



**Connecticut Health Insurance Exchange  
Board of Directors Regular Meeting**

Legislative Office Building, Room 1D  
300 Capitol Avenue, Hartford

Thursday, November 21, 2019  
**Meeting Minutes**

**Members Present:**

Paul Philpott (Interim Vice-Chair); Victoria Veltri; Cecelia Woods; Grant Ritter; Yvonne Addo on behalf of Commissioner Miriam Delphin-Rittmon, Department of Mental and Health Addiction Services (DMHAS); Michael Gilbert on behalf of Commissioner Deidre Gifford, Department of Social Services (DSS); Cara Passaro; Thomas McNeill; Theodore Doolittle, Office of the Healthcare Advocate (OHA); Steven Hernandez; Paul Lombardo on behalf of Commissioner Andrew Mais, Connecticut Insurance Department (CID); Commissioner Renee Coleman-Mitchell, Department of Public Health (DPH)

**Members Absent:**

Anne Foley

**Other Participants:**

***Access Health CT (AHCT) Staff:*** James Michel; Anthony Crowe; Susan Rich-Bye; Robert Blundo; John Carbone; Andrea Ravitz; Darrell Hill, Glenn Jurgen

**A. Call to Order and Introductions**

**The Regular Meeting of the Connecticut Health Insurance Exchange Board of Directors was called to order at 9:00 a.m.**

Vice-Chair Paul Philpott called the meeting to order at 9:00 a.m.

**B. Public Comment**

No public comment.

**C. Votes**

Vice-Chair Paul Philpott requested a motion to approve the October 17, 2019 Board of Directors Regular Meeting Minutes. Motion was made by Victoria Veltri and seconded by Cara Passaro. **Motion passed unanimously.**

**D. CEO Report**

James Michel, CEO, provided an update on Access Health CT activities. Mr. Michel stated that AHCT has received a notice from the Internal Revenue Service (IRS) that they will be conducting a regular review of the organization's compliance protecting federal tax information. The review is scheduled to begin February 25, 2020. Their previous review took place three years ago.

Mr. Michel provided a brief overview of this meeting's major objectives, which include both the Finance and Audit updates, as well as the most up-to-date information about the ongoing Open Enrollment. A request will be made to the Board for additional funding, in preparation for the possible 1332 waiver request to CMS to create a reinsurance program to support the individual insurance market in Connecticut. The study is a new expense and is not part of the original budget. Mr. Michel announced that both the FY2019 AHCT Audited Financial Statements and the FY 2019 Programmatic Audit Reports have been completed and present no negative findings.

Mr. Michel pointed out that the results of the recently completed uninsured study have helped the Exchange with the outreach efforts. Mr. Michel stressed that Connecticut has 187,000 uninsured residents, and AHCT is more focused than ever on increasing the number of people who are insured in the state. Mr. Michel emphasized that AHCT focuses on those communities offering free in-person assistance. Communication with those communities is an important element to educate individuals on the importance of having medical insurance coverage. Mr. Michel conveyed to the Board that meetings with state and community leaders, elected officials and other stakeholders are taking place to share the uninsured research report in order to facilitate further important partnerships.

Mr. Michel remarked that AHCT as an organization is very active in assisting those who are in need. The internal Values, Rewards and Recognition Committee organized a Thanksgiving food drive to support the Salvation Army and the Burns School/The Village for Family and Children. Over 100 bags, boxes and cases of food items were collected and donated to those organizations. Mr. Michel thanked the staff for not only supporting this cause, but also living the company's values.

## **E. Finance Update**

Darrell Hill, Director of Finance, presented the Fiscal Year (FY) 2019 Year End Budget Report. Mr. Hill noted that FY 2019 had ended on June 30. The revenues came in slightly above the final adopted budget. The expenditures are about \$4 million below budget. The most significant variances were in the contractual and IT enhancements. The variances were due to timing of projects, sequencing of enhancements and improved budget management. Mr. Hill noted that FY2019 Carry-Forward Projects represent on-going projects with purchase orders encumbered but not liquidated at June 30, 2019. Mr. Hill enumerated some of these ongoing projects and indicated that the cost share with the Department of Social Services (DSS) amounted to \$18,409,011 in FY2019, with the total AHCT and DSS expenses of \$48,918,005, a \$3,075,076 variance from \$51,993,081 from the FY2019 adopted budget. Mr. Hill went on to describe the unrestricted net position for FY2019 which amounted to \$24,332,143, an increase of \$3,850,145 from the prior fiscal year. The amount is decreased by the FY2019 Carry-forward of \$2,719,098. The total net estimated increase is \$1,131,047.

Mr. Hill went on to summarize the FY2020 1<sup>st</sup> Quarter Budget Report – Operating and Capital Improvements. Mr. Hill mentioned three projects that are in progress. They were initiated in FY2019 and are ongoing. Mr. Hill went on to explain FY2020 Budget vs. Actuals through September 30, 2019. The total operating expenses were \$5,718,094 and are less than the adopted budget of \$6,175,533. Total AHCT and DSS expenses were also less than anticipated in the original budget and amounted to \$9,932,464, a variance of \$894,086. AHCT is not proposing any changes to the Adopted FY2020 Budget. Mr. Hill provided an analysis of the FY2020 Adjusted Budgets as it relates to the shared costs with DSS for the 1<sup>st</sup> Quarter Budget Report. The Capital Improvements Projects are financed from the AHCT's reserves.

Steven Hernandez inquired about the FY2019 the expected budget for IT enhancements of \$3.3 million, but there was an actual expenditure of \$1.8 million. In FY2020, the proposed budget for IT enhancements was increased, and Mr. Hernandez asked about the reason for that action. Mr. Hill pointed out that during FY2019, AHCT began migrating expenses from contractual to IT-enhancements line item for the reason of conveying the magnitude of the AHCT's efforts in that area. Discussion ensued around funding the reserve fund and how it is structured, as well as the unrestricted net positions of AHCT as compared with other state-run Exchanges. Mr. Hill expressed the view that healthy reserves should consist of anywhere between 6 and 9 months of operating expenses. AHCT is in a healthy position of 7 months of reserves.

Mr. Philpott inquired about the level of marketplace assessment revenue and the anticipation of \$1 million increase this year and the causes behind it. Mr. Hill stated that decreases in the revenues are derived from the assessments. The yield is the earned premium calculation from the applicable carriers' premiums in Connecticut that has resulted in the fluctuation of the

marketplace assessment. The marketplace assessment rate has been constant for the past few years, and it stays at 1.65 percent.

Chair Paul Philpott requested a motion to approve the FY 2020 Q1 Finance Report as presented. Motion was made by Victoria Veltri and seconded by Cecelia Woods. **Motion passed unanimously.**

Chair Paul Philpott requested a motion to approve the FY 2020 Capital Improvement Plan as presented. Motion was made by Victoria Veltri and seconded by Cecelia Woods. **Motion passed unanimously.**

#### **F. Audit**

Mr. Hill presented the FY 2019 AHCT Audited Financial Statements. Mr. Hill noted that AHCT's external auditors, Blum Shapiro presented their findings to the Audit Committee. Mr. Hill indicated that AHCT has a clean audit, both on the financial statements and programmatic audit. Mr. Hill provided the Board with the overview of the auditing process. Mr. Hill also described how the budgetary and auditing findings are cross walked. Mr. Hill noted that the budgetary presentation has to do with cash, while the financial auditor's presentation looks at the non-cash items that are built into presentation on financial statements.

Chair Paul Philpott requested a motion to approve the FY 2019 AHCT Audited Financial Statements as presented. Motion was made by Cecelia Woods and seconded by Victoria Veltri. **Motions passed unanimously.**

Chair Paul Philpott requested a motion to approve the FY 2019 Programmatic Audit Report as presented. Motion was made by Victoria Veltri and seconded by Grant Ritter. **Motion passed unanimously.**

#### **G. 2020 Open Enrollment Update**

Robert Blundo, Director of Technical Operations and Analytics provided the 2020 Open Enrollment Update. Mr. Blundo noted that OE 2019 and OE 2020 are slightly different due to the marketplace dynamics. During the last OE, a large number of customers experienced a premium increase, while during this OE, 53% of customers are anticipated to experience premium decreases. Mr. Blundo provided comparisons between OE6 and OE7. Mr. Blundo provided statistics on the enrollment, visits to the website, and calls made to the call center. In addition, Mr. Blundo provided data on the enrollment centers' attendance, as well as public participation at enrollment fairs. Mr. Blundo emphasized that health chat participation is also very encouraging.

Mr. Blundo remarked that AHCT is in the process of automatic renewals for its customers. Customers who are automatically renewed can still manually change their plans. AHCT keeps track of the enrollees who have to take a manual action. AHCT will be reaching out to them in the first two weeks of December. Mr. Blundo provided the details on the acquisition and retention numbers. Approximately 75% of the Exchange's customers qualified for Financial Assistance (FA). In addition, 51% utilized services provided by brokers.

Grant Ritter asked for the information at the next Board meeting about the number of customers moving from bronze into silver due to lower premiums that they would have to pay. Dr. Ritter asked for the statistical breakdown of those who receive the FA and those who do not. Mr. Philpott inquired about the situation that certain members would be better off in a gold plan versus the silver plan and asked for the information on these individuals to be provided at the next Board meeting. Michael Gilbert asked for statistical data on the uptick in the Medicaid enrollment numbers and what may be the driving factor behind it. Mr. Blundo pointed out that they will be provided.

#### **H. Legal Update**

Susan Rich-Bye, Director of Legal and Governmental Affairs, presented the Legal Update on the proposed Federal Rule for Transparency in Coverage. Ms. Rich-Bye stated that President Trump signed an executive order on Improving Price and Quality Transparency in American Healthcare to Put Patients First. It was directed at requiring providers, insurers and group health plans to disclose information about the expected out of pocket costs before patients receive care. As a result of this executive order, the Department of Health and Human Services issued a proposed rule on transparency reporting for hospitals and the rule has been finalized on November 15. Ms. Rich-Bye pointed out that as a result of this rule, hospitals must post standard charge information on negotiated rates for common or shoppable items or services. This information must be updated annually and penalties for non-compliance will be instituted. They include gross charges, discounted cash prices, payer-specific negotiated charges, and de-identified minimum and maximum negotiated charges. This rule is set to go into effect in January of 2021.

Ms. Rich-Bye described a proposed rule introduced by three agencies, the Health and Human Services (HHS), the Internal Revenue Service (IRS) and the Department of Labor (DOL) – Transparency Reporting for Issuers and Group Health Plans. The aim of the proposed rule is to make consumers aware of the costs of the treatment and provide them with the information on the out of pocket expenses. The goal of this rule is to also disclose negotiated rates for in-network providers and disclose historical out-of-network allowed amounts. It would also allow insurers to offer new plans and claim credit toward their MLR for 'shared savings' when an enrollee selects a lower cost provider. Ms. Rich-Bye noted that there is a risk that instead of lowering costs, these rules may raise them, because parties affected would be required to invest in their infrastructure

to comply with these rules. Ms. Rich-Bye emphasized that currently, numerous transparency requirements exist on both the federal and state levels.

**I. Future Agenda Items**

Mr. Michel briefly described future agenda items, which include the Adverse Selection Study, 2021 Plan Designs, as well as the SHOP marketing campaign and the Results of the Economic Waiver Modeling for Potential State Reinsurance Program.

**J. Adjournment**

Vice-Chair Paul Philpott requested a motion to adjourn. Motion was made by Cecelia Woods and seconded by Grant Ritter. **Motion passed unanimously.** Meeting adjourned at 9:58 a.m.