



Finance Committee

April 14, 2022

Regular Meeting -- Remote

10:00 a.m.

Meeting Minutes

Members Present: Claudio Gualtieri on behalf of Jeffrey Beckham, Office of Policy & Management (OPM) Acting Secretary; Thomas McNeill; Michael Gilbert on behalf of Commissioner Deidre Gifford, Department of Social Services (DSS)

Access Health CT (AHCT) Staff: James Michel; Daryl Jones; Sinisa Crnkovic; Jynelle Maloney; Marcin Olechowski

A. Call to Order and Introductions

The Regular Meeting of the Connecticut Health Insurance Exchange Finance Committee was called to order at 10:00 a.m. Roll call for attendance was taken.

B. Vote: Review and Approval of Minutes

Chair Claudio Gualtieri requested a motion to approve the November 12, 2021 Regular Meeting Minutes. Motion was made by Thomas McNeill and seconded by Michael Gilbert. Roll call vote was ordered. **Motion passed unanimously.**

C. FY 2022 – 3rd Quarter Budget – Operating

Daryl Jones, Director of Finance, presented the Fiscal Year (FY) 2022 3rd Quarter Operating Budget Report. Mr. Jones noted that the total Approved Adjusted Budget, which included the Department of Social Services (DSS) shared costs, was \$39,286,434 while the actuals are \$36,222,605. This resulted in a variance of \$3,063,829 mainly due to timing. Mr. Jones provided the Committee with the budget line-item details which outlined the results achieved.

Mr. Jones provided information on the FY 2022 Proposed Final Budget. Mr. Jones noted that the FY 2022 Proposed Final Budget is the same as the FY 2022 Approved Adjusted Budget in the amount of \$54,295,784, of which \$21,174,273 is the DSS Shared Cost. Mr. Jones added that while the budget remains the same, there are adjustments between the budget line items that would require the Finance Committee's approval. Mr. Jones noted that grant line is increased by \$25,000 to help implement the Broker Academy; in addition, \$440,120 needs to be transferred from the reserves to pay the Office of Health Strategy

for the All-Payer Claims Database (APCD) cost, which is a legislative mandate. Mr. Jones noted that the marketplace assessment revenue declined by \$442,407 in the second half of the Fiscal Year (FY). Mr. Jones emphasized that in order to make-up for the lost revenue, various line-item adjustments were undertaken.

Mr. Jones reviewed the FY 2022 Projected Reserve Fund Balance. Mr. Jones noted that the audited reserve amount as of June 30, 2021 was \$23,946,990 which equals to 8.2 months of operating funding. Mr. Jones enumerated various costs that had to be covered using reserve funds. Mr. Jones detailed various reserve expenses such as the APCD cost and ARPA costs among others, which would result in the reserve projection on June 30, 2022 to stand at \$20,852,496, representing 7.1 months of operating funding.

Chair Gualtieri requested a motion to approve the FY 2022 Q3 Budget Report as presented by Exchange staff. Motion was made by Thomas McNeill and was seconded by Michael Gilbert. Roll call vote was ordered. **Motion passed unanimously.**

Chair Gualtieri requested a motion to approve two non-budgeted additional expenses to the FY 2022 Adjusted Budget: \$440,120 to fund the mandated APCD cost, and \$25,000 for the Broker Academy. Motion was made by Michael Gilbert and seconded by Thomas McNeill. Roll call vote was ordered. **Motion passed unanimously.**

Chair Gualtieri requested a motion to approve a transfer of \$440,120 from the reserves for the mandated APCD cost to the FY 2022 Budget. Motion was made by Thomas McNeill and seconded by Michael Gilbert. Roll call vote was ordered. **Motion passed unanimously.**

D. FY 2023 Proposed Operating Budget

Mr. Jones presented the Fiscal Year 2023 Proposed Budget. Mr. Jones stated that the FY2023 Proposed Budget is \$54,846,301, of which \$20,486,301 is for DSS Shared Costs. Mr. Jones noted that compared to the prior fiscal year, the budget increased by \$550,517. Mr. Jones noted that the federally funded \$688,000 item for DSS was removed from the budget due to inactivity. Mr. Jones stated that \$1.2 million will be moved from the reserve to fund new system enhancements. Mr. Jones pointed out that the budget assumes a \$1.4 million increase in assessment revenues based on a new rate beginning for January of 2023.

Mr. Jones provided detailed items within the budgetary expenses, which include salaries, fringe benefits and other budget line items. Mr. Jones added that some budgetary line items for FY 23 will bring savings while others had to be increased from FY 22, such as the new IT system enhancements.

Chair Gualtieri requested a motion to recommend for approval by the Board the FY 2023 Operating Budget as presented by Exchange staff. Motion was made by Thomas McNeill and was seconded by Michael Gilbert. Roll call vote was ordered. **Motion passed unanimously.**

Chair Gualtieri requested a motion to approve a transfer of \$1,200,000 from the reserves to fund new IT system enhancements for the FY 2023 Budget. Motion was made by Thomas McNeill and was seconded by Michael Gilbert. Roll call vote was ordered. **Motion passed unanimously.**

E. Assessment

Mr. Jones provided details on the proposed marketplace assessment revenue and operating cost outlook. Mr. Jones noted that assessment revenues have declined over the last three fiscal years, while operating expenses have increased and are projected to outpace revenues on average \$2.8 million through FY2025.

Mr. Jones acknowledged that revenues are declining due to the shrinking of the fully insured small group market caused by employers moving to self-insured products. Mr. Jones added that new costly requirements by the Centers for Medicare and Medicaid Services (CMS) and the Department of Revenue Services (DRS) and the Internal Revenue Service (IRS) are part of the proposed increase.

Mr. Jones explained that in order to meet the declining revenues and additional demands on the budget, AHCT has lowered operational costs by 10 percent and created efficiencies to meet organizational objectives. Mr. Jones added that AHCT utilized \$2.5 million in reserves for unexpected projects and initiatives and proposed an additional \$1.2 million from reserves for FY 2023 and mentioned that the organization received \$1.1 million in grant funding for projects. Mr. Jones stressed that to sustain the level of support and service its customers need and to support the core mission and vision, AHCT recommends the additional funding for FY 2023.

Mr. Jones emphasized that AHCT recommends increasing the assessment rate from 1.65 percent to 1.80 percent and remarked that it will generate an additional \$2.8 million in revenue in a calendar year which includes \$1.4 million for the FY 2023 budget.

Mr. Jones elaborated that this would fund the APCD mandate, address declining revenues and rising operational costs. Mr. Jones stated that the proposed assessment rate would be effective January 1, 2023. He provided a comparison of AHCT's assessment rate with other Exchanges and stated that even if the proposed rate is approved by the Board, it would still be, by far the lowest assessment rate in the nation. Mr. Jones went on to provide details on the assessment rate increase on customers and indicated that the average premium cost before subsidies will increase by \$1.00 per month for each individual consumer who buys individual, small group and dental plans. Mr. Jones announced that Connecticut consumers receiving APTCs will see an average reduction of monthly premium for 5 cents per month and added that currently, 83 percent of QHP enrollees receive APTCs to reduce monthly premiums.

Julie Andrews, Wakely Consulting Actuary, provided additional information on the proposed assessment rate change's impact on premiums.

Chair Claudio Gualtieri provided a summary of the assessment increase. Mr. Gualtieri noted that the net effect would still maintain Connecticut as having the lowest assessment when compared to other State-Based-Exchanges (SBMs) and Federally Facilitated Marketplaces (FFMs). Mr. Gualtieri added that the Exchange seems to need the increase as ongoing costs are increasing. Cost mitigation processes are also in place such as lowering operating costs and obtaining more cost-effective agreements with vendors. Mr. Gualtieri emphasized that the net impact of the assessment increase for the AHCT consumers would be negligible.

Chair Claudio Gualtieri requested a motion to recommend for approval by the Board for calendar year 2023 the Exchange's Market Assessment Rate of 180 basis points. Motion was made by Michael Gilbert and was seconded by Thomas McNeill. Roll call vote was ordered. **Motion passed unanimously.**

F. Grants and Projects Update

Mr. Jones noted that AHCT applied for five grants in FY 2022, two have been awarded and three are still pending. Mr. Jones stated that the first grant was awarded in September of 2021 for \$1.1 million by CMS to fund certain modernization initiatives. Mr. Jones added that the second grant was awarded in December of 2021 for \$25,000 to fund the Broker Academy outreach and recruiting. Mr. Jones stated that there are three additional grants pending for up to \$425,000 for the operation of the program.

Mr. Jones provided a brief update on the Capital Improvement Projects funded from reserves and stated that three carry-forward projects from FY 2021 to FY 2022 funded by the Operating Budget have been completed and are under budget by \$60,870.

G. Adjournment

Chair Claudio Gualtieri requested a motion to adjourn. Motion was made by Thomas McNeill and was seconded by Michael Gilbert. Roll call vote was ordered. **Motion passed unanimously.** Meeting adjourned at 10:31 a.m.