

Small Employer Health Options Program (SHOP)
Exchange Advisory Committee
MEETING MINUTES

Location: Legislative Office Building
300 Capitol Avenue, Room 1E, Hartford, CT
Date: Tuesday, September 11, 2012
Time: 9:00 a.m.

Members Present

Pam Russek (co-Chair), PCR Consulting; Grant Ritter (co-Chair), Schneider Institutes for Health Policy; Mary Ellen Breault, CT Insurance Department; Antonio Paulo Pinto, Ellen Skinner, Yale University School of Management; John Fleig, United Healthcare Mid-Atlantic Health Plan; Lynn Marie Janczak, Learning Dynamics; Tim Pusch, Burns, Brooks & McNeil Agency; Patricia Pulisciano, TrueCare Insurance, LLC; Kevin Galvin; CT Commercial Maintenance; Marjorie Cole, Hartford HealthCare; Matt Katz, CT State Medical Society

Members by Phone:

Marta Maciuba, Aetna; Michael Devine, Earth Energy Alliance

Members Absent:

Christopher McKeirnan, Abercrombie Burns, McKiernan & Co. Insurance, Inc.

Other Participants:

Peter Van Loon, Health Insurance Exchange (HIX); Julie Lyons, HIX; Kevin Counihan, HIX

I. Call to Order and Introductions

Co-Chairperson Grant Ritter opened the meeting at 9:13 a.m. Chairperson Ritter welcomed Peter Van Loon, Chief Operating Officer of the Exchange.

II. Approval of Minutes

Mr. Ritter made a motion to approve the minutes of the previous meeting. The motion was seconded. Motion passed unanimously.

III. Presentation: Overview Small Business Perspective Purchasing Health Insurance through the SHOP

Mr. Ritter introduced Kevin Galvin who addressed the Committee on behalf of small business owners within the State. In addition to owning CT Commercial Maintenance, Mr. Galvin also chairs Small Business for a Healthy CT which is a group of volunteer small business owners who advocate health reform as it pertains to small businesses. Mr. Galvin described his background in dealing with local small businesses within the State. Mr. Galvin noted the importance of acknowledging that small businesses are challenged given the state of the economy, further stating that small businesses believe health care is too expensive for them to afford, and emphasizing that small businesses do not have a handle on what health reform is and how it will affect their business. Mr. Galvin emphasized that the delivery and success of services to the small business is going to be around cost, and what many would ask as they get closer to this, is how are we

Connecticut Health Insurance Exchange

going to incentivize a bronze level product to where a small business is going to buy into it financially and intellectually? Mr. Galvin also posed the question, with 70+ mandates how will we make this product affordable? Mr. Galvin urged committee members to pay close consideration to how to message to this group, how to deliver to this group, and what it is going to cost this group, further stating the need to draw collaboration and partnership with small business owners. Mr. Galvin emphasized the need to talk with carriers and urge them to partner with small businesses. Conversation ensued with regard to how the Exchange will appeal to various groups, positive messaging, and defined contribution.

Kevin Counihan thanked the comments of Kevin and others on such issues as they underscore issues which are of critical concern to the Exchange, in addition to cost. Mr. Counihan indicated that the Exchange is in the process of engaging actuarial analysis of the market in order to better understand drivers of cost and what to expect in 2014 due to the concern with regard to the potential for rate shock. Mr. Counihan stated that this is an issue in which the Exchange is highly sensitive to but also has no control over, further stating that the Exchange will need all of the help they can get from the Committee in order to put this report together and share it appropriately. Mr. Counihan welcomed members to engage at this level.

Ellen Skinner asked if it is a plausible solution for this group to recommend that the product be more individually-focused by method of steering consumers to the individual market. Kevin remarked yes, that it is within the scope of the Committee. Conversation ensued. Ms. Skinner asked what the process is for communicating with this group in a real-time fashion noting that this will be an iterative process. Mr. Counihan stated that due to the tight operational deadlines, when the Exchange makes key decisions it intends to inform the co-Chairs and will send an email to the committee and post it on the website, further noting that Staff would like to work with the co-chairs on an ad hoc basis to take the critical issues as required and use this group to solve those issues. Tim Pusch initiated a discussion around plan design and the impacts of products sold inside and outside the Exchange. Tony Pinto noted the need to consider how the two marketplaces will interact and determine how they will co-exist. Conversation ensued around the impacts on eligibility and whether or not an employer is going to offer benefits.

Co-Chair Ritter stated that he's been tallying tax credits for a while and that the White House came out with a report which indicates that 3% of eligible small businesses are actually using the tax credit at this time, noting that this is a national estimate—the right small business can get a 62% tax credit in 2014, which is the maximum tax credit. Co-Chair Ritter stated remarked that this could be a bigger deal to the small employers than defined contribution, further remarking that small businesses need to look at all options to determine what works best for them. Co-Chair Russek discussed her recent outreach to some of her clients' accounting firms. She noted the takeaways from such outreach, stating that while some of the firms had not given thought to the tax credit yet, some already have very robust information on their websites to help their clients in understanding it. Co-Chair Russek described the firms as an affective arm in the Committee's process—suggesting bringing them in soon, as they are willing to be a conduit for the Committee to get more info from us and share such with their clients. Mr. Galvin remarked that with respect to the tax credits, the mindset of the small employer businesses is that it is too hard to understand, which is where accountants come in. Patty Pulisciano stated the importance of making sure these small businesses are informed and properly educated about the credits. Ms. Pulisciano described cost as a driving factor—asking if we know if when carriers begin placing products into the Exchange if it is going to be based on their existing experience or looking at it as a brand new product with new risk. Mr. Counihan stated that while it is probably presumptuous to speak for the carriers, his suspicion is that they are looking at it as one risk pool. Conversation ensued around the assessment of risk at enrollment, reinsurance, family health statements, and a risk adjustment program, and the importance again of positive messaging to the small businesses.

IV. In-house versus Outsourcing SHOP Operations; System Integrator or TPA with Private Exchange Experience

Co-Chair Ritter introduced Exchange COO Peter Van Loon to discuss the pros and cons of in- or outsourcing the SHOP functionality. Mr. Van Loon provided a presentation overview of the subject. Mr. Van Loon emphasized that small employers are critical to not just the success of the Exchange but to health care reform in general. Mr. Van Loon explained that while the Exchange has tight operational deadlines which includes the procurement and onboarding of a systems integrator vendor to help build out the technology of the HIX, procurement of a call center vendor, moving office space, design reviews to the federal authorities, the Exchange also has to finalize both their business and technical design all within a small window of time. Mr. Van Loon emphasized that it is critical to determine also how to address SHOP. With that, Mr. Van Loon presented two options which included either insourcing the SHOP administration to the SI vendor or outsourcing the SHOP administration to a third party vendor. Mr. Van Loon addressed the main advantages and disadvantages of each option and stated that another critical factor the Exchange is looking at is risk as pertains to the SHOP. Conversation ensued around comparison shopping, purchase decision, and portal selection aggregation and dissemination, with Mr. Katz requesting clarification with regard to the administrative functions in which the service vendor will perform. Mr. Counihan described this as a niche business in which there are only 10 or 12 firms providing such services and listed a variety of operational functions:

1. Shop and compare portal
2. Ability to select a benchmark plan
3. Eligibility and enrollment
4. Review of rating factors allowed under the ACA such as age, zip, smoking status,
5. Premium aggregation and selection
6. Consolidated commission payment to brokers
7. Premium dissemination

Mr. Van Loon stated the Staff's recommendation is to outsource SHOP operations to an experienced 3rd party vendor due to the risk around *time*. Staff is in the process of developing an RFP to this effect. Conversation ensued. Mr. Katz remarked that if there are no SI vendors with such expertise, it makes sense to have an outsourced vendor do it. Mr. Van Loon stated that those firms the Exchange is working with do not have an off-the-shelf product but they can build it so it is not a question of them having a skillset as much as it is the issue with regard to time—indicating that the Exchange needs the product fast. Mr. Counihan remarked that several other states have outsourced this functionality.

Co-Chair Russek remarked that MD has a map posted on their website which documents exactly what Mr. Katz is asking with regard to the components of the function and where they are fitting, suggesting Staff leverage what is there. Mr. Van Loon stated that he would take this as an action item to get back to the committee.

Ms. Skinner asked if the ability to compare and contrast subsidy eligibility and premium reduction would be an available component to consumers accessing the site via the small employer portal. Mr. Counihan stated that since this is MAGI-related, that is typically not part of what a SHOP administrator does however this type of functionality is one of a number of things the Exchange is looking for potentially via an RFP to an outside administrator—noting that another function is the ability to administer on a payroll deduction basis—the ability to pay the employee's premium for that subsidized amount. Conversation ensued.

Mr. Devine expressed the concern that though it may be expedient to outsource, we may lose some control and accountability that we might have if it were done within the state framework, asking if it is worth trying

to create something within the State and utilizing some of these tactics that are being explored outside and integrate them so that business owners feel there is some sort of conduit for accountability. Mr. Van Loon stated that while we outsource the technology and the administration, we will retain the accountability and culpability—noting that there has to be a connection between the small employers and the Exchange going forward. Mr. Ritter remarked that this is strictly a software project; the operation's has to remain a state function.

Ms. Pulisciano initiated a discussion of the pricing differences between the two options. Mr. Van Loon explained the differences in cost. Mr. Van Loon stated that net cost for an outsourced vendor will be less. Conversation ensued around cost aggregation and assignment on a per member per month (PMPM) basis, variable membership costs, and paying on a services contract verses PMPM contract. Mr. Van Loon stated that with an outsourced vendor we are looking at more of a PMPM contract payment whereas with an insourced vendor we are paying out for development *now* and then operational costs down the road. Conversation took place with regard to minimum guarantee and negotiations.

Tony Pinto requested clarification with regard to whether we are seeking a technology vendor versus an administrative vendor—or whether we are bundling them together. Mr. Van Loon indicated that with an insource vendor we will need to develop the technology and then run it, while with an outsource vendor, they have the technology and we are just looking for them to run it once the Exchange is up and running. Conversation ensued around using an ASP (Application Service Provider) versus a BPO (Business Process Outsource) and the need to define what we are going to require of the vendor beforehand. Mr. Galvin asked if in either scenario, whether the product is proprietary and if so, is there is financial benefit to us to have it proprietary. Mr. Van Loon stated he would have to do the research.

Members briefly revisited a discussion around pricing, contract period and renewal, and flexibility within the contract. Member moved to vote on the staff's recommendation with Mr. Katz requesting the listing of service; a task in which Mr. Van Loon will fulfill. Mr. Ritter requested a motion to approve of the Staff's recommendation to outsource the SHOP administration to an outside vendor. The motion was made. All members were in favor. Motion passed.

V. Next Steps

Mr. Van Loon announced that Staff would like to use the Committee on an ad hoc basis and reconvene after the first of the year. Mr. Katz made the motion that the Committee be updated via email so that Staff can move forward with work. The motion was seconded. All in favor. Motion passed.

VI. Public Comment

No public comment was provided.

VII. Adjournment

Grant Ritter made a motion to adjourn the meeting. Motion passed unanimously. The meeting was adjourned at 10:33 a.m.

Resources:

[Agenda](#)

[Presentation](#)

[Pros and Cons Document](#)