STATE OF CONNECTICUT
LIEUTENANT GOVERNOR NANCY WYMAN

# Connecticut Health Insurance Exchange
# Board of Directors Special Meeting

Legislative Office Building
Hartford, CT

Thursday, July 30, 2013
**Meeting Minutes**

**Members Present:**
Lieutenant Governor Nancy Wyman (Chair); Dr. Robert Scalettar; Robert Tessier; Vicki Veltri, Office of the Healthcare Advocate (Vice Chair); Paul Philpott; Secretary Benjamin Barnes, Office of Policy and Management (OPM); Mary Fox; Maura Carley; Grant Ritter; Commissioner Jewel Mullen, Department of Public Health (DPH); Deputy Commissioner Anne Melissa Dowling, Connecticut Insurance Department (CID), Commissioner Roderick Bremby, Department of Social Services (DSS), and Cecilia Woods.

**Members Absent: None**

**Members Participating by Telephone:** None

**Other Participants:**
Health Insurance Exchange (HIX) Staff: Kevin Counihan, Peter Van Loon, Julie Lyons, Steve Sigal, Virginia Lamb, Jason Madrak, Kate Gervais and Matt Salner; Wakely Consulting: Julia Lambert and Chris Bach.

**The Meeting of the Connecticut Health Insurance Exchange Board of Directors was called to order at 9:01 a.m.**

**A. Call to Order and Introductions**
Lt. Governor Wyman opened the meeting at 9:01 a.m.

**B. Public Comment**
Lynne Ide provided a public comment.

**C. Review and Approval of Minutes**
Lt. Governor Wyman requested a motion to approve the minutes from the June 26, 2013 meeting. Motion was made by Robert Tessier and seconded by Vicki Veltri. ***Motion passed unanimously*.**

**D. CEO Report**

Kevin Counihan, CEO, reported that AHCT continues to make steady progress for the October 1 launch. Connecticut was the first state invited to submit technical transmission testing and will be the second state to go through an operation readiness review on August 22. In addition, Connecticut was invited to the White House to meet with key federal agencies. Mr. Counihan also introduced Tamim Ahmed, the Executive Director of APCD.

**E. Tribal Consultation Policy**

Jason Madrak, Chief Marketing Officer, presented the Tribal Consultation Policy for adoption. The Exchange received no public comments during the 30 day public comment period. Lt. Governor Wyman requested a motion to adopt the Tribal Consultation Policy. Motion was made by Mary Fox and seconded by Robert Scalettar. ***Motion passed unanimously.***

**F. Exchange Sustainability – Procedure for Exchange Assessments and Fees**

Steve Sigal, CFO, reported that the procedure for Exchange Assessments and Fees was approved at the May 2013 board meeting and is now being brought back to the Board for adoption. The procedure was noticed in the *Connecticut Law Journal* and posted for the required 30 days of public comment. The public comment period closed on July 5. A total of seven comments letters were received. The comments ranged from scope of the assessment, to its hardship on business and dental carriers, the rate for dental carriers and the applicability of the assessment to stand-alone dental carriers. All comments were considered by both outside legal counsel as well as general counsel, and by finance. Based on these comments and review of the law, counsel found no substantive issue with the Exchange's authority to exercise the procedure. However, three changes were made to the Procedure in response to the public comment. Two changes were made for clarity and one for technical correction as a result of the public comment. Lt. Governor Wyman requested a motion to adopt the revised Procedure for Exchange Assessments and Fees. Motion was made by Benjamin Barnes and seconded by Vicki Veltri. ***Motion passed unanimously*.**

**G. All Payer Claims Database – Draft Policies Approval**

Matt Salner, Policy Analyst, was introduced and provided background on the All Payers Claims Database (APCD). The Connecticut APCD was initially established in 2012 under the Connecticut Office of Health Reform and Innovation (OHRI) with funding provided under the Affordable Care Act (ACA). OHRI published draft regulations for public comment. Considerable feedback was given by stakeholders. OHRI revised the regulations, but they were not republished and adopted due to changes at the OHRI. Subsequently, Public Act 13-247, effective June 2013, transferred administration of the APCD to the Exchange. The Exchange has now drafted policies and procedures to govern the APCD. Those policies and procedures are being brought before the Board today for approval. The Exchange used OHRI's draft policies and procedures as the base document and made certain revisions to reflect changes made by PA 13-247 and stakeholder comments. Mr. Salner provided a synopsis of the proposed policies and procedures as well as the APCD Data Submission Guide.

Ms. Veltri asked whether revisions had also been made to the Data Submission Guide. Mr. Salner responded that it has been revised incorporating various stakeholder comments and the advisory group comments and will be posted on the website along with the Exchange's policies and procedures. Lt. Governor Wyman requested a motion to approve the policies and procedures for the All Payer Claims Database for publication in the

*Connecticut Law Journal* and 30 days of public comment period. Motion was made by Cee Cee Woods and seconded by Dr. Scalettar. ***Motion passed unanimously.***

**H. 2014 Rate Review – Wakely Actuarial Report**

Lt. Governor Wyman introduced Julia Lambert and Chris Bach from Wakely Consulting who provided a progress report on the comprehensive rate review that they had conducted. Wakely Consulting was retained in April to provide a concurrent rate review with the Connecticut Insurance Department.

Dr. Scalettar asked when all this information will be finalized, and whether the Connecticut Insurance Department will have an opportunity to present comments at the September board meeting? Mr. Counihan responded that the deadline for the final data sweep by the federal government has changed. The original target date was July 31 but due to the complexity involved in the new benefit structures, the final sweep of the data will be made in August. Julie Lyons, Director of Plan Management, confirmed that the deadline is now August 31. Lt. Governor Wyman stated that if a presentation by the Department of Insurance is required, a special board meeting can be called.

A summary of the scope of work and background for the project was reviewed. The review was conducted concurrently with the Connecticut Insurance Department. Comments by Wakely Consulting were provided as public comments on the Department's website during the public comment period. The limitations and reliances were reviewed. The rates are not yet final so the Wakely report is a progress report. Some numbers in the report may be changed. Certain assumptions had to be made regarding final rates. Because Wakely did not have direct access to the filing system, Wakely relied on SERFF documents as provided by the Exchange.

Ms. Lambert provided an overview of the rate review process as well as the results. The premium impact for individuals and small groups was reviewed. A summary of re-filings was presented along with the reduction of rates during the review process. A summary of topics with rate impacts which Wakely submitted as public comment to Connecticut Insurance Department was also reviewed. The review found that for the Exchange, the range of rates is relatively narrow for the lowest cost plan by metal tier. Premium impacts were diverse. Ms. Lambert noted that the standard versus non-standard plan designs were not easily identifiable in the rate filings.

The 24 individual plan offerings on the Exchange were reviewed. There were no Exchange offerings at the platinum level. The review did include one catastrophic plan. Individual plan offerings off the Exchange were reviewed as well. The small group plan offerings both on and off the Exchange were presented. Ms. Lambert noted that platinum plans were being offered for small groups only. Carriers made varying assumptions about trend, administrative costs and morbidity. In the end, the rates fell into a narrow range between the lowest and the highest. The carriers all used different processes to arrive at their rates. Generally, most of the carriers used their own experiences and claim costs, which are very low because they were based on pre-ACA plans. Fairly large adjustments will be needed to be made for 2014. The adjustment varies based on current underwriting. Taxes and fees were also built into the 2014 premium rates. The Exchange assessment fee was included in the rate process. Regional factors were also reviewed. Rate development assumptions for small group were reviewed and the trend was generally higher for Fairfield County. Overall, premium rates are close together. The individual premium ranges for silver and gold metal tiers were reviewed. Small group premium ranges were reviewed and their trend was a little higher. Comparisons were provided between the carriers by region for individuals for a bronze plan. Consumer specific information was presented showing comparisons in different metal tiers on the unsubsidized individual side by region and carriers. A comparison for the small group

premiums was reviewed as well. The risk pool for individuals may be slightly better than the small group risk pool. Finally, comparisons to the 2013 rates versus the 2014 rates were reviewed.

Secretary Barnes asked why the regional factor adjustment was different between the small group and individual markets? Ms. Lambert responded that Wakely Consulting and the Department of Insurance asked the same question. The reason could be that the networks or the contracts with the same provider groups can be different for individual policies versus the small group policies. Secretary Barnes also asked about the difference in individual premium numbers between 2013 and 2014. Ms. Lambert stated that one fundamental difference was that the 2013 policies for unsubsidized premiums were medically underwritten, while the 2014 policies will not be medically underwritten. Approximately 175,000 persons are insured in the individual market.

Ms. Veltri asked if a carrier were using a different network in the filings how would it show up in the analysis and why would a female still be paying more than a male in the same county, since gender is no longer allowed as a rating factor? Ms. Lambert responded that in 2014 the difference is the age factor. Chris Bach, Wakely Consulting, stated that any network differences would be reflected in geographic areas as well as benefit factors that are applied to the rates. Lt. Governor Wyman asked if the Exchange plans would have the same accessibility as non-Exchange plans. Mr. Van Loon responded that networks must be substantially similar inside and outside of the Exchange. Ms. Carley inquired as to deductibles. Ms. Lyons responded that typically, out-of-network deductibles are twice the in-network deductibles.

Dr. Scalettar asked for the framework for the offerings on and off the Exchange. Mr. Counihan responded that there will be more offerings off the Exchange. Ms. Lambert commented that in some cases the exact same plans were offered both on and off the Exchange with exactly the same rates. In other cases, there were additional options offered off of the Exchange. From a small group perspective, if the group is on the Exchange there will be more choice. The other difference is that Subsidies are available only on the Exchange. Paul Philpott requested additional information about the potential for significant migration to the individual market. Ms. Lambert replied that it is a very real possibility. In addition to the lower individual rates in the market, certain groups with different ages are expected to migrate.

**Lt. Governor Wyman left at 10:28.**

**Commissioner Mullen left at 10:30 a.m.**

Grant Ritter asked if the fact that reinsurance is not available for the small group market resulted in higher rates in that market. Ms. Lambert confirmed.

**Commissioner Bremby left at 10:33 a.m.**

Mr. Ritter asked if carriers feel that the individual risk pool will be less severe. Ms. Lambert responded that it is mostly speculation and there were no individual conversations with the carriers on this point. The size of the individual market will be at least double its current size, and various federal programs, such as the risk corridor program, have been put in place to help balance risk. Mr. Ritter asked why carriers are mentioning selection effects and whether there is a reason that if offered more choice, carriers would say they have to recalculate rates? Ms. Lambert responded that selection was not seen.

Robert Tessier referred to the Mercer Group report which projected rate shock in 2014, and raised questions about the viability of the Exchange because 46% of the individual and small group products sold in Connecticut in 2011 and 2012 were at levels dramatically below the Bronze level. The increased cost of the Exchange

policies reflects the higher level of services that will be provided. Ms. Lambert stated the new Exchange policies have more benefits and this is an important piece of the rate comparison.

Mr. Philpott stated that currently the market is underwritten, and pursuant to the ACA it will change to a guaranteed issue market. Is there a guesstimate of what increase can be expected historically, all other things being equal, by taking a fully underwritten plan to a guaranteed issue plan? Ms. Lambert referred to the slide on morbidity impact. As an example, Aetna made a 45% adjustment for this change.

Secretary Barnes asked to what extent the carriers have made assumptions regarding various aspects of the ACA, and to what degree their rates reflect their assumptions about changes in program. Who will sign up and to what extent will rates reflect the success of Exchange enrollment efforts and the enrollment of healthy people? Ms. Lambert stated that the migration of new entrants into the market was considered by some of the carriers. Some carriers used Milliman's migration analysis. Ms. Carley asked for clarification on the small group plans which are guaranteed issue and deductibles. Ms. Lambert replied that deductibles have to be raised to meet the actuarial values required for the metal tiers.

Ms. Fox asked for the specific definition of what is included in the individual market. There are a significant number of individuals that would qualify for Medicaid and she wonders whether they were included to drive up the number of the increases. Ms. Lambert responded that a couple of studies referenced excluded Medicaid membership and the impact on the individual market rates. Dr. Scalettar asked if there will be small group benefits below the Bronze level in 2014? Has anything been learned from other states? Ms. Lambert noted that grandfathered plans were not included in the analysis now were benefit designs or networks able to be reviewed.

**I. Finance Update**

Steve Sigal, CFO, provided the finance update. The AHCT Accounting Policies and Procedures manual has been updated. Semi-annual Grant progress reports to the Department of Health and Human Services will be filed on July 30. Finance coordinated with Plan Management and Wakely Consulting Group to complete the rate review process. The sustainability procedure for Exchange assessments and fees was finalized. Finance is also requesting adoption of the sustainability procedure and approval of the resolution regarding the delegation of signing authority. The updated 2013 fiscal year wrap-up and expense dashboard was presented. About 81% of the budget has been used and there is no concern of grant utilization. Approximately 45% of the grant remains. Another Level II application will be filed in August primarily to cover the costs of deferred functionality as well as some of the new functionality required for the third and fourth releases. Mr. Sigal presented a budget versus actual snapshot along with an overall expense narrative and reviewed specific budget burn rates and spending trends. Secretary Barnes asked for an update on the Level II supplemental grant. Ms. Sigal responded that CMS and CCIIO have posed a non-stop flow of questions that have been responded to, and preliminary approval has been received. The award should be made by the end of next week. It is likely that there will be a 7% reduction due to sequestration. Some items have been identified to cover the reduction. Mr. Barnes stated that there should not be a sequestration reduction for the Exchange and its grant should not be subject to sequestration. Mr. Sigal responded that some inquiries will be made.

**J. Finance Delegation of Authority**

Mr. Sigal presented a resolution to the Board regarding signing authority. The resolution will allow the CFO to delegate check signing authority to different members of the finance staff and authorize purchase orders as

shown in the authorization matrix in the Accounting Manual. Co-Chair Veltri requested a motion to adopt the resolution to authorize the Controller or other appropriate employee to sign checks and authorize purchase orders as determined by the CFO and as set forth in the Accounting Policies and Procedure Manual. Motion was made by Paul Philpott and seconded by Secretary Barnes. ***Motion passed unanimously.***

**K. Operations and IT Update**

Peter Van Loon presented the operations and information technology update. Schedule risks, resource risks, quality risks and scope risks were reviewed. Critical milestones were reviewed. Mr. Van Loon stressed the Go Live Completed Checklist date of September 16, 2013 and the need to allow time for adjustments with open enrollment beginning on October 1. Mr. Van Loon continued with the operations update including work with the Department of Social Services. A model office exercise will occur in August. Plan management is reconciling the SERFF templates filed by the carriers for upload into AHCT's system. Technical integration continues with many contractors and vendors. Training of over 800 people assisting with enrollment has begun. Mr. Van Loon also provided an information technology update. System integration testing is beginning but data from the federal data services hub will not be available until October 1. The Exchange's user acceptance testing begins July 31. The IRS is scheduled for a site visit to the Exchange to make sure federal tax information will be handled properly. In addition, CMS's Operational Readiness Review is scheduled for August 22 and 23. This review is mostly a technical review. An Implementation Readiness Review by CMS will take place after October 1. Cee Cee Woods requested additional information on training efforts including the timeline. Mr. Van Loon responded that there is both educational and technical training. Training should continue through the end of the year.

**L. Adjournment**

Vice-Chair Veltri requested a motion to adjourn the board meeting. Motion was made by Secretary Barnes and seconded by Dr. Scalettar. ***Motion passed unanimously.*** The meeting adjourned at 12:30 p.m.

*The next Board Meeting will take place on September 19, 2013 at 9:00 a.m.*