



Access Health Connecticut

February 21, 2019 Board of Directors Meeting

Board Agenda

- A. **Call to Order and Introductions**
- B. **Public Comment**
- C. **Vote**
 - **Review and Approval of Minutes**
- D. **CEO Report**
- E. **2019 Enrollment Update**
- F. **Adverse Selection Study**
- G. **Health Plan Benefits Qualifications Advisory Committee Update / Plan Management Update**
- H. **ACA Litigation Update**
- I. **Future Agenda Items**
 - **FY 2020 Budget**
 - **SHOP**
 - **Uninsured Rate Survey**
 - **Outreach**
- J. **Adjournment**

Public Comment

Vote

- **Review and Approval of Minutes:
January 17, 2019**

CEO Report

Access Health CT Mission

To increase the number of insured residents, improve health care quality, lower costs and reduce health disparities through an innovative, competitive marketplace that empowers consumers to choose the health plan and provider that give them the best value.

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Access Health CT

2019 Enrollment Update

2019 Open Enrollment Update

- **2019 OE Annual Report Posted To Agency Website:**
 - <https://agency.accesshealthct.com/meetings#one>
- **Report Includes Figures On:**
 - Marketplace Overview
 - QHP Customer Profile
 - Acquisition & Retention Results
 - Plan Selections and Product Preferences
 - Pricing Analysis
- **AHCT Available To Answer Questions From Readers**

Access Health CT
2019 Open Enrollment Summary

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Board of Directors Meeting
Access Health CT
2018 Adverse Selection Study

February 21, 2019

PRESENTED BY
Julie Andrews, FSA, MAAA
Senior Consultant

Access Health CT 2018 Adverse Selection Study

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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.

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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

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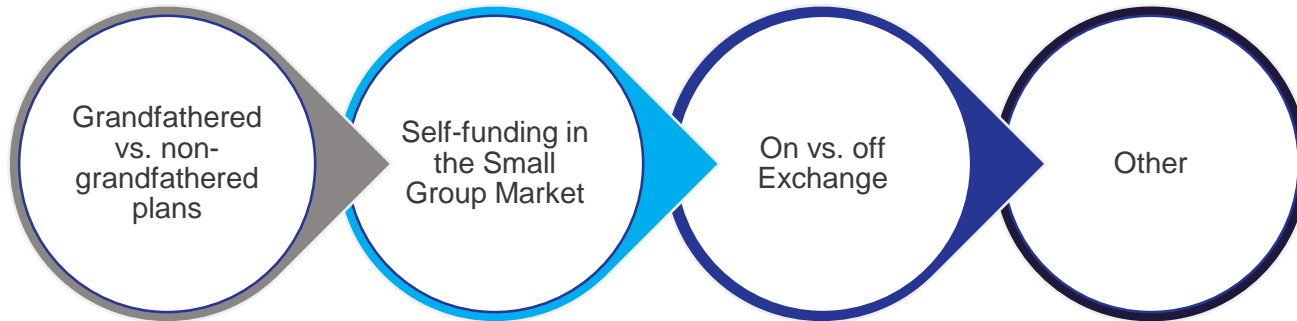
Defining, Identifying, & Measuring Adverse Selection For purposes of this study, adverse selection is:

- 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

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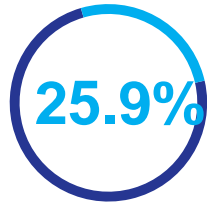
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Methodology For each potential area of adverse selection considered, the analysis included:

- 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

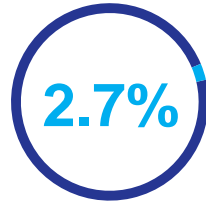
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2014

% Enrolled
(Member Months)



2015

% Enrolled
(Member Months)



2016

% Enrolled
(Member Months)



2017

% Enrolled
(Member Months)

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 continues to decline
- With fewer than 100 policies at Mid-2018, they have no impact on the market

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Conclusions:

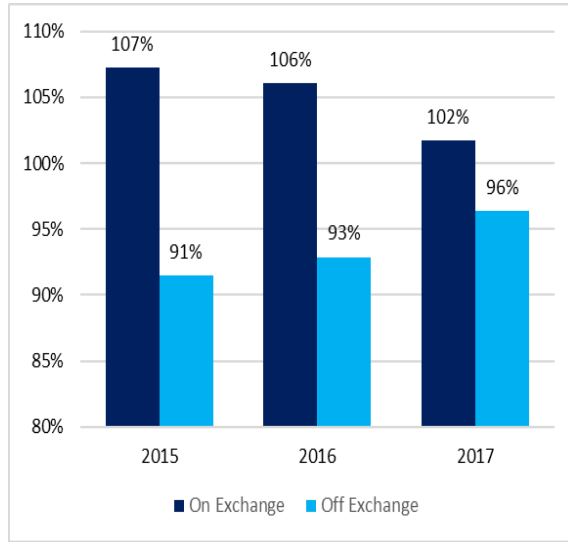
Small Group Market Grandfathered vs. Non-Grandfathered

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

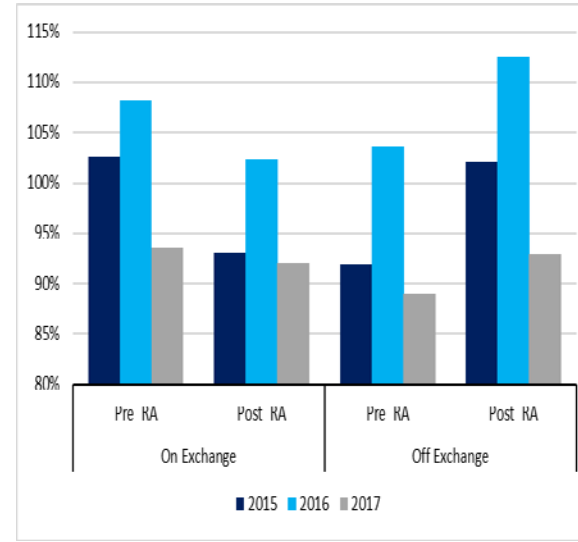
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Individual Market On vs. Off Exchange: The on vs. off exchange relationships are consistent from 2015 to 2016, but are narrowing in 2017.



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

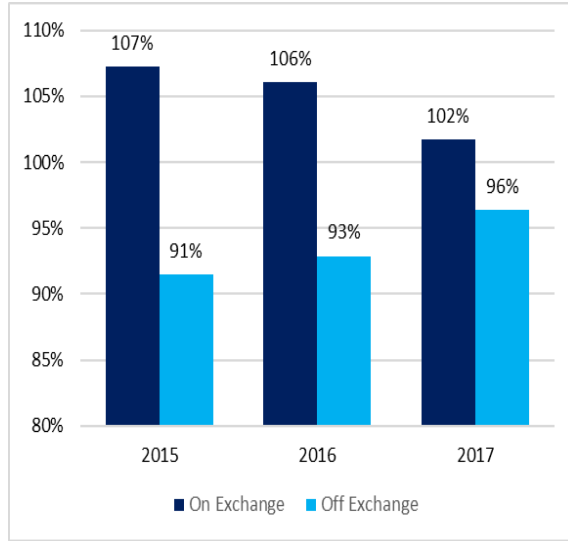


**Loss Ratios*
Pre & Post Risk Adjustment
(non-catastrophic metal tiers)**

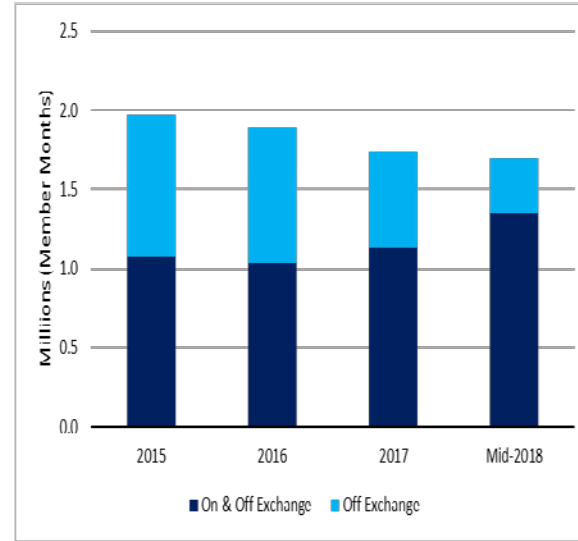
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Individual Market On vs. Off Exchange: The variation in risk on vs. off exchange has narrowed from 2017 to 2018.



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



**Enrollment Exposure by Year
(Member Months)***

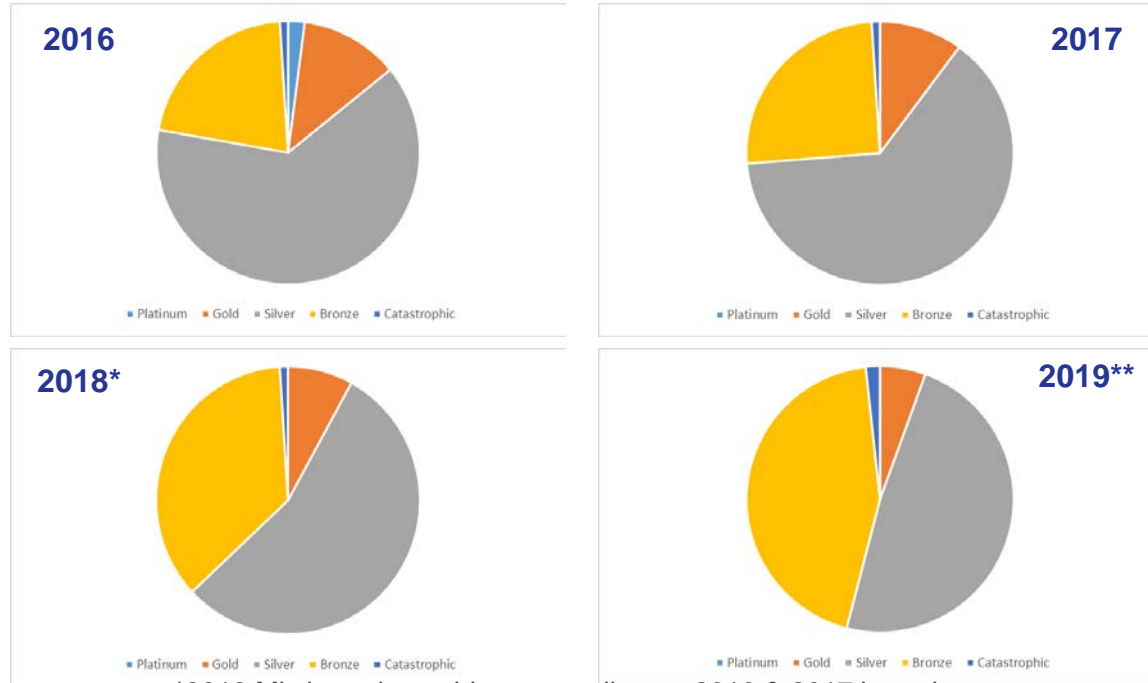
*2018 Member Months estimated as twelve times mid-year enrollment.

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On Exchange Metal Enrollment Mix

- The mix of enrollment by metal has shifted on and off exchange



*2018 Mix based on mid-year enrollment, 2016 & 2017 based on exposures.

**2019 Mix based on enrollment at the end of the open enrollment period

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Conclusions: Individual Market On vs. Off Exchange

- On exchange enrollees continue to 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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Conclusions: Small Group Market On vs. Off Exchange

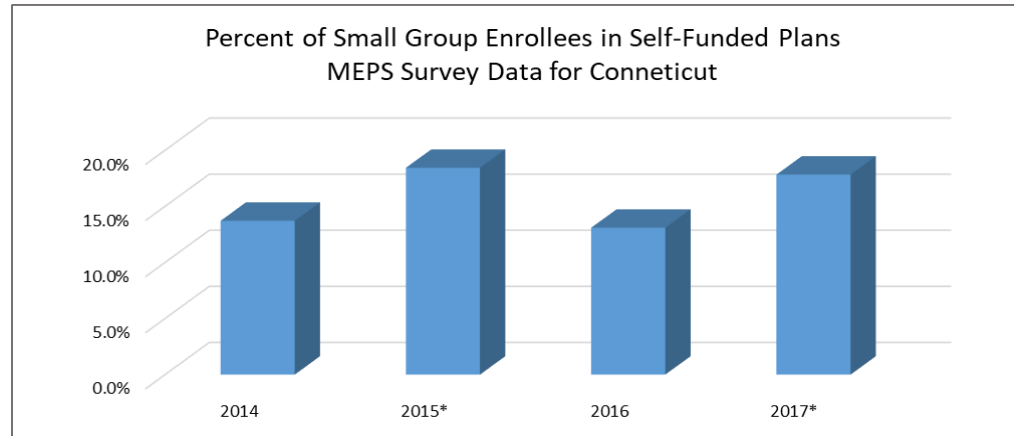
- Similar to last year, small group on exchange enrollment is low and not fully credible by metal tier
- Can not make any conclusions regarding adverse selection
- Low enrollment should be monitored outside context of adverse selection to ensure sustainability of market

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Conclusions: Self-Funding in the Small Group Market

- Connecticut data does not clearly indicate a change in prevalence of self-funded small groups
- Survey results from some carriers indicate an increasing interest
- Lack of credible or comparable data results in no clear conclusion whether there is adverse selection in the small group market



Source: HHS Agency for Healthcare Research and Quality's (AHRQ) Medical Expenditure Panel Survey (MEPS)

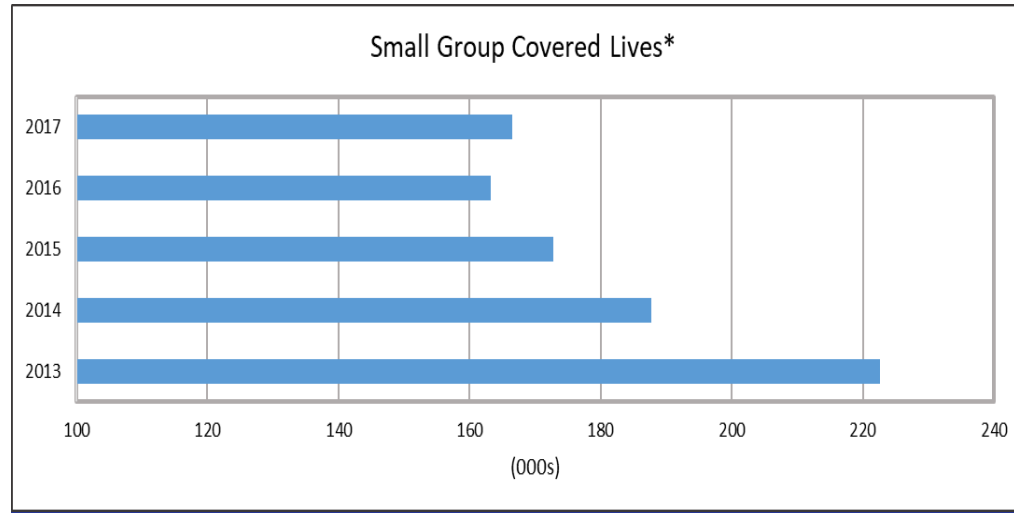
*Data for these time periods is not fully credible

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Conclusions: Self-Funding in the Small Group Market

- After several years of declining enrollment, the small group market grew in 2017 by 3.4% as measured by covered lives



*Source: SNL, Supplemental Health Care Exhibits

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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
 - Potential change in funding method for 2021?
- No Federal mandate penalty.
- Regulations
 - Association Health Plans
 - Short-term Insurance
 - HRAs
- Judicial Activity

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Recommendations: On vs. Off Exchange Adverse Selection

- Continue to review special enrollment period (SEP) eligibility requirements
- Monitor overall market enrollment, is the off-exchange market continuing to shrink
- Review impact of shifting metal option enrollment
- Explore mechanisms for stabilizing the individual and small group markets (1332 Waivers)

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

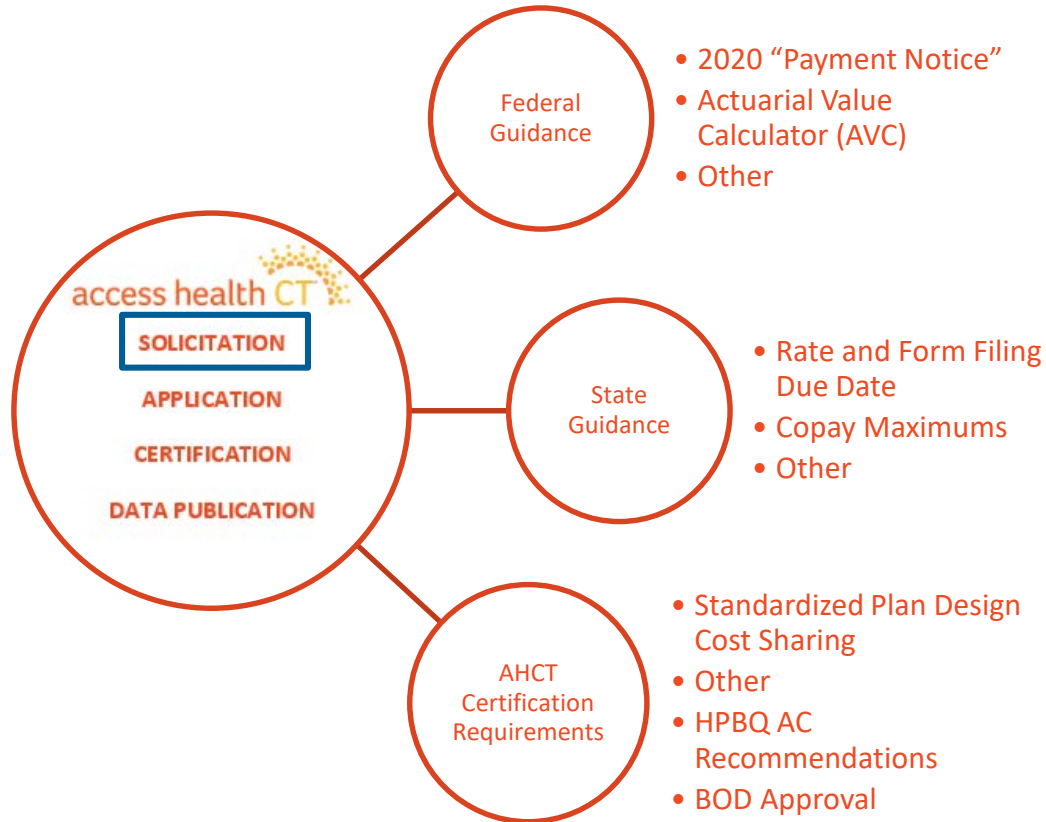
- Closely monitor small group market to ensure healthier small groups do not move to a self-funded basis leading to adverse selection (i.e., healthier groups opting out of the fully insured risk pool to get lower, experience-based cost options)
- Monitor regulatory environment for impact of newly proposed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

Appendix A

AHCT Adverse Selection Study Report February 21, 2019

Health Plan Benefits and Qualifications Advisory Committee Update / Plan Management Update

Plan Management Milestones



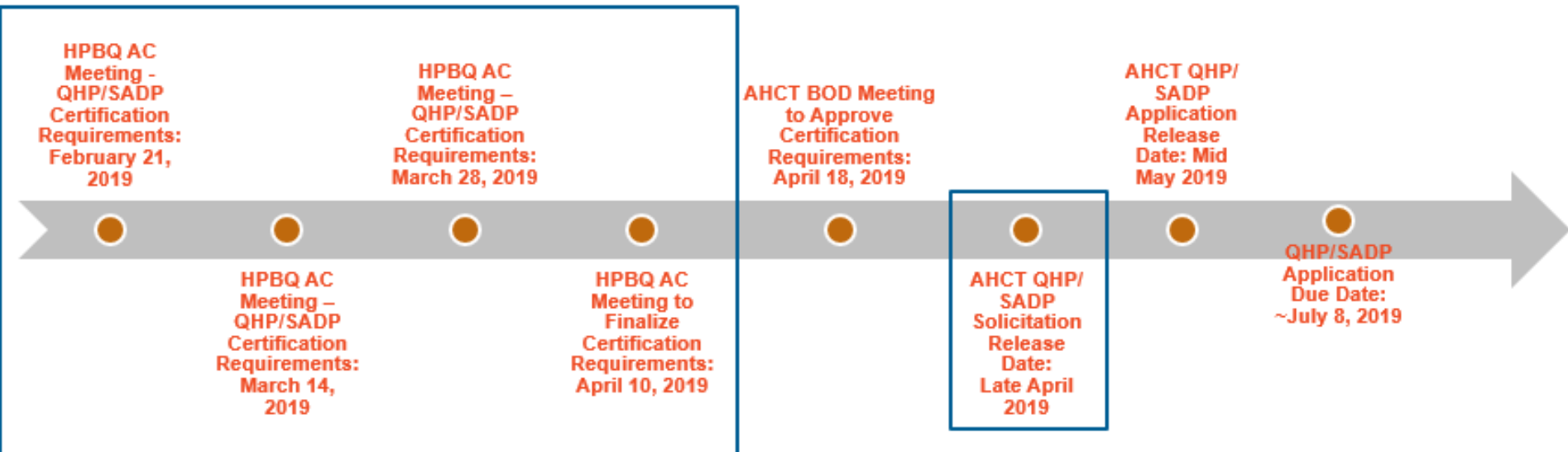
Federal Guidance: Draft Payment Notice Regulation & AVC Released January 24, 2019

State Guidance: Bulletin will specify rate & form filing due dates for carriers

CID Bulletin rescinding copay maximum requirements released October 24, 2018

AHCT and the Health Plan Benefits & Qualifications Advisory Committee (HPBQ AC) commenced review to develop cost sharing changes to standardized plans needed to come into compliance with AVC for 2020

QHP/SADP Certification Requirements & Submission: Plan Year 2020 Timeline



QHP = Qualified Health Plan; SADP = Stand-Alone Dental Plan

ACA Litigation Update

Future Agenda Items

Adjournment