



Connecticut Health Insurance Exchange Board of Directors Special Meeting

Remote Meeting

Thursday, June 22, 2023
Meeting Minutes

Members Present:

Charles H. Klippel (Chair); Paul Philpott (Vice-Chair); Grant Ritter; Commissioner Andrea Barton Reeves, Department of Social Services (DSS); Claudio Gualtieri on behalf of Secretary Jeffrey Beckham, Office of Policy and Management (OPM); Deidre Gifford; Theodore Doolittle, Office of the Healthcare Advocate (OHA); Commissioner Andrew Mais, Connecticut Insurance Department (CID); Matthew Brokman; Carleen Zambetti on behalf of Commissioner Nancy Navarretta, Department of Mental and Health Addiction Services (DHMAS)

Other Participants:

Connecticut Insurance Department (CID): Paul Lombardo

Access Health CT (AHCT) Staff: James Michel; Jeanna Walsh; Susan Rich-Bye; Ezio Sabatino; John Carbone; Glenn Jurgen; Jynelle Maloney; Tammy Hendricks; Sinisa Crnkovic; Marcin Olechowski

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.

Chair Charles Klippel called the meeting to order at 9:00 a.m.
Attendance roll call was taken.

B. Public Comment

State Representative Kerry Wood provided a public comment.
Wyatt Bosworth from the Connecticut Business Industry Association (CBIA) provided a public comment.

Chair Charles Klippel read a public comment submitted via electronic communication by Andy Markowski from the National Federation of Independent Business (NFIB) State Representative Stephen Meskers provided a public comment. State Senator Tony Hwang provided a public comment.

C. Vote

Chair Charles Klippel requested a motion to approve the April 20, 2023 Regular Meeting Minutes. Motion was made by Claudio Gualtieri and was seconded by Paul Philpott. Roll call vote was ordered. Matthew Brokman abstained. **Motion passed.**

D. CEO Report

James Michel, Chief Executive Officer, presented the CEO Report. Mr. Michel extended his appreciation to all who have submitted public comments. He responded to one of the public comments clarifying that none of the assessment funding is allowed to be spent on Medicaid. Mr. Michel stressed that Access Health CT (AHCT) continues to work on minimizing costs for the industry and making AHCT more efficient.

Mr. Michel stressed that AHCT has not raised the assessment rate in eight years. Mr. Michel stated that over the years, costs have increased dramatically, and AHCT is in fact reducing its budget by \$734,000 by investing less in major Information Technology (IT) projects.

Mr. Michel noted that AHCT is working on a five-to-ten-year strategic plan with the Strategy Committee and that a document is being developed by staff. One of the areas of focus will be improving the IT system to make it easier and more accessible to enroll in quality, affordable healthcare. Mr. Michel briefly outlined topics for discussion and action items for this meeting.

E. Finance Update

James Michel, Chief Executive Officer (CEO) and Interim Director of Finance, introduced the topics and as well as action items for this meeting. Mr. Michel also introduced Sinisa Crnkovic, Head of Financial Planning and Analysis. Mr. Michel provided a high-level overview of the proposed budget.

Mr. Crnkovic noted that the FY2024 Proposed Operating Budget is \$54,111,975, of which the Department of Social Services' (DSS) Shared Cost is \$20,486,273. Mr. Crnkovic stated that the FY 2024 Proposed Operating Budget has decreased by \$734,000 when compared to the adopted FY 2023 budget due to not investing in major IT improvements in the next Fiscal Year. Mr. Crnkovic provided a more detailed analysis of the proposed operating budget with specific line items being described.

Mr. Crnkovic stated that AHCT continues to apply for grants and explained the revenue streams as well as budgeted expenditures. He reviewed various budget line items and analyzed variances between the FY 2023 Adopted Budget, FY Projected Year-End Actuals and the FY 2024 Proposed Operating Budget. Mr. Crnkovic noted that AHCT has utilized some funding from its reserves in the last FY, however, the organization is not planning on using funding from its reserves as they are shrinking. Mr. Crnkovic noted that the revenue stream includes a proposed marketplace assessment increase of 0.2 percent.

Mr. Crnkovic stated that there is a negative variance between FY 2023 and FY 2024 in the marketplace assessment in the amount of \$577,000 due to small businesses moving to self-funding options. Mr. Crnkovic described reasons for variances in the budgeted expenditures, such as the 7.5 percent increase in medical insurance, retirement plans and other benefit increases.

Mr. Michel stated that despite decreased investment in IT systems, AHCT follows all of the federal and state government requirements and investments in cybersecurity are continuously taking place.

Mr. Crnkovic went on to provide a brief synopsis of the FY 2024 Proposed Operating Budget with information on the shared costs with DSS. Mr. Michel provided more information on the DSS shared costs. The majority is attributable to Operations and include the call center expenditures. Brief discussion ensued around AHCT's shared services with DSS.

Mr. Crnkovic provided a detailed analysis of the marketplace assessment. Mr. Crnkovic emphasized that marketplace assessment revenues have declined over the last four fiscal years, while operating expenses have increased and are projected to outpace revenues by \$4.3 million in FY 2026.

Mr. Crnkovic noted that for FY 2024, a gap of \$2.6 million exists between assessment revenue and expenses and pointed out that the gap will be covered by a combination of projected grants, interest income, rebate revenue and the proposed assessment rate increase of 0.2 percent. Mr. Crnkovic indicated that the proposed assessment rate increase starting on January 1, 2024 would yield \$3.7 million in additional revenue in Calendar Year (CY) 2024 and \$1.85 million in Fiscal Year 2024.

Mr. Crnkovic provided more context on AHCT's declining revenues and increasing costs. He stated that revenues are declining due to the shrinking of the fully insured small group market caused by employers moving to self-funded products as well as new costly requirements by the Centers for Medicare and Medicaid Services (CMS); the State and the Internal Revenue Service (IRS). Mr. Crnkovic stressed that 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. Crnkovic added that AHCT utilized \$1.2 million in reserves for Information Technology (IT) projects and initiatives and \$2.7 million for the Medicaid Unwind; AHCT also received \$122,455 in grant funding for the Broker Academy in FY2023. Mr. Michel noted that a few years ago, AHCT had asked its vendors who have been servicing the organization since its inception, to lower their operating costs by 10 percent, which they implemented. AHCT is always looking for ways to minimize costs without negatively affecting its core mission and vision.

Mr. Crnkovic emphasized that to sustain the level of support and service its customers need and to support the organization's core mission and vision, AHCT recommends additional funding for FY 2024 by adjusting the assessment rate from the current 1.65 percent to 1.85 percent; this will fund the All-Payer Claims Database (APCD) state mandate, address declining revenues and rising operational costs.

Mr. Crnkovic pointed out that the proposed rate would be effective January 1, 2024. A comparative analysis of other State-Based Marketplaces (SBM) as well as the Federally Facilitated Exchange (FFE) was provided. He stated that raising the assessment rate to 1.85 percent will still result in the lowest rate in the country. Mr. Crnkovic noted that AHCT has not raised the assessment rate over the last eight years. Mr. Crnkovic added that some of the other SBMs do not pay certain expenditures since some of them may be covered by their respective state budgets while AHCT has to meet its financial obligations on its own. Mr. Michel added that many of those SBMs are located in state-funded buildings and their insurance premiums or cybersecurity expenditures may be paid by their respective state budgets. Mr. Michel stressed that AHCT has been recognized across the country for its work.

Julie Andrews, Senior Actuary from Wakely Consulting, provided additional information on the assessment impact on premiums. Ms. Andrews pointed out that the average premium cost before Advanced Premium Tax Credits (APTC) will increase by \$1.44 per month for each individual consumer who buys individual, small group medical and dental plans. Connecticut consumers receiving APTCs will see an average reduction in premiums of 4 cents per month. Ms. Andrews noted that 86 percent of the Qualified Health Plans (QHP) enrollees receive APTCs to reduce monthly premiums.

Mr. Crnkovic provided AHCT's projected FY 2024 reserves fund balance of \$19.2 million, down from \$23.5 million at the end of FY 2022, which would amount to approximately 6.8 months of the Exchange's operating funding.

Responding to a prior request from the Board of Directors, Mr. Crnkovic presented a preliminary analysis of SBMs and the CT Health Educational Facilities Authority reserves.

Based on the experience and research, AHCT recommends maintaining an operating reserve of 9-12 months. Further research will be performed.

Commissioner Andrea Barton Reeves thanked the legislators and others for their thoughtful comments provided. Commissioner Reeves noted that there are no immediate or long-term solutions to close the budget gaps and expressed her interest in other Board members' opinions as to how to address this issue. Commissioner Reeves stated that at this point, the Board's options are rather limited.

Claudio Gualtieri, Chair of the AHCT Finance Committee, expressed his words of appreciation for the constructive public comments. Mr. Gualtieri concurred with the public comments with recommendations that the Board must fully account for the AHCT budget, and all alternatives have to be explored. Mr. Gualtieri reminded the Board that AHCT took those prudent and necessary steps and Board members participated in a series of budget workshops during the past year. Mr. Gualtieri explained that members who have participated in those budget workshops learned a lot about the process, and also AHCT staff was always willing to listen to suggestions and address them.

Mr. Gualtieri stated that the Board directed AHCT to aggressively pursue federal and other grant opportunities and emphasized that AHCT is following through on the Board's suggestions. Mr. Gualtieri added that the Board also directed AHCT to minimize costs and emphasized that those suggestions were implemented. Mr. Gualtieri briefly explained actions that were undertaken on the federal level, such as the extension of the American Rescue Plan Act (ARPA) enhanced subsidies to 2025. Mr. Gualtieri reiterated that the majority, 86 percent of all Qualified Health Plan (QHP) consumers, will actually see a slight reduction in their monthly premiums.

Mr. Gualtieri also noted other factors, including a potential risk for some people who had healthcare coverage through Medicaid due to the extensions during the pandemic, may find themselves having to shop for health insurance and the state's residents also have the great benefit in Connecticut of a new program - Covered Connecticut, which will function as a quasi-Medicaid program for some consumers on the Exchange. Mr. Gualtieri added that this program will help to close the affordability gap. Mr. Gualtieri emphasized that it means that additional resources have to be utilized in order to fulfill this step.

Mr. Gualtieri also briefly elaborated on other issues surrounding the socio-economic status of people in Connecticut; the crucial role the Exchange plays in the healthcare landscape; its recent successful undertakings in trying to reduce healthcare disparities by establishing the Broker Academy; its close collaboration with other state agencies; and the need for the organization to be financially sustainable.

Mr. Gualtieri stressed that AHCT continues to serve as a trusted advisor adding that the proposed assessment rate will still ensure that Connecticut remains competitive with respect to the federal facilitated exchanges and every other state exchange. AHCT will still have the lowest assessment rate in the country. Mr. Gualtieri stated that, in his opinion, the time has come for a prudent and responsible, modest increase in the

marketplace assessment as proposed in the budget. Mr. Gualtieri also noted that the root cause of the healthcare cost increases must be examined. Dr. Deidre Gifford agreed with Mr. Gualtieri's comments and expressed her words of appreciation to state legislators who provided public comment. Dr. Gifford remarked that since the last time the marketplace assessment increase was proposed and delayed, the organization had taken important steps to address many of the concerns that the legislators who provided a public comment as well as CBIA have raised. Continuous vigilance pertaining to the Exchange's expenditures is important. Dr. Gifford reiterated that the main causes of healthcare costs need to be addressed and more attention needs to be directed toward the shift that is occurring from the fully insured to the self-insured market.

Theodore Doolittle associated himself with the comments stated by Mr. Gualtieri and Dr. Gifford. Mr. Doolittle explained that the proposed marketplace assessment increase is 0.2 percent, and the Exchange has not had an increase in 8 years. Mr. Doolittle provided mathematical calculations about the proposed increase, also elaborating on yearly inflation as well as annual increases in health insurance premiums, which are about 15 percent. Mr. Doolittle added that 15 percent annual health insurance premium increases do not fully represent the actual increase since consumers also have to deal with increasing out of pocket costs. Mr. Doolittle compared those latter increases with a very small marketplace assessment increase of 0.2 percent, the first one taking place in 8 years. Mr. Doolittle commented that the 0.2 percent increase over the period of 8 years is a very modest hike when compared to other increases mentioned.

Mr. Doolittle commended AHCT staff for having financially conscious and lean operations of the Exchange. Paul Lombardo from Connecticut Insurance Department (CID) pointed out that the insurance premium submissions by the carriers are currently under review. He added that CID will have informational sessions and more concrete information will be available at that time. Mr. Lombardo noted that the filings will have to reflect the slight increase in the marketplace assessment rate. Paul Philpott indicated that the cost of healthcare includes numerous items, such as hospital stays and others, and increases pertaining to those items are for certain much larger than \$1.44 per consumer per month, the amount of the 0.2 increase in the marketplace assessment rate. Mr. Philpott encouraged the Board and the State Legislature to address big reasons why the small businesses are struggling with these premium increases.

Chair Charles Klippel commended AHCT leadership for making sure that the budget presented is as efficient as possible. Mr. Klippel also praised the chair of AHCT's Finance Committee for his leading role. Mr. Klippel expressed that the modest increase in the assessment rate is a proper action for the Exchange to take. Mr. Klippel reiterated that everyone shares the same concern about addressing the underlying root causes of continuously rising healthcare costs. Mr. Klippel also stressed that the Exchange as well as the Board can offer its assistance in that matter.

Chair Charles Klippel requested a motion to approve the Exchange's Market Assessment Rate of 185 basis points for Calendar Year 2024 as presented by Exchange Staff and

approved by the Finance Committee. Motion was made by Claudio Gualtieri and seconded by Grant Ritter. Roll call vote was taken. **Motion passed unanimously.**

Chair Charles Klippel requested a motion to approve the FY 2024 Proposed Operating Budget as presented by Exchange Staff. Motion was made by Grant Ritter and was seconded by Deidre Gifford. Roll call vote was taken. **Motion passed unanimously.**

Mr. Michel expressed his words of appreciation to the Board for a very thoughtful discussion about the Exchange's budget. Mr. Michel assured the Board that AHCT will continue to work with the Finance Committee as well as the Board of Directors to find more ways for AHCT to be more efficient and effective.

F. Medicaid Unwinding Update

Ezio Sabatino, Interim Director of Marketing, presented the Medicaid Unwinding Update. He provided a brief analysis of the messaging campaign, its aim to inform consumers about the Unwinding and what they can do to make sure that they continue to have health insurance coverage. The timeframe of the media schedule was presented. Examples of commercials, both in English and Spanish, were played.

Tammy Hendricks, Director of Health Equity and Outreach, provided the Outreach update. Ms. Hendricks outlined the outreach efforts to support the Medicaid Unwinding efforts, including but not limited to healthy chats, enrollment fairs as well as community partner monthly remote meetings. Ms. Hendricks briefly described additional outreach efforts that are part of the plan to assist in the Medicaid Unwinding. Mr. Michel added that the reserve funds that have been approved by the Board are part of the Medicaid Unwinding marketing and outreach efforts and emphasized that AHCT is tracking the money being spent – the drawdown rate is reported to the Board on a monthly basis.

G. Broker Academy Update

Tammy Hendricks, Director of Health Equity and Outreach, provided a Broker Academy Update. Ms. Hendricks noted that 53 students have been accepted into the Broker Academy and 40 attended the classes. Ms. Hendricks was happy to report that all students have passed the class exam, which is a prerequisite for them to take the state exam. She discussed various elements of the process, including the recruitment, training and development as well as mentorship portions. Ms. Hendricks praised the students who participated in the second year of the Academy. Theodore Doolittle requested to have information presented at the future Board meetings pertaining to the progress of the students who completed the Broker Academy in its first year.

H. Small Business Summit

John Carbone, Director of SHOP, Broker Support and Product Development, provided information on the Small Business Summit. Mr. Carbone indicated that over the past three years, Connecticut small businesses suffered with their finances and their employee

retention. During the pandemic, AHCT chose to reinvent itself to help small businesses and understand the new programs. Mr. Carbone added that AHCT became an even more trusted advisor and resource during that difficult time by providing small businesses with crucial information.

Mr. Carbone added that small businesses make up 99.4 percent of all Connecticut businesses and 48.2 percent of the employees in Connecticut work there. Mr. Carbone stressed that it is critical for small businesses in Connecticut to succeed and AHCT wants to be a resource and provide support. Mr. Carbone pointed out that AHCT and the Metro Hartford Alliance partnered to deliver the first Connecticut Small Business Summit. The focus was to help small business owners, entrepreneurs and employees. Mr. Carbone added that the goal is to offer everyone an array of opportunities to discuss current trends and challenges small business faces face daily and most importantly, a way to address them.

Mr. Carbone pointed out that over 250 businesses attended and 140 were on the waiting list; there were 25 vendor tables with a blend of privately-owned businesses and State of Connecticut resources. Mr. Carbone thanked Board member, Steven Hernandez, for being the Master of Ceremony for the entire day. Mr. Carbone thanked the Summit's speakers: Governor Ned Lamont, Lieutenant Governor Susan Bysiewicz, State Comptroller Sean Scanlon and Commissioner of Administrative Services Michelle Gilman. The keynote speaker was Gina Luari, a successful small business owner. Mr. Carbone added that various breakout sessions were held. Mr. Carbone expressed his words of appreciation to everyone who helped and participated in this inaugural Small Business Summit.

Due to time constraints, Agenda Items I. (Audit Status Update), J. (ACA Legal/Policy Update) and K. (Future Agenda Items) were suspended.

L. Adjournment

Chair Charles Klippel requested a motion to adjourn the meeting. Motion was made by Theodore Doolittle and seconded by Claudio Gualtieri. Roll call vote was ordered. **Motion passed unanimously.** Meeting adjourned at 10:42 a.m.