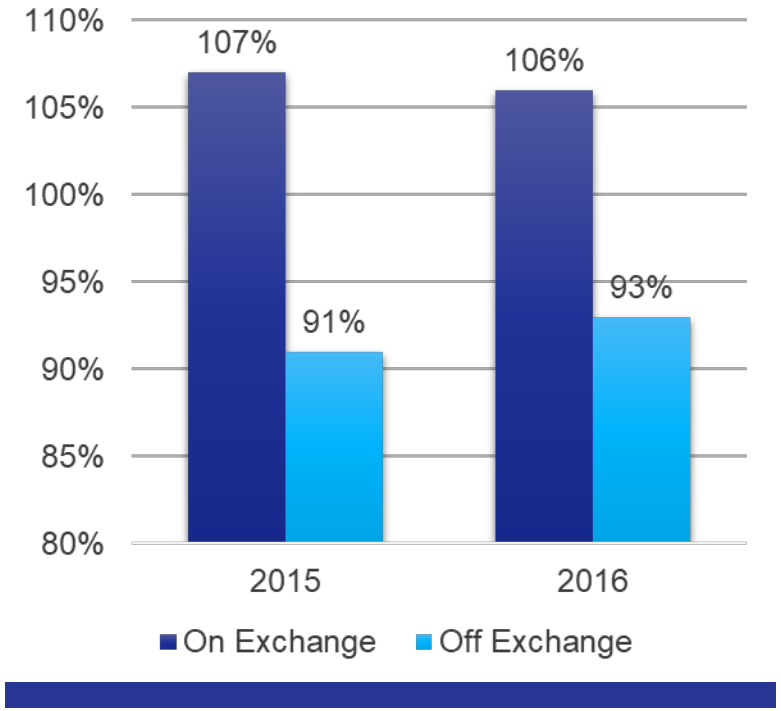
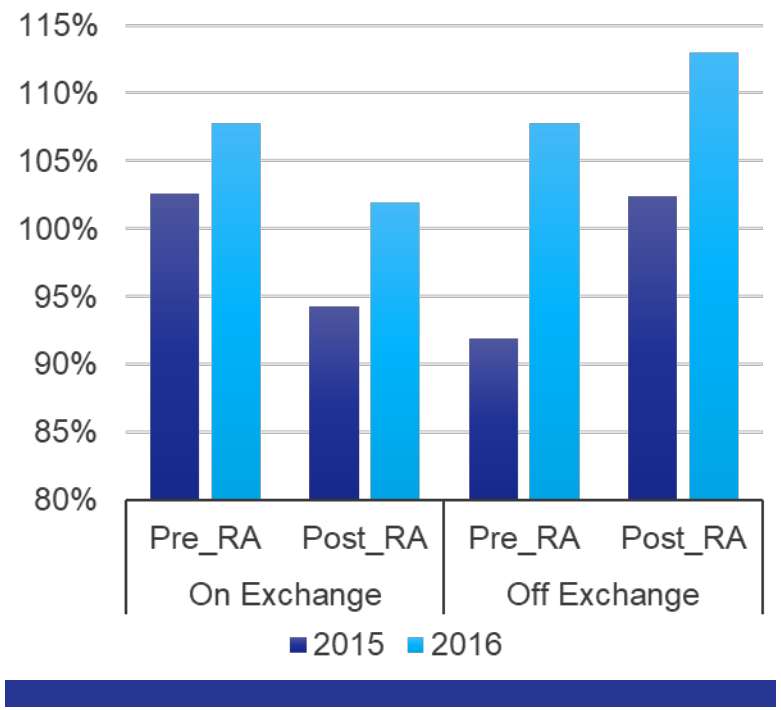
Individual Market On vs. Off Exchange: The on vs. off exchange relationships are consistent from 2015 to 2016.



Risk Transfer Amounts
as % of Statewide Premium
(non-catastrophic metal tiers)



Loss Ratios
Pre & Post Risk Adjustment
(non-catastrophic metal tiers)

Conclusions: Small Group Market On vs. Off Exchange

- Similar to last year, small group on exchange enrollment is low and not fully credible by metal tier
- Can not make any conclusions regarding adverse selection
- Low enrollment should be monitored outside context of adverse selection to ensure sustainability of market

Access Health CT 2017 Adverse Selection Study

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2014
% Enrolled
(Member Months)

2015
% Enrolled
(Member Months)

2016
% Enrolled
(Member Months)

2017
% Enrolled
(Mid-Year)

Conclusions:

Individual Market Grandfathered vs. Non-Grandfathered

- Individual grandfathered policies initially appeared to experience favorable selection
- Portion of enrollees in grandfathered plans is minimal and declining
- Minimal impact to individual market

Conclusions:

Small Group Market Grandfathered vs. Non-Grandfathered

Since there was no small group grandfathered plan enrollment as of June 2015, no analysis of adverse selection was performed.

Access Health CT 2017 Adverse Selection Study

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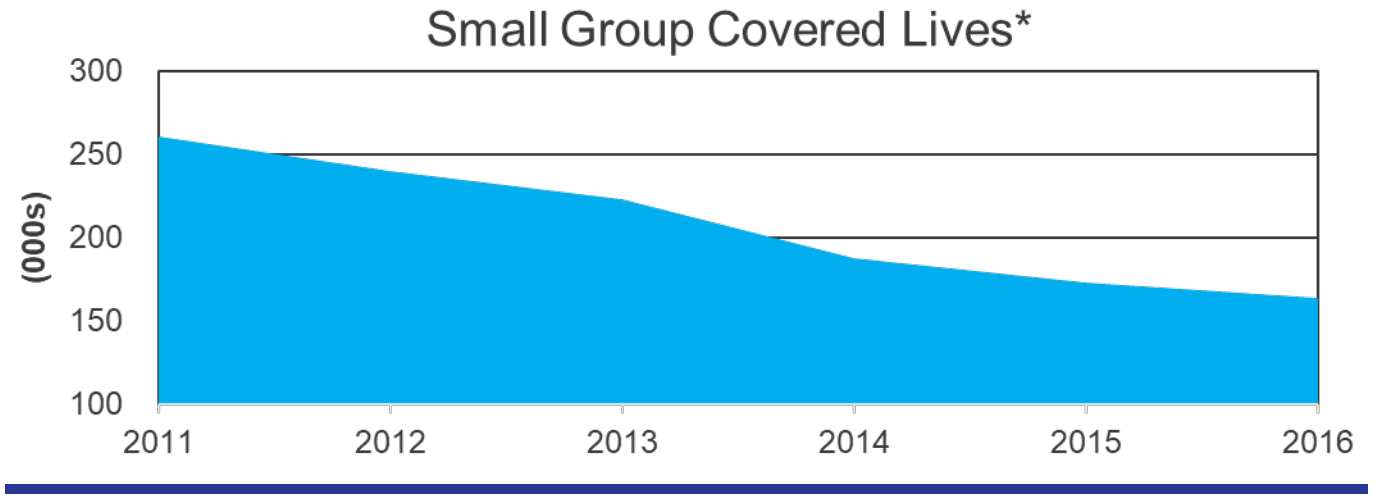
Conclusions: Self-Funding in the Small Group Market

- Connecticut data indicates increase in prevalence of self-funded small groups in recent years but data may not be credible
- National data indicates some change in prevalence of self-funded small groups in recent years but may not be appropriate to compare to CT due to differences in small group regulations.
- Lack of credible or comparable data results in no clear conclusion whether there is adverse selection in the small group market



*Source: SNL, Supplemental Health Care Exhibits

Other Adverse Selection Considerations The past year has brought changes to the individual and small group market that impact overall market selection not just the Exchange.

- Defunding of Cost Sharing Reduction Advance Payments, 2018 Increase in Silver premiums to fund
- December 2017 Tax Bill, setting federal mandate penalty to $0.
- October 2017 Executive Order and Subsequent Regulations
  - Association Health Plans
  - Short-term Insurance
  - HRAs

Recommendations: On vs. Off Exchange Adverse Selection

- Continue to review special enrollment period (SEP) eligibility requirements
- Continue to monitor small group enrollment on the exchange to ensure sustainability
- Participate with other states and carriers to lobby for improvements in the federal risk adjustment formula to improve its accuracy
- Explore mechanisms for stabilizing the individual and small group markets (1332 Waivers)

Recommendations: Self-funding in Small Group Adverse Selection Similar to last year:

- Closely monitor small group market to ensure healthier small groups do not move to a self-funded basis leading to adverse selection (i.e., healthier groups opting out of the fully insured risk pool to get lower, experience-based cost options)
- Monitor regulatory environment for impact of newly proposed regulations for association health plans

Future Considerations

- Limited experience in the small group market makes it difficult to form a definitive opinion on the impact of adverse selection at this time
- Analysis of the individual market indicates there may be some adverse selection going on in the Connecticut health insurance market. The risk adjustment program appears to be neutralizing some of the adverse risk selection. Ongoing changes to the risk adjustment formula may impact future results.
- Future studies may consider overall market selection driven by changes in legislative and regulatory policy.

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Operations Update

Current QHP Enrollment

- **Approximately 95% of AHCT Customers Have Effectuated.**

Enrollment Numbers	
Current Enrollment (2/12/18)	**108,447**
Special Enrollment (Since 12/22/17)	1,070

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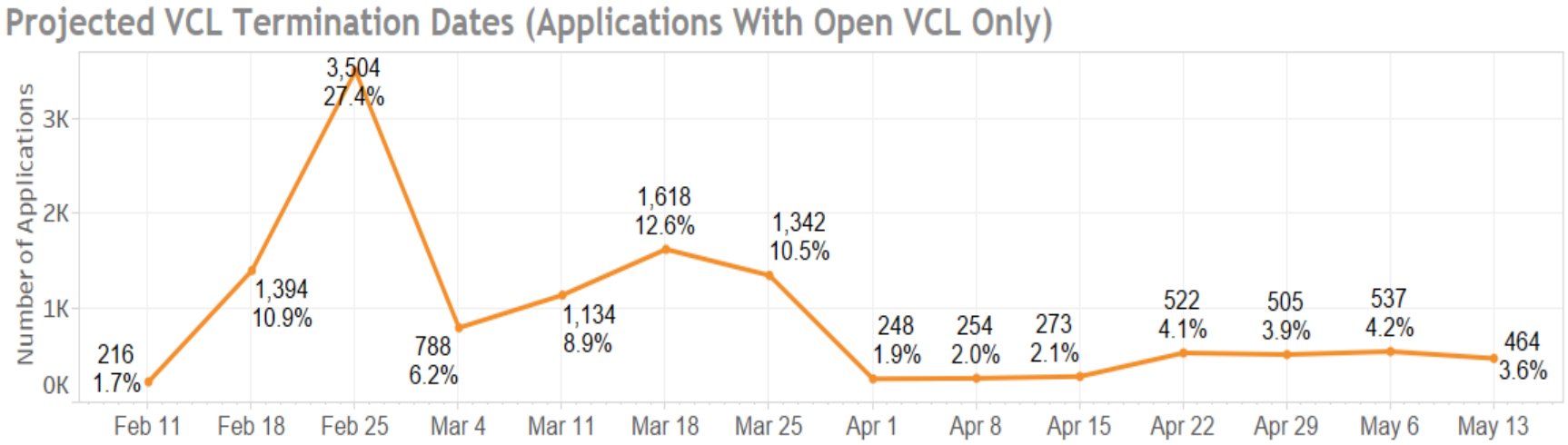
Current Verification Checklist (VCL) Update

Open VCL 90 Day Projections

The date of the largest batch of open VCL's reaching the 90 day benchmark is February 25th.

- Last month, that date was 6,929 customers
- That number has been **reduced** to 3,504.



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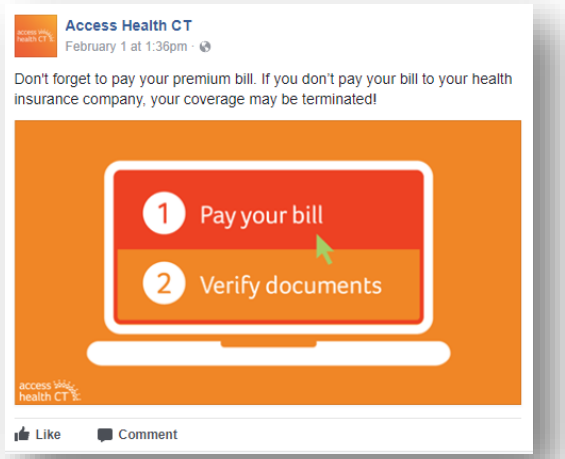
Pilot Proactive VCL Project

- Team of 5 calling customers that are between the 60 and 90-day window (List Updated 3x per week).
- **Monthly Direct mail**: Targeting customers based on projected termination date (30–75-day window).
- **Weekly emails** to customers with outstanding VCL's.
- **Weekly social media posts** reminding customers to pay premium & submit documents.

Outreach to Customers	
Outbound Phone Calls	**2287**
VM's Left	**861**
Inbound Calls	**398**
Escalated	**318**
Closed Escalated Issues	**280**



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Adjournment