



STATE OF CONNECTICUT
LIEUTENANT GOVERNOR NANCY WYMAN

**Health Insurance Exchange
Board of Directors Special Meeting**

Legislative Office Building
300 Capitol Avenue, Room 2C, Hartford, CT

Thursday, December 1, 2011
Meeting Minutes

Members Present: Lieutenant Governor Nancy Wyman, Chair; Secretary Benjamin Barnes, Office of Policy and Management (OPM); Mary Ellen Breault for Commissioner Thomas Leonardi, CT Insurance Department (CID); Commissioner Roderick L. Bremby, Department of Social Services (DSS); Jeannette DeJesús (Co-Chair), Office of Health Reform & Innovation; Michael Devine; Mary Fox; Mickey Herbert; Grant Ritter; Robert Scalettar; Robert Tessier; Victoria Veltri, Office of the Healthcare Advocate; Cecilia Woods

Members Absent: Commissioner Jewel Mullen, Department of Public Health (DPH)

Other Participants: Tia Cintron, OPM; Anne Foley, OPM; Karen Buffkin, OPM; Barbara Parks Wolf, OPM; David Krause, OPM; Amy Tibor, OPM; Karen Nichols, OPM; Bobbie Schmidt, Office of Health Reform & Innovation; Theresa Becchi (Lt. Governor's Office); Michele Walker, Mercer; Paul Grady, Mercer; William Van Deventer, Mercer; Tom Dehner, Health Management Associates (HMA); Rob Buchanan, HMA

The meeting of the Health Insurance Exchange Board of Directors was called to order at 9:00 a.m.

Call to Order and Introductions

Lieutenant Governor Nancy Wyman opened the meeting, welcoming all in attendance.

Review and Approval of Minutes

Lieutenant Governor Wyman requested a motion to review and approve of the draft minutes from the November 17, 2011 Board Meeting. A motion was made by Grant Ritter. Vicki Veltri provided clarification that she used the cost of wound care as an example for cost/benefit analysis. A motion was made to amend the minutes to reflect the clarification. The motion was seconded. **Motion passed unanimously.**

Mercer Health and Benefits, LLC, Vendor Presentation

Tia Cintron welcomed the Mercer Team and introduced Michelle Walker, Senior Associate. Michelle introduced the team: Paul Grady, Partner (Mercer), William Van Deventer, Senior Associate (Mercer), Tom Dehner, Principal (HMA), and Rob Buchanan, Senior Consultant (HMA).

Michelle Walker provided a brief recap of the November 17th Board meeting and announced that Mercer would present again at the December 15th Board meeting to discuss Tasks 4, 5, 6 and 7. An overview of Task 2, 3, 1, and 10 will be provided at today's meeting. ([Mercer Presentation](#))

The planning project task areas are as follows:

- Task 1 Uninsured and Underinsured
- Task 2 Survey the health insurance carriers
- Task 3 Survey the small employer market (<50 and 50-100 employees)
- Task 4 Review remaining economic and actuarial modeling and analyses
- Task 5 Large Employer market (>100 employees)
- Task 6 Interaction with other coverage initiatives
- Task 7 Review a financial model for the HIE
- Task 8 Technical Requirements and development of specifications for accounting and financial system functions for the HIE
- Task 9 Assessment of the existing Medicaid eligibility system interface issues
- Task 10 Impact of the Medicaid program on the Exchange
- Task 11 Options for a multi-state and federal collaboration Exchange

Paul Grady introduced Rob Buchanan, Senior Consultant. Paul provided a brief history of his relevant work experience and discussed Task 2. Paul reviewed the health insurer survey to understand products available in Connecticut and what consumers are purchasing. This information is proprietary and confidential. CT Association of Health Plans acted as the aggregator of di-identified data. There were challenges involved in gathering the data due to the confidentiality issue. Paul stated that most small employers are purchasing at the bronze level or below, and noted the importance of understanding what is driving up healthcare costs, specifying that society is much less healthy due to weight issues with associated conditions such as high cholesterol and diabetes. Paul also noted that individuals are unaware that there are these conditions which can, in turn, lead to costly emergency care. Another issue is how providers are compensated. The current system is ineffective—doctors are paid by how much services are provided but not how effective those services are. There is a strong need for stakeholders to come together to reform the method of payments to providers. A disparity in quality of what is available to policyholders exists, which also leads to higher costs. Paul expressed it would be difficult for the Exchange to compete in the marketplace in respect to price due to the federal and state requirements that the cost of the insurance plans are the same whether in the Exchange or in the outside market, further noting that the small employer market is primarily cost sensitive. Paul stated that it will be challenging to attract the small employer market.

Bob Tessier questioned how the actuarial value was provided for plans being purchased in Connecticut. Paul Grady responded that it was provided by each individual plan. Vicki Veltri questioned whether a correlation between plan values and premiums would be provided; Paul stated it would. Secretary Barnes had questions regarding cost sharing of plans. The Secretary noted that large employers would share a portion of the cost to employees. Paul remarked that small employers have reduced the benefits and increased the cost to employees. Lieutenant Governor Wyman questioned the setting of the price of plans both inside and outside the Exchange. Paul stated that the Affordable Care Act required the price of the plan both inside and outside the Exchange to be the same. Mary Ellen Breault added that a carrier has to rate their entire small employer block and that this can provide a cost benefit. Mickey Herbert cautioned comparing the small employer group market to the large group market.

Paul Grady state that 20% of employees generate 80% of the cost for healthcare plans. For 2012, employers are projecting their costs will increase slightly less than in prior years due to the recent

implementation of the Minimum Medical Loss Ratios (MMLRs) that have been required by federal regulations which have helped drive out any excess insurer profits. Carriers are offering more reasonable rates. Paul stated that he believes this will be a short term gain and that cost increases will rise to 9% in future years. Rating rules in small employer markets prohibit a discount in pricing that can be seen in large employer markets.

Paul Grady stated he believed there needed to be more support of access to primary care physicians in offering innovative employer designed plans.

Paul Grady indicated it is difficult to manage an exchange due to the risk pools involved; the limited number of carriers and availability of plans with limited product choice. Paul noted that Massachusetts has limited small business participation in the Exchange with a current membership of less than 5,000 members. A small business exchange was started in Massachusetts through an existing intermediary known as the "Small Business Service Bureau." Lieutenant Governor Wyman raised the question on coverage for those 65 years of age and older. Mary Fox requested to know if there was any indication of health quality in the survey. Rob Buchanan stated that the data is not currently available on this.

Michael Devine requested further elaboration regarding how 80% of costs related to 20% of catastrophic or chronic conditions. Paul Grady indicated further examples would be given; Innovation needs to take place to address these issues. Bob Tessier would like to see Mercer provide more direction in this area. Paul stated that the multi-payer data warehouse is currently being worked on and that Medicare is working on a primary care initiative.

Mickey Herbert remarked that he would like to see the breakdown of how employers provide their coverage that leads to the uninsured population in Connecticut. He felt that the recession has had an effect on moderated rates in addition to the MLR. Vicki Veltri reported that she got a report that 93% of small employers are not interested in the Exchange. Paul Grady indicated there is a consideration of price, product choice, carriers, and administration and underwriting of more complex issues. Vicki Veltri felt doctors would love to see an overhaul of the fee for service systems. She felt we needed to bring providers in to help to reduce the healthcare costs. Secretary Barnes noted we may not be able to provide economic value in comparison to the CBIA private exchange. Mary Ellen Breault felt that we can compete on consumer education with simple, well explained products to the consumer and by reducing complexity in the overall consumer marketplace.

Tom Dehner introduced himself and colleague Rob Buchanan (both HMA). Tom discussed Task 1 (assessment of the uninsured and underinsured populations in Connecticut). The data will inform other team tasks such as the estimate of impact of the Affordable Care Act (ACA) on Medicaid. Most relevant data comes from the Current Population Survey (CPS) from the U.S. Census Bureau as adjusted by the Urban Institute and reported by the Kaiser Family Foundation. The critical adjustment assigns income to "health insurance units" rather than households. Understanding *who* the uninsured is essential. Demographics will be made available.

Rob Buchanan provided an overview of Task 10 (Impact of the Medicaid program on the Exchange). Effective January 1, 2014, the ACA expands rules for Medicaid eligibility to cover nearly all individuals under the age of 65 with household incomes up to 133% of the FPL. In recognition of the expanding cost of covering the newly Medicaid eligible, the ACA provided enhanced federal matching dollars to states.

Secretary Barnes raised a question on the data for the Medicaid program analysis. Tom Dehner stated that the data being used for enrollment is from January 2009 to October 2011, and for cost is the calendar year 2010.

Rob Buchanan noted that the key enrollment assumptions for Medicaid/CHIP include citizenship and residency requirements, “take-up rates” (not all who are eligible will enroll) and “crowd out” (some employers will drop coverage). Key cost assumptions include medical inflation as well as new enrollee costs. There is a state financial incentive to take advantage of the sliding scale premium that the federal government will provide and cost-sharing subsidies without state cost.

Rob Buchanan noted that States are also required to maintain CHIP income eligibility standards for children through September 30, 2019 as a condition of receiving Medicaid federal financial participation. This implies that under current federal law, Connecticut may not transition children to the Exchange until October 2019. Vicki Veltri confirmed that in 2014 there will be a 100% match of LEA costs. Further clarification took place on how coverage of the “newly eligible” would be matched at the higher rate.

Lieutenant Governor Wyman expressed thanks to the Mercer team for their presentation.

Executive Session: Consumer Outreach Vendor Selection, Executive Search Firm Results, and Personnel Issues

Lieutenant Governor Wyman made a motion to go into Executive Session to discuss the Consumer Outreach Vendor Selection, Executive Search Firm Results, and Personnel Issues at 11:27 a.m. **Motion passed unanimously.**

The Board of Directors came out of Executive Session at 12:32 p.m.

Lieutenant Governor Wyman requested a motion to allow Karen Buffkin, on behalf of the Board, to enter into contract negotiations with the top ranked Consumer Outreach Vendor, as rated by the RFP Selection Committee. The motion was made by Secretary Barnes and seconded by Mickey Herbert. **Motion passed unanimously.**

Lieutenant Governor Wyman made a motion that the Board makes a recommendation to the Governor to appoint Tia Cintron as Acting Chief Executive Officer who may employ such other employees as shall be designated by the Board of Directors upon review of the staffing plan. **The motion was seconded and passed unanimously.**

Secretary Benjamin Barnes made a motion to expand the charge of the CEO Search Committee to recruit for key leadership positions to the Exchange in addition to the CEO search and to approve a staffing plan from the acting Chief Executive Officer. The motion was seconded by Mickey Herbert. **Motion passed unanimously.**

Bob Tessier emphasized that the goal is to begin staffing up the Exchange to perform the important work. Lieutenant Governor Wyman indicated Tia Cintron does not want to be permanent CEO and that the field remains open to qualified candidates.

Adjournment

Lieutenant Governor Wyman requested a motion to adjourn the meeting. Mickey Herbert made the motion to adjourn the meeting at 12:36 p.m. **Motion passed unanimously.**