



Connecticut Health Insurance Exchange
SHOP Advisory Committee
Special Meeting

Connecticut Historical Society
Dangremond Meeting Room
1 Elizabeth Street, Hartford

Thursday, August 15, 2019

Meeting Minutes

Members Present:

Grant Ritter (Chair); Shelly Sweatt; Timothy Pusch; Matthew Katz; Paul Lombardo

Other Participants:

Access Health CT (AHCT) Staff: James Michel; Alexandra Dowe; John Carbone; Andrea Ravitz
Business Partners: Kara Mitchell (Mintz + Hoke); Frederick McKinney (BJM Solutions)

The Meeting of the SHOP Advisory Committee was called to order at 4:07 p.m.

I. Welcome and Introductions

Chair Grant Ritter called the meeting to order at 4:07 p.m.

II. Public Comment

No public comment

III. Vote

Chair Grant Ritter requested a motion to approve the June 11, 2019 SHOP Advisory Committee Special Meeting Minutes. Motion was made by Timothy Pusch and seconded by Matthew Katz. **Motion passed unanimously.**

IV. Strategic Development Update

James Michel, Chief Executive Officer, thanked Committee members for their input regarding meeting materials not being sent out in a timely manner. He assured them that going forward, the meeting materials will be provided at least 24 hours in advance of the meeting.

Mr. Michel announced that John Carbone became Director of SHOP and Product Development.

Dr. Frederick McKinney, Business Partner from BJM Solutions LLC, provided a summary of the report prepared for Access Health CT. Dr. McKinney started with review of the AHCT Mission statement. Reducing the number of uninsured individuals in Connecticut is the key. Dr. McKinney stated that achieving that is a task of the Exchange. Great organizations have a passion for what they do. The Affordable Care Act (ACA) was built on passion and commitment. Passion is the root of what Access Health CT (AHCT) is all about.

Dr. McKinney pointed out that one of the questions that needed to be answered is whether a market exists for the organization to make money. Economics, passion, and world-class areas are all intertwined. Dr. McKinney emphasized that AHCT has the opportunity to be a very important player on the market, and could potentially monopolize it, by speaking to the needs of the uninsured by promoting medical coverage to the companies and individuals who do not have it. AHCT has the opportunity to be the best company offering those services and realize the mission of reducing the number of Connecticut residents who are uninsured.

Dr. McKinney provided primary findings and recommendations of their analysis. Based on analysis of current SHOP customers, there are over 12,000 currently uninsured small businesses in Connecticut that fit the characteristics that would be most attractive to becoming SHOP customers, and which offer SHOP's greatest opportunity for growth. Dr. McKinney stressed that SHOP can be an economically sustainable entrepreneurship.

Timothy Pusch inquired about the characteristics that would allow the SHOP business to expand. Dr. McKinney noted that market dynamics were examined. One of the questions that was asked, when this report was being prepared, was why employers choose to insure their employees and their families. Dr. McKinney noted that it was not the credit that was the driver for the employers choosing to offer coverage to their employees. One of the major reasons, for the employers, is to retain and attract a high quality workforce. Mr. Pusch provided an example of a company that never offered medical insurance coverage to their employees, and now they are realizing that in order to retain and attract high quality employees, they have to offer medical coverage. Dr. McKinney noted that in some cases it may be attributed to the maturation of the entrepreneur. They come to an understanding that it is in their financial interest to offer it. Dr. McKinney emphasized that the business owners who were not in the market for medical insurance coverage for their employees may be faced with so-called sticker shock. He remarked that those 12,000 currently uninsured businesses in Connecticut are professional, service-type establishments that are in a way contradictory of the SHOP design.

Dr. McKinney explained that in order to be eligible for the tax credit, the average employee has to earn \$50,000 or less for the credit to be effective. The credit does play a role, but it is not the main reason, and usually the employers would like to offer their workers the same coverage as they have. It is not always the case, though. Dr. McKinney pointed out that the current situation involves many facets, including carriers, brokers, uninsured small businesses, as well as the SHOP platform. All of them are interconnected. Ultimately, the

uninsured small business is the customer. Sometimes, inconsistencies in messages take place between those parties.

Matthew Katz inquired whether this analysis concludes that brokers serve as the SHOP competitors. Mr. Carbone emphasized that it is not the case and added that many individuals come up with various approaches. He said that an uninsured employer may have different concepts being presented, and it may become confusing. Mr. Katz stated that there are different people providing these messages, which makes it more confounding. Dr. McKinney stressed that they may be confused by different sources of the message, and by the message itself. Dr. McKinney suggested that the carriers, brokers, and SHOP should all be serving the uninsured small businesses. The mission of AHCT is at the core of the issue.

Dr. McKinney noted that AHCT is not a carrier, but it is a platform to sell medical insurance products. He added that there may be some confusion of what AHCT does that the brokers cannot do. Dr. McKinney noted that due to the current plan pricing, some of the businesses may not be able to afford offering medical insurance to their employees. Proper alignment between stakeholders was discussed. Mr. Pusch commented that the small business portion of the ACA is substantially regulated.

Dr. McKinney stressed that SHOP shouldn't be selling plans exclusively, but it should be conveying to all the carriers that it would like to be a partner, not a competitor. The case should be related with the brokers. SHOP should set the framework for the brokers to be successful in this market. Paul Lombardo stated that historically, group plans have been richer than individual plans. Mr. Carbone remarked that approximately 88 percent of the SHOP customers are served by the brokers, while the remaining 12 percent are pointed in a different direction, because there may be another plan that fits their needs. SHOP serves as a consultant. Dr. McKinney stressed that AHCT needs to be in communication with the non-participating carriers on SHOP. Messaging cannot completely overcome the pricing barrier, but AHCT needs to be more aggressive in providing messages to this specific population. Shelly Sweatt stated that she does not think that brokers consider SHOP as a competitor.

Mr. Michel praised the committee for their dedication to the cause and pointed out that this has been the most effective and active SHOP committee membership since the inception of the Exchange. Mr. Michel added that with Mr. Carbone's leadership, AHCT aims to make SHOP very successful. SHOP needs to create a strategy to entice new carriers to join by presenting them with advantages of joining the platform.

Dr. McKinney presented recommendations. Recommendation number one states that SHOP needs to refocus its efforts to promote its vision of reducing the number and percentage of uninsured residents in the state. To do this, SHOP should invest in a marketing campaign backed by staff and operational support that communicates the value to stakeholders, brokers, carriers, and small business owners. Ms. Mitchell added that an emotional appeal to the employees may be an important factor. Families in Connecticut face numerous increasing expenditures, and healthcare coverage is one of many.

Dr. McKinney noted that there are approximately 330,000 small businesses in Connecticut who employ 20 or fewer employees. The number of uninsured individuals employed by small

As Approved by the SHOP Advisory Committee on September 18, 2019

businesses in the state is around 193,000. Most of them are not even eligible for SHOP, because in many instances they could have 1 or 2 employees, who in many cases are a husband and a wife. They could go on the individual exchange. Some of these non-employee businesses will eventually have employees. There are also approximately 12,000 firms who have one or more employees, whom they may lose if they do not offer them health insurance coverage. This is the area where SHOP could provide essential services. The messaging should be targeted. Dr. McKinney noted the importance of convincing the market that products and services by SHOP are valuable. Discussion ensued around the messaging structure, which will also involve members of this committee.

Andrea Ravitz, Director of Marketing, pointed out that when the Exchange began its operations in 2014, some customers were complaining that too many plan options were offered. More carriers and plans do not equal positive customer experience. Ms. Ravitz added that in the small business market, the outreach is completely different from the individual side. No mass media campaign takes place on the small business side – it involves direct consumer approaches. The consumer is mostly determined by the broker community, the carriers, and the small businesses. Mr. Katz suggested changing the way plans are described and eliminating the description of plans that are sold outside of the Exchange as off-Exchange. Dr. McKinney agreed, and noted that the word off provides negative connotations. Mr. Michel added that marketing will be broader than in the past. AHCT will always focus on lowering the uninsured rate in Connecticut.

V. Next Steps

VI. Adjournment

Chair Grant Ritter requested a motion to adjourn. Motion was made by Shelly Sweatt and seconded by Pamela Russek. **Motion passed unanimously.** Meeting adjourned at 5:26 p.m.