



Finance Committee

June 15, 2023

Regular Meeting -- Remote

11:00 a.m.

Special Meeting Minutes

Members Present: Claudio Gualtieri on behalf of Jeffrey Beckham, Office of Policy & Management (OPM) Secretary; Commissioner Andrea Barton Reeves, Department of Social Services (DSS); Commissioner Manisha Juthani, Department of Public Health (DPH); Thomas McNeill

Access Health CT (AHCT) Staff: James Michel; Susan Rich-Bye; Sinisa Crnkovic; Marcin Olechowski

Other: Wakely Consulting: Julie Andrews
Department of Social Services (DSS): Shantelle Varrs; Nicholas Venditto

A. Call to Order and Introductions

The Regular Meeting of the Connecticut Health Insurance Exchange Finance Committee was called to order at 1:100 a.m. Roll call for attendance was taken.

B. Public Comment

No public comment was submitted.

C. Vote: Review and Approval of Minutes

Chair Claudio Gualtieri requested a motion to approve the April 13, 2023 Regular Meeting Minutes. Motion was made by Andrea Barton Reeves and was seconded by Manisha Juthani. Roll call vote was ordered. **Motion passed unanimously.**

D. FY 2024 – Proposed Operating Budget

James Michel, Chief Executive Officer (CEO) and Interim Director of Finance, introduced the topics and as well as action items for 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 FY 2023. Mr. Crnkovic provided a more detailed analysis of the proposed operating budget with specific line items being described.

Mr. Crnkovic emphasized that AHCT continues to apply for grants and reviewed the revenue streams as well as budgeted expenditures. He discussed 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 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 marketplace assessment revenues of \$577,000, which is due to small businesses moving from fully insured plans to self-funded options. He reviewed the reasons for variances in the budgeted expenditures, such as the 7.5 percent increase in medical insurance, retirement plans and other benefit increases.

Mr. Crnkovic provided 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 of which are for Operations' expenses which include the call center expenditures. Brief discussion ensued around AHCT's cost-sharing with DSS.

E. Marketplace Assessment Rate

Sinisa Crnkovic, Head of Financial Planning and Analysis, provided a detailed analysis of the marketplace assessment rate. Mr. Crnkovic stated that the 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 is proposed to be covered by combination of grants, interest income, rebate revenue and the proposed assessment rate increase of 0.20 percent. He indicated that the proposed assessment rate increase starting on January 1, 2024 will yield \$3.7 million in additional revenue in Calendar Year 2024 and \$1.85 million in Fiscal Year 2024.

Mr. Crnkovic provided more context for the reasons why AHCT's revenues are declining. The fully insured small group market has been shrinking due to employers moving from fully insured plans to self-funded products. Access Health CT is also required to fund new costly compliance requirements from 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 with Board approval, AHCT had utilized \$1.2 million in reserves for Information Technology (IT) projects and initiatives and \$2.7 million for Medicaid Unwind marketing and outreach; AHCT also received \$122,455 in grant funding for the Broker Academy in FY2023. Mr. Crnkovic stated that in order 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 additional assessment revenue will fund the All-Payer Claims Database (APCD) state mandate, address declining revenues and rising operational costs.

Mr. Crnkovic noted that the proposed rate would be effective January 1, 2024. A comparative analysis of the assessment rates of other State-Based Marketplaces (SBM) as well as the Federally Facilitated Exchange (FFE) was provided. Raising the assessment rate to 1.85 percent will still result in the lowest assessment rate in the country. Mr. Crnkovic noted that AHCT has not raised the assessment rate over the last eight years. Mr. Michel added that some of the other SBMs do not pay certain expenses since some of them are funded by their respective state budgets while AHCT has to meet its financial obligations on its own.

Julie Andrews, Senior Actuary from Wakely Consulting, provided information on the impact of the proposed assessment rate increase on premiums. She pointed out that the average premium cost before Advanced Premium Tax Credits (APTC) would increase by \$1.44 per month for each individual consumer who buys individual small group medical plans 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 Plan (QHP) enrollees receive APTCs to reduce monthly premiums.

Chair Claudio Gualtieri inquired whether consumers who choose a Bronze plan would see a larger premium decrease than 4 cents per month. Ms. Andrews confirmed that their tax credit is tied to a Silver plan and the change in the assessment is applied on a percentage basis. The percentage impact on their smaller premium will be offset by the larger change to the second lowest cost silver plan. Mr. Gualtieri expressed his appreciation for this in-depth analysis. Mr. Crnkovic provided AHCT's projected FY 2024 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 an 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. Chair Gualtieri commented that it is imperative to find a balance that is critically important not to harm the mission and vision or the long-term viability of the Exchange. Mr. Gualtieri encouraged AHCT to conduct more research based on the information pertaining to reserves of other similar organizations. A brief discussion followed regarding the definition and the role that the reserves play for AHCT.

Chair Claudio Gualtieri requested a motion to approve the FY 2024 Proposed Operating Budget as Presented by Exchange Staff. Motion was made by Andrea Barton Reeves and was seconded by Thomas McNeill. Roll call vote was ordered. **Motion passed unanimously.**

Chair Claudio Gualtieri requested a motion to recommend for approval by the Board for Calendar Year 2024 the Exchange's Market Assessment Rate of 185 basis points. Motion was made by Manisha Juthani and was seconded by Thomas McNeill. Roll call vote was ordered. **Motion passed unanimously.**

F. Adjournment

Chair Claudio Gualtieri requested a motion to adjourn. Motion was made by Andrea Barton Reeves and was seconded by Thomas McNeill. Roll call vote was ordered. **Motion passed unanimously.** Meeting adjourned at 11:47 a.m.