STATE OF CONNECTICUT
LIEUTENANT GOVERNOR NANCY WYMAN

Connecticut Health Insurance Exchange
Combined Health Plan and Benefits Qualifications and Consumer Advisory Committees

Legislative Office Building
300 Capitol Avenue, Room 1E, Hartford, CT

Thursday, November 20, 2012
DRAFT Meeting Minutes

Members Present: Anne Melissa Dowling; Deirdre Hardrick; Kevin Galvin; Marcia Petrillo; Margherita Guiliano; Maria Diaz; Mary Ellen Breault; Mary Fox; Robert McLean; Stephen Frayne; Claudia Epright; Gerard O'Sullivan; John Erlingheuser; Robert Scalettar; Sara Frankel; Sheldon Toubman; Tanya Barrett; Vicki Veltri; Deb Polun

Members by Telephone: Mark Espinosa; Arlene Murphy; Gloria Powell; Cee Cee Woods

Other Participants:
Exchange Staff: Kevin Counihan, Grant Porter; Peter Van Loon; Virginia Lamb; John Kingsdale, Wakely Consulting

Members Absent: Cheryl Forbes; Danielle Warren; Heather Greene; Shawn Lang; Alta Lash;

The meeting was called to order at 9:05 a.m.

I. Call to Order and Introductions

Anne Melissa Dowling opened the meeting and initiated introductions. Peter Van Loon provided an update on internal operations, and IT update, and the navigators and assisters program.

II. Public Comment

Allison Johnson provided a public comment. Peter Van Loon indicated that the November 19, 2012 deadline for QHP comments has been extended to November 26, 2012.

III. Meeting Objectives

A summary of the meeting objectives was reviewed by Grant Porter. Staff would introduce the initial QHP solicitation process and provide a variety of related recommendations.

IV. Initial Qualified Health Plan Solicitation Process

Mr. Porter defined QHPs and reviewed carrier requirements for eligibility on the Exchange. Mr. Porter provided a review of the principles of QHPs which include consumer focus, choice and quality,

transparency, and continuous improvement in the plans being offered, and providing an effective forum for carriers to promote wellness and prevention. Mr. Porter provided a review of general ACA reforms impacting the market 2014.

V. QHP Requirements: Outstanding Issues to Review

Mr. Porter outlined the minimum QHP certification requirements and reviewed the issues around the certification requirements and the "Lock Out" period. The initial QHP certification would be for a two year period incentivizing carriers to participate giving them some expectation for their future operations. Members discussed at length the various concerns around the two year period which included a discussion of the rate review process.

Mr. Porter reviewed the staff recommendation for the multi-year QHP certification for the initial QHP solicitation as well as the lock out period. *Staff recommendation for the initial QHP solicitation would be for a two year QHP certification, however, forms and rates will need to be approved annually by CID.* The Exchange would solicit again in plan year 2016 but reserves the right to admit existing or newly licensed plans in 2015. Lock-out period pros and cons were reviewed. Extensive conversation ensued.

Mr. Porter discussed the second issue which included the number and mix of QHPs that every carrier would have to submit with their application to either the SHOP or the individual Exchange, and reviewed pros and cons. *Staff recommendations include the following mix and number of plans: one gold, two silver, two bronze and for individual Exchange submit 3 actuarial values for the silver plans and one catastrophic coverage plan and one child only for each metal tier.* Ms. Veltri requested an explanation of actuarial value. Mr. Porter replied that the gold is an 80% actuarial value, plus or minus 2%, silver is 75% actuarial value, and bronze is 60%. The ACA requires that each plan submit one gold and one silver. Dr. McLean raised the issue of potentially having too many plans. Members discussed the pros and cons of such.

Mr. Porter discussed the mix and number of plans relating to the platinum level and the pros and cons. *The staff recommendation is not to offer a platinum level in the SHOP or individual Exchange.* Mr. Porter provided the pros, cons and staff recommendations of standardized plan design. *The staff recommendation is that the QHP carriers submit a standard plan for each the silver and bronze tiers.* The consumers will be able to filter on the standard plan designs. The Exchange would define one standard plan design for each the silver and bronze tiers that would include a deductible, co-payment and co-insurance mix subject to adjustment following release of the actuarial value calculator and would be based on the most popular small group plans sold in the market today.

Jon Wakely commented on the advice Wakely Consulting provided to the Exchange with regard to the two year recertification. The theory which may or may not be correct is to reward those carriers that take the risk and they will have an advantage to accessing this market for two years with important caveats for new carriers in the market along with flexibility of the Board to change its mind as it approaches 2015. Members discussed the topic at length.

Mr. Porter reviewed the stand alone pediatric dental pros, cons and staff recommendation. *Staff recommends that the Exchange require the QHP carriers to separately rate their pediatric dental benefit.* Extensive dialogue ensued. Ms. Dowling inquired if there are carriers that do not have dental practices or services; can they be part of the Exchange further inquiring if a plan would be required to sign up with some relationship with a dental provider. Mr. Porter replied that the separate pricing would allow this to be done more easily. Ms. Veltri ask if the pediatric stand-alone plans were allowed to be DMOs or fee for services or can they be both. Mr. Van Loon replied that it can be both. Ms. Breault commented that with regard to the pediatric dental it must be kept as part of essential health benefits which all plans are required to cover. A plan cannot be approved unless dental is in those plans. There is a need to wait for

federal guidance because it was said that should there be stand-alone dental plans it can be carved out but CID will still have to approve those plans with it and perhaps there would be a choice. Mr. Porter commented that this is a moving target and is dependent on CCIIO guidance on how pediatric dental will be handled. Dialogue ensued.

Mr. Porter reviewed the pros, cons and staff recommendation on the issue of actuarial value requirements for stand-alone dental plans. *The staff recommends that the actuarial certification to the metal tiers not apply to stand alone dental and vision plans unless required by federal regulations.* Ms. Veltri asked whether partnering with the state employee dental plan or dental health partnership that is run out of Medicaid prohibited. Mr. Porter responded that there is nothing precluding this but it would be an entirely different discussion.

Mr. Porter reviewed a third issue regarding stand-alone dental plans and whether the Exchange should consider selling two benefit tiers -- preventative only and full benefits. The pros and cons were reviewed. *The staff recommendation is that all stand-alone dental plans must provide full coverage as provided in the essential health benefits for pediatric dental services and would be the same for adults. However, instead of offering limited preventative only, the Exchange could explore an access only plan which would not be an insurance product.* Discussion ensued.

The next issue presented was regarding rating factors as it relates to tobacco-use in the individual Exchange. *Staff recommendation is not to use tobaccos use as a rating factor* and provided rationale. After extensive conversation, members agreed with recommendation but agreed that the idea should not be entirely discarded.

Mr. Porter reviewed the pros, cons and staff recommendations for standardizing rating factors. *The staff recommendation is that the family composition tiers be standardized but not the ratios. Exchange staff recommends standardizing family composition tiers but not standardizing the ratios for age between plans as well not standardizing ratios between geographies.* A member asked for clarification of what family composition means.

Mr. Porter next addressed the pros, cons and staff recommendations for network adequacy requirements as it relates to Essential Community Providers. *Staff recommendation is that the Essential Community Providers in accordance with the ACA provide a sufficient network and is consistent with the network adequacy provisions of the law. Staff recommends that the Exchange consider proposals for tiered networks for non-standard QHPs.* The Exchange will have to develop separate standards for tiered networks. However, selective contracting decisions should be based on professional competency, quality of care, and the appropriateness by which medical services are provided and not on a single criterion -- cost alone. *Staff recommends that the Exchange not certify an issuer's narrow network plan offerings in its initial solicitation. The requirement would be that at least 50% of the essential community providers across the state; at least 75% of the essential community providers located in any city or town that contains one or more of the 20 zip codes with the treat number of uninsured individuals in the state; and at least 66% of the federal qualified health carriers (FHQC) or "look-alike" health center in Connecticut be in the carriers' network. Staff recommends that carriers be allowed to evidence good faith efforts of contracting with these ECPs.*

Ms. Veltri requested a definition of ECPs and tiered networks. Mr. Porter replied that ECPs are those that serve primarily underserved and uninsured individuals. Ms. Polun asked a question with regard to the con of having an extensive network would risk undermining a patient/physician relationship. Mr. Toubman asked for clarification with regard to staff recommendation no. 3 relating to network adequacy being consistent with §Section 2702(c); he was of the understanding that the ACA did not include specific ratios and percentages. If that is correct, he suggests that contracts specify ratios which would be enforced by a

plan being frozen if it was not fixed such as the CT State Managed Care Medicaid. He further suggested that, like the State of CT, there be a secret shopper service to determine if ECPs were taking on new patients. Mr. Van Loon stated that part of overarching consumer outreach that the Exchange trusts what it's getting but it be verified including the consumer experience and how the Exchange serves as well. The concept of secret shopper will be reported to Board. Concerns were raised.

Tanya Barrett inquired as to whether the ECPs include dental providers and if not, how is their adequacy assessed. Mr. Porter responded that he would have to look into this. Ms. Veltri stated that there are NCQA accreditations as one of the standards but they are not transparent and is a problem. There should be disclosure available to consumers so they know what those standards are. It is not just who the providers are but whether they are accepting patients. It is important that with limited networks, there needs to be a clear vision.

Stephen Frayne expressed support in defining what an adequate network is. Mr. Toubman volunteered to provide information from the Medicaid managed contracts. Ms. Veltri does not agree and there is still an issue that there has to be an adequate network, a definition of an adequate network with a need to make sure panels are open. There has to be a way to monitor this. Ms. Polun stated that if Connecticut is moving towards getting the population from the 138% FPL and up into the Exchange, then there needs to be serious thinking of including more ECPs into the plans. As an example, out of the 315,000 patients seen last year in the FQHC, about 80,000 were not insured. This is the population and if the FQHCs are not included, then there will be difficulty in keeping up the provider/patient relationship. Ms. Roswig commented that access to mental health services is a huge issue in terms of accessibility and there are difficulties with access.

Mr. Kingsdale provided the members with an overview on his experience working with other states specifically focusing on how aggressive and prescriptive or not the Exchange should be in setting standards and selecting carriers.

VI. "Managed Competition": An Effective Purchasing model

Ms. Kingsdale continued with a review of rate negotiation for 2014. The Exchange is not particularly well-positioned to set rates for 2014. Carriers face huge challenges for 2014 even without the uncertainties of rate setting. Rates will be constrained by other mechanisms. If standards are set too high, some carriers may not be able to reach those standards. A discussion of the impact of non-profit insurers in such market and whether other states tried to prescribe innovating models and if so how has it worked.

Mary Fox departed at 11:18 a.m.

Mr. Porter summarized the Exchange managed competition recommendations. *Staff recommends that the Exchange only contract with those carriers that meet the specific standards for QHP certification defined in its solicitation. For its Initial Solicitation and to promote member choice and carrier competition, staff recommends that the Exchange not deny any carrier QHP certification on the basis of its approved rates as the Connecticut Insurance Department must approve all form and rates. However, staff recommends that the Exchange reserve the right to not offer for sale an otherwise certified QHP that is a drastic outlier with respect to submitted rates.*

Ms. Murphy stated that previously discussed was consumers needing defined set of choices. There is going to essentially be a limited amount of plans selected for the Exchange. Why can't the Exchange take plans that offer best price as well as those that meet the criteria creating a downward pressure on the price. Mr. Kingsdale responded that this can be done, but there is risk. Risks are higher initially than they will be over time. He is not suggesting to set up the Exchange to be very price oriented and puts a lot of pressure on the carriers for price. There are greater risks to limiting carriers because of their priceline.

Ms. Veltri stated that not every carrier in Connecticut writes individual policies. Decision needs to made on setting the floor and go above it or stick with the floor.

Mr. Taubman suggested that the recommendation be changed to have authority for drawing that line. If it is seven carriers, the line can be drawn with little risk.

Deb Pulon left at 11:32 a.m.
Mr. Frayne recommended to move to make a motion on the floor and then change the recommendations. **Ms. Dowling requested a motion to accept the staff recommendations. Stephen Frayne made a motion to accept the staff recommendations with two suggested changes. Seconded by Mary Ellen Breault.** Discussion ensued. The question is as to whether to accept any plan or not. Dr. McLean recommended not making a decision on the basis of price yet because the market is so uncertain. Starting up, he recommended there should be not too many options of companies that in long run may want to be there. For point of information, Ms. Dowling stated that actuarial assumption for 2014 pricing and what is coming for plans to adjust for ACA requirements, based on the range in a particular plan, there will be significant double digit impacts long before normal trends and utilization. There is a need to be careful to make decisions with the authority the Exchange has.

Mr. Toubman stated that the rate setting does not interfere with Exchange saying there is a cutoff. The rate setting is done by the CID but the Exchange can cutoff the first one or two. Ms. Breault summarized the federal law which states that the Exchange must not exclude a health plan through the imposition of premium price controls. Mr. Toubman stated that a legal opinion can be obtained.

Mr. Toubman further commented that he agreed with Dr. McLean but Mr. Toubman proposed to reject the recommendations and instead adopt a parallel one to give authority to the Exchange if there is interest to set a minimum floor. Members discussed the CID rate review process. Ms. Epright further inquired if there will be a facility to provide input on rate increases. Ms. Dowling responded that for at least the last two years, any rate proposal that comes into the CID is put up on website as well as all related correspondence. There is a 30 day public comment period as well.

Ms. Murphy stated that she is uncomfortable voting for the recommendation as it is written. Specifically, it is the language in recommendation No. 2 where the Exchange will not deny QHP certification based on approved rates. This language expressly says either or. This appears that price has no basis at all on the selection process. Ms. Dowling replied that it is hoped that process in terms of actuarial analysis of the proposals from carriers with CID available and transparent. There is a strict criteria around the setting of rates. She has a concern of overmanaging consumer choice. Ms. Dowling suggested getting to the vote and the make refinements if it does not pass.

Mr. Frayne indicated that he thought there was going to be an opportunity for making recommendations to modify particular piecess. Mr. Frayne had further suggestions. One relates to 1a. on the issue of the Exchange having the right to admit carriers who are not in the first year but should be tied to if should there not be at least two carriers state wide that there should be some minimum threshold. He suggested that it be modified if there are fewer than two carriers. Other point is that there was discussion on adequacy of networks. Mr. Frayne suggested that the Exchange come back with some standards to measure by geography and by provider type in regard to network adequacy.

Ms. Veltri inquired as to whether there should be an up and down vote and Mr. Frayne's recommendation is that the Exchange only proceed with the carriers who meet the specific standards in the current solicitation.

Ms. Hardrick asked since feedback is still being accepting until November 26 and if there will be any additional input that may factor the final recommendations and will pros and cons change based on those recommendations. Ms. Hardrick inquired if there should be a vote. Ms. Dowling responded that this is an advisory committee and there can be modifications as this is not a board. Mr. Porter stated that the recommendations of the Advisory Committees will be presented to Board as well as any comments.

Ms. Dowling returned to the pending vote for the purchasing model recommendation. Motion failed. Ms. Dowling opened the floor for other recommendations. Mr. Frayne's understanding is that it is granting discretion to the Exchange to decide how to proceed. Ms. Veltri responded that this will eventually be at the Board level. **Further, she proposed a compromise for the motion for the purchasing model which is that, in addition, No. 3 be modified to limit the participating issuers to the non-outliers in the rates.** The non-outliers refer to rates approved by CID and defined as any carrier outside the lowest five rates which could conceivably be excluded at the discretion of the Exchange. Mr. Kingsdale added a footnote that that actually was done in Massachusetts with the unsubsidized exchange.

Ms. Dowling further asked to modify and change from five to seven because of the new carriers. Mr. Frayne added that if any of the plans deviate 5 – 10 % above they should be allowed in. Ms. Dowling stated that with seven, will new entrants be discourages to enter the State of Connecticut.

Mr. Counihan asked if it meets with the approval of the Advisory Committees that staff can go back and give some thought as to the definition of outlier. It will also allow the opportunity to speak with Mary Ellen Breault as to what can be done. Ms. Dowling agreed but stated that the group should decide what the number is and is worried about limiting.

Mr. Counihan suggested coming back to the Committees and re-propose stating that competition is critical and there is a concern in locking into a number without further thought.

Ms. Dowling requested a priority on the balance of the votes. Mr. Porter stated that the first vote should be on the certification period and whether there is a lock out. Dr. McLean stated that because of all of the uncertainties in the marketplace that perhaps the initial certification should start as one year and then two years going forward. Mr. Counihan added that the Exchange has to be attractive to customers every year. The Exchange is required to be self-sustaining. It is built into the QHP certification process and believes that it is to the consumers' and Exchange's benefit to do two year initially and then annually.

Ms. Dowling suggested a refinement to do an initial two year certification and then annual. Ms. Dowling requested a vote. **Dr. McClean moved for an initial two years and then one year thereafter. Kevin Galvin seconded.** Ms. Veltri's caveat is that without knowing what the QHP certification requirements are, she has a concern that if the other requirements are not yet determined and not robust enough, the requirements cannot be revisited for two years. Ms. Hardrick opposed. Claudia Epright abstained. ***Motion passed*.**

The discussion segued to network adequacy. Mr. Frayne stated that there still needs some additional work and encouraged that the Exchange staff come back with a recommendation taking into account the conversations around geography and provider types so there is more specificity. Members agreed to schedule a follow up meeting in order to gain additional information in advance of the November board meeting.

VII. Adjournment

Meeting adjourned at 12:03 p.m.