

VERBATIM PROCEEDINGS

CONNECTICUT HEALTH INSURANCE EXCHANGE

BOARD OF DIRECTORS AND STRATEGY SUBCOMMITTEE

FEBRUARY 21, 2013

STATE CAPITOL BUILDING
210 CAPITOL AVENUE
HARTFORD, CONNECTICUT

POST REPORTING SERVICE
HAMDEN, CT (800) 262-4102

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 . . .Verbatim proceedings of a meeting
2 before the Connecticut Health Insurance Exchange, Board
3 of Directors and Strategy Subcommittee, held at the State
4 Capitol Building, 210 Capitol Avenue, Hartford,
5 Connecticut, on February 21, 2013 at 9:00 a.m. . . .

6

7

8

9

CHAIRPERSON NANCY WYMAN: I think we'll
10 start right on time, or maybe a minute early, which is a
11 good thing for us to do. Let me first start out by
12 asking that, especially the Board members or anybody that
13 comes to speak, to please give your name, so that -- it's
14 all being recorded, so that everybody knows who is
15 speaking and who is seconding or making motions. We
16 would greatly appreciate that.

17

18

19

20

21

22

23

24

I also have to feel like and many of us
here feel like we should have a telephone book, so that
we look a little bit higher over here. I can remember
that all my life growing up and, of course, having this
mike in front of us, so if there's a problem, usually I
never have a problem with anybody hearing me, but we'll
try to keep this mike in front of my face.

So the first thing we're going to do is

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 ask for the public comment. We ask that you try to stay
2 within two minutes, give or take. We have four people
3 that would like to speak today, so the first person is
4 Jane McNichol. Good morning, Jane.

5 MS. JANE McNICHOL: Good morning. I am
6 Jane McNichol from the -- I'm the Director of the Legal
7 Assistance Resource Center of Connecticut, but I'm really
8 here today as a member of the Basic Health Plan Work
9 Group that was convened by the Office of Health Reform
10 and Innovation and worked through the summer and fall.

11 We spent that time studying the
12 implications of the basic health program option under the
13 Affordable Care Act. This is an option to provide an
14 alternative method of coverage for individuals with
15 incomes between 133 and 200 percent of the federal
16 poverty level.

17 The purpose of the basic health plan
18 option is to address concerns that the coverage under the
19 Exchange, even with the federal subsidies, will be too
20 expense for people in this income group.

21 The work group was diverse. There was a
22 lot of agency participation. There was legislative
23 participation. There was support from the Office of
24 Policy and Management, which we are very appreciative of,

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 for a study by Milliman, and we concluded, reluctantly,
2 that without federal guidance and without more
3 information, we couldn't make an informed decision about
4 a basic health program for Connecticut for 2014.

5 Since then, CMS has said that the basic
6 health program guidance from the federal government won't
7 be available until sometime in 2014, and states won't be
8 able to implement the program until 2015.

9 Work group made two major recommendations.
10 One was to defer a decision until the federal guidance
11 was available, and the other was that the Health
12 Insurance Exchange, hence my presence, collect data on
13 the experience of individuals in the basic health program
14 target income group in the Exchange during 2014, so that
15 we will have better information when we reconsider this.

16 It's not clear how this recommendation was
17 supposed to get transmitted to you, so that's kind of
18 what I'm doing here, is trying to get this on your
19 agenda.

20 I have copies of the recommendation, and
21 attached is a membership of the (indiscernible - too far
22 from microphone).

23 I would like to ask that you formally
24 consider and act on this recommendation as soon as

POST REPORTING SERVICE
HAMDEN, CT (800) 262-4102

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 possible collecting this data, which will be vitally
2 important for an informed decision. It's much easier if
3 we plan for it before the Exchange gets started rather
4 than if we have to go back afterwards and collect the
5 data. Thank you.

6 CHAIRPERSON WYMAN: Thank you, Jane.
7 First of all, I'd like to ask that if the staff of the
8 Exchange look at it, and then come back with
9 recommendations at the next meeting, so that we are
10 working on and answering to Jane.

11 I know how hard all of you worked on that
12 work group, and I want to thank you, Jane, and all the
13 other members coming forward.

14 MS. McNICHOL: -- actually in the room.
15 We're sitting at the table.

16 CHAIRPERSON WYMAN: No. I meant for all
17 of you that really did work very hard on that, and I know
18 that some people went in with a definite feeling that we
19 should be coming out with this, and I think, in learning
20 what we did, that you came out with the right
21 recommendations, and we're going to look forward to
22 having the staff look at it and then come bring it back
23 to us next time.

24 MS. McNICHOL: Thank you.

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 CHAIRPERSON WYMAN: And I'm sure you'll be
2 here to help us out.

3 MS. McNICHOL: Yes.

4 CHAIRPERSON WYMAN: Thanks, Jane, for
5 everything. I appreciate it. Angela Lewis-Shakes? Good
6 morning.

7 MS. ANGELA LEWIS-SHAKES: Good morning,
8 Exchange Board. My name is Angela Lewis-Shakes, and I'm
9 with CFC, Caring Families Coalition. I'm reading this
10 for my daughter-in-law, because she's at work.

11 My name is Patrina Thompson. I'm a
12 resident of Hartford. We are a family of three. Our
13 annual income is just below \$45,000, and I receive Husky
14 A.

15 Under the Governor's budget proposal, I
16 would lose Husky and be required to go to the Exchange to
17 purchase insurance. Our monthly expenses are about
18 \$3,800.

19 We don't even have cable in the house.
20 What I mean by this is that we are trying our hardest to
21 live within our means. Enjoying a meal at a restaurant
22 or even going to a movie is a luxury for us. We just
23 don't do it.

24 I can't even tell you when was the last

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 time we went on vacation. I have close to zero dollars
2 available after I have paid the bills. It's probably
3 hard for many of you to even imagine what this is like,
4 but this is the way our family lives.

5 There's no possible way my family and I
6 could afford to purchase insurance on the Exchange. Even
7 with the subsidies, the premiums would be too high, and I
8 have no line items to cut from.

9 I can't imagine what my life would be
10 without dental coverage.

11 CHAIRPERSON WYMAN: Angela, thank you
12 very, very much, and tell your daughter thank you for
13 sending that. We will be looking at that. We know that
14 there's questions on that right now, so we will be trying
15 to deal with that.

16 MS. LEWIS-SHAKES: Thank you very much.

17 CHAIRPERSON WYMAN: Tell her thank you
18 very much. Sheldon Taubman?

19 MR. SHELDON TAUBMAN: Good morning,
20 members of the Board. Thank you for letting me speak to
21 you today. I'm Sheldon Taubman. I'm a staff attorney,
22 New Haven Legal Assistance. For about 24 years, I've
23 been presenting low-income Medicaid folks.

24 As you've already heard and you already

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 know, the low-income folks are simply not going to be
2 able to afford to be on this Exchange. The under 200
3 percent group wouldn't be able to afford the premiums,
4 let alone the unaffordable copays and deductibles, so
5 they just won't sign up.

6 Now you might say, well, what's the harm?
7 Right now, they don't have coverage anyway, so at least
8 some of them can sign up. Well, first of all, the only
9 ones who are going to sign up are the ones with cancer,
10 heart disease, very expensive conditions, so what you're
11 going to draw is the really sick people. Is that what
12 you want to do? Because the rest aren't going to sign
13 up.

14 But, more importantly, since the Silver
15 Plan that you adopted last time happened, the Governor
16 announced a proposal to end all Medicaid coverage for
17 folks between 133 and 185 percent of poverty, just like
18 the previous speaker explained.

19 Right now, they have no cost sharing at
20 all, no premiums, no copays, no deductibles, and there's
21 a reason for that. Connecticut is a very expensive
22 state. With all the other expenses people have, they
23 just can't afford even a two-dollar copay for drugs.

24 So what's going to happen, and the person

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 before me gave a real-life example, here's another
2 example. Somebody even lower income, \$35,000, about 150
3 percent of poverty, by one of the calculators, I know
4 there's some different calculators, one shows they will
5 be paying about \$117 in premium for a family of four,
6 income of \$35,000, but that's just to get in the door.

7 Then, under the plan that you adopted,
8 with the subsidy from the federal government, you still
9 have a \$500 deductible, except for drugs, to access any
10 services, and then you still don't get anything.

11 Fifteen dollars for primary care. Thirty
12 dollars for a specialist. Thirty dollars for an x-ray.
13 Fifty bucks for an MRI. One hundred dollars for an ER
14 visit. Two hundred and fifty for outpatient surgery.
15 It's right in your Silver Plan at 150 percent of poverty.
16 This is simply not going to work.

17 So the Governor's proposal says we can
18 take them out of Medicaid and put them in the Exchange,
19 because that's available. It ain't going to happen.

20 I know that the industry is salivating to
21 get these folks. I know that you people have a different
22 motive, which is totally pure, and that is to make the
23 Exchange work and bring people in, but it's not going to
24 work. They're not going to come in, except for the

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 really, really sick people.

2 This Board has an obligation to implement
3 Obama Care, broadly speaking. I understand you're
4 running the Exchange, but it's also a broader goal of
5 addressing the main Obama Care goal, which is reducing
6 the number of uninsured.

7 If the Governor's proposal goes through,
8 it will make the matter worse. It will increase the
9 number of uninsured, so what I'm asking you directly is
10 I'm asking the members on the Board, who are members of
11 the Malloy administration, to recuse themselves, and I'm
12 asking the other members of the Board to take on the
13 issue and affirmatively lobby against this dangerous
14 proposal, which will only increase the ranks of the
15 uninsured. Thank you.

16 CHAIRPERSON WYMAN: Thank you, Sheldon.
17 Kevin Galvin?

18 MR. KEVIN GALVIN: Hi. Good morning. My
19 name is Kevin Galvin. I Chair Small Businesses for
20 Healthy Connecticut. I'm here today to just raise a
21 couple of issue, one being I just want to make the Board
22 aware of the fact that, for any one of a number of
23 reasons, the health care implementation process here in
24 the state is losing its advocacy following.

POST REPORTING SERVICE
HAMDEN, CT (800) 262-4102

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 It could be for a number of reasons, the
2 loss of active purchasing, the loss of secret shoppers,
3 the possible high cost of plans coming into the Exchange,
4 the thousands of people that are about to be brought in,
5 possibly brought into the Exchange.

6 It could be something as simple as the
7 advocates have found a better way to help their
8 constituents. All these are highly debatable, but what
9 isn't debatable is the fact that this Board is missing
10 two Chairs right now. They've been empty for months.
11 One of them is the Consumer Chair.

12 We would strongly urge this Board to move
13 forward to get those positions filled as soon as possible
14 and to find ways and look for strategies to reengage the
15 advocacy community at large.

16 The advocacy community has deep insight
17 into the communities that you folks are going to need to
18 penetrate as we get to the navigation phase, and I hope
19 that you'll really, really think about ways to get the
20 advocacy community reengaged, and a start would be
21 getting those Board positions filled. Thank you.

22 CHAIRPERSON WYMAN: Thank you very much.
23 Thank you. Okay, ladies and gentlemen, I'd ask for a
24 motion to approve the minutes of January 24th of the

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 special meeting.

2 MR. BOB TESSIER: So moved.

3 CHAIRPERSON WYMAN: Who said it? Bob
4 Tessier said -- made a motion, and who is going to second
5 it?

6 MS. VICKI VELTRI: Vicki Veltri.

7 MR. ROBERT SCALETTAR: Bob Scalettar will
8 second it.

9 CHAIRPERSON WYMAN: Vicki Veltri said she
10 would second it. Thank you. Okay and now I'm going to
11 ask, Kevin, will you give us a brief update, please?

12 MR. COUNIHAN: Sure. First of all, we
13 would like to formally announce our new name as Access
14 Health CT. This is the brand name by which we are going
15 to market for the Connecticut Health Insurance Exchange.

16 We have recently moved to new space at 280
17 Trumbull Street.

18 CHAIRPERSON WYMAN: Your mike? There you
19 go.

20 MR. COUNIHAN: Thanks, Peter.

21 CHAIRPERSON WYMAN: That's part of
22 technology, Kevin. We have to move the mikes here.

23 MR. COUNIHAN: That's why he's in
24 operations. We very much want to thank Secretary Barnes

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 for giving us the opportunity to be in his space over at
2 450 Capitol for so long, so thank you.

3 We're also looking forward to having an
4 open house and allowing people to see our new space,
5 which has a lot of energy and a lot of good fun going on.
6 Right now, it's probably not in the best shape to show it
7 off, but we're going to get there.

8 Our team continues to make progress, as
9 you'll hear today. We have new vendors or vendors in the
10 process of being selected, which are consistent with our
11 strategy to outsource as much of operations as possible
12 and focus in on those areas that provide the most value
13 to small businesses and to residents of the state.

14 We're pleased to announce that CMS has
15 selected Connecticut to be one of five states to be part
16 of the wave one testing of the IT system with the federal
17 data hub.

18 I want to thank Jim Wadleigh, our CIO,
19 Peter Nichol of our IT team and Ops team, as well as
20 Nagan Seria(phonetic) of the Deloitte team, Roger
21 Albritton of KPMG and his team for all their help getting
22 us there.

23 We were just awarded a grant of 2.6
24 million dollars from CMS to initiate our in-person

POST REPORTING SERVICE
HAMDEN, CT (800) 262-4102

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 assister program, which is an integral part of the
2 Navigator Program. In the award notification, CMS
3 commented on the high quality of our application and said
4 it was one of the best that they have received, so we
5 want to congratulate Jason and his team for the high-
6 quality work.

7 Julie Lyons and her team have worked very
8 hard to support the health plans in meeting our qualified
9 health plan criteria.

10 A couple of the plans have commented on
11 the quality of our support, which we very much
12 appreciate. I want to thank Julie and her team for that
13 terrific work. Thanks, Julie.

14 We also appreciate the support of
15 Commissioner Bremby, Lou Polzella and their team in
16 helping our implementation efforts. DSS are very valued
17 partners, and we very much appreciate their ongoing
18 support, so thank you, Commissioner.

19 On Tuesday, we began our first of our new
20 series of healthy chats in Norwich, which was a
21 successful one. I want to thank Keisha Stoffer(phonetic)
22 and Danielle Williams for all their help in coordinating
23 this.

24 I also want to thank the Lieutenant

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 Governor, Vicki Veltri, Mary Fox, Grant Ritter and Jill
2 Zorn(phonetic) for supporting us on the panel. One of
3 the things that I have to tell you that the staff is
4 always very grateful for is the support we get from our
5 Board. Our next healthy chat is this evening in
6 Willimantic.

7 Finally, we've been approached by another
8 state, one who is not implementing a state-based
9 Exchange, about the possibility of partnering with them
10 to use our Exchange infrastructure in 2015. We will
11 continue to update the Board as these discussions evolve
12 and become more substantive, and, frankly, I suspect
13 we're going to see, as other states will, much more of
14 these opportunities in 2015.

15 To be very frank, I think the likelihood
16 of CMS continuing to give the richness of level two
17 grants going forward is probably remote.

18 With all this progress, we rate ourselves
19 as a solid yellow in the implementation process, and,
20 while this may be understandable, given the complexity of
21 ACA implementation, the status is a little disappointing
22 to me and to our management team and doesn't meet our
23 expectations.

24 With recent decisions and progress that

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 you're going to hear more about this morning from Peter,
2 I'm confident we're going to recover to a higher status
3 shortly, and, again, Peter will give you more detail on
4 that.

5 So we're about seven months away from open
6 enrollment, and we've reached a new level of intensity
7 with our work. This level requires a discipline focus on
8 those activities that produce the greatest return for our
9 residents and small businesses, and, to that effect, we
10 are deferring, not eliminating, but deferring some
11 functionality that we had originally planned in our first
12 release to some time in a later part of our
13 implementation into early '15, because, quite frankly, we
14 just don't have the bandwidth right now to make the date
15 and provide the critical shop and compare experience that
16 the members require, so you'll hear more about that.

17 CMS, by the way, is aware of it. We
18 apparently were about the first state to have
19 acknowledged our need to what they call de-scope our
20 functionality, and they applauded us for doing so.

21 That being said, we're also very cognizant
22 of the special responsibilities states, like Connecticut,
23 have to make the ACA successful and to reduce the number
24 of uninsured.

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 We cannot let the challenges of the next
2 seven months or the very likely impact of sequestration
3 and the 85 billion dollars of cuts that may likely happen
4 in a week and which very likely may impact CMS staffing
5 to derail the success of health reform, which represents
6 the broadest expansion of access to health care since
7 Medicare in 1965.

8 The staff feels we have a responsibility
9 to both the residents and small businesses of our state
10 to be successful, and we are committed to doing so with
11 our partners at DSS, Deloitte, KPMG and others.

12 CHAIRPERSON WYMAN: Thank you, Kevin. Let
13 me also say, while we're doing the thank you, Kevin, I
14 want to say thank you to you. You did a wonderful job
15 the other day, the other night at the health chat, and we
16 really do appreciate it, and I think, if they continue as
17 well as they did the other night, I think it will be a
18 success, because people do come out and listen to it and
19 understand and very impressed on some of the audience,
20 who knew and understood the issues, so the audience was
21 also -- is always very helpful, I think, in listening to
22 that.

23 Let me also, before I go on further, I
24 just want to apologize ahead of time that I have to leave

POST REPORTING SERVICE
HAMDEN, CT (800) 262-4102

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 by about 25 after 10:00, so Vicki will be glad to take
2 this over. Yeah, I thought so.

3 Okay. I'm going to turn it over to Peter,
4 and, Peter, you want to talk about the operations area?

5 MR. PETER VAN LOON: Yes, ma'am. Today,
6 I'm going to be talking not just about operations, but,
7 also, information technology. Jim Wadleigh is on
8 vacation.

9 After the last meeting, the staff, several
10 of us, went down to Baltimore to meet with CMCS. It was
11 an interesting couple of days. We came away with a much
12 better idea of who we're working with down there,
13 identified three separate parts to CMS, which we must
14 serve, the Center for Medicare, Medicaid and Chief
15 Services, the Office of Information Services and CCIIO,
16 the Center for Consumer Information and Insurance
17 Oversight.

18 It became evident that we have an
19 opportunity to continue to report our progress and engage
20 the three separate entities to insure they understand
21 where we are.

22 We came away from that meeting with
23 several new sets of deadlines and progress milestones,
24 and we have fitted them into our overall work plan.

POST REPORTING SERVICE
HAMDEN, CT (800) 262-4102

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 In the Board package we sent out last
2 week, you have those. The first one is Progress
3 Milestones, which is directly from our original
4 blueprint. That is what CCIIO is looking at, first and
5 foremost, but we also have to address the Office of
6 Information Services, which is CMCS's program management
7 office, and focused mostly on the IT aspect.

8 They gave us their absolute minimum dates,
9 as they call it, several of which we hit, but, looking
10 forward, we can expect that by the end of May, early
11 June, OIS will make a recommendation to CCIIO on our
12 ability to open for business on 10/1, with CCIIO making a
13 recommendation or an observation to the White House by
14 June 1st/July 1st time frame, as to whether we're ready
15 to go.

16 This is all expected, but it's now been
17 laid out for us clear, and what we're doing is not
18 waiting for them to come up with their ideas. We've
19 redoubled our efforts to insure that we communicate with
20 all the people that we need to communicate with.

21 And, again, part of our success there is
22 driven by the fact that we're working with Polzella and
23 Kristen Dowty and the folks over at DSS, because they
24 have more experience with a lot of the constituents down

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 in D.C. than we have and will continue to do that, and
2 I'll mention a couple of other areas, where we are
3 definitely working close with them.

4 The third set of deadlines we have to do
5 is something called the implementation readiness review.
6 We don't have specific dates on that yet, except that it
7 will follow our technical evaluations and will go into
8 the totality of all the things that the Exchange needs to
9 do, from engaging our IPAs to insuring our technology
10 works.

11 The best dates we have on that one are the
12 end of the spring and into the summer, the idea being is
13 we're going to have to pass the implementation readiness
14 review in order to become live on 10/1.

15 It's interesting to note that, as a COO,
16 I've been working with some other COOs and working with
17 the feds on what that implementation readiness review is
18 going to entail. It's not written down yet, and we, as
19 COOs, have the -- we're working with CCIIO to make
20 certain that we get out --

21 So, as a result from our efforts last
22 month down in Baltimore, we came away with a much greater
23 understanding of what it is and who it is we need to work
24 with down in D.C., and that actually impinged us as we

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 went back and looked at our work plan, and we basically,
2 with some prudent paranoia, looked at what we were doing,
3 and realized that, as good as we're going, it's not good
4 enough, as Kevin said. Go to the next slide, please?

5 Just on the operations, first of all, some
6 of the main points. I'd like to stress our operating
7 model, and that is the one thing that is now red in our
8 dashboards, and it's red on both my side, the Operations
9 and Policy side, and working with DSS, and that's because
10 we both realize that we need to define our operating
11 model, in light of what we learned the end of January,
12 because the feds are going to be looking at not just our
13 technology in depth the next couple of months, but our
14 operating model.

15 So as much as we knew it was important,
16 given the newfound stress of the feds, we are not
17 ignoring that, but going right after it.

18 Again, I've got to thank Lou and Vance
19 Dean(phonetic) over at DSS. Yesterday, we started day-
20 long sessions with the totality of DSS to understand how
21 we can divide the labor and what labor we can expect, not
22 just in terms of helping the Exchange, but, of course,
23 DSS is also looking at the different constituency that
24 they have, but we recognize together that the people we

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 serve are coming to us not looking for Medicaid or health
2 insurance. They're coming to us looking for health care,
3 and it's our job to get them to the right place with the
4 right resources.

5 Our call center, we signed a contract
6 about a week or so ago. We're working with Maximus, and
7 they've started onboarding this week, and I'm looking for
8 Awilda Martinez. Hey, Awilda, how are you doing? Awilda
9 and it's Ben Hunnicutt. Those are the two folks that
10 will be working with us. I'm glad to have them on board.

11 There's been a lot of work across the
12 board. We had Kristen Dowty from DSS, Ann Marie Chapman
13 from staff, Danielle Williams from staff, all working
14 under the tutelage of Dave Lynch to get the call center
15 set up. Our next -- excuse me. Our contract set up.

16 We have a little bit more work to do
17 before we can say call center set up. (Laughter)

18 The Small Employer Health Options Program
19 is the next initiative we're working. We've had three
20 proposals. The team has been evaluating those. We're
21 looking to get a decision next week.

22 Again, that's been a cross-functional
23 team. We've had some people from the Advisory Committee
24 sitting with us from soup to nuts on that one.

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 Another big item for us I'll talk a little
2 bit a later is getting that standard benefit design
3 locked down. There's been a lot of continued work by the
4 joint team, and I'll have to say there's going to be
5 continued work. I'll talk a little bit more about that
6 when we talk about the standard plan benefits.

7 Human Resources, we are looking to staff
8 out judiciously with express understanding of the need to
9 provide a return on investment for the venture capital
10 dollars we're getting from the feds, and, as a result, we
11 are not -- we're being very cautious, as to the fact that
12 we don't -- we are most efficient, so that when we need
13 to be self-sustained, we can do that and still serve
14 people in the state.

15 To do that, we've engaged some folks to
16 help us with the foundations and with policies and
17 procedures with the idea that we need those more
18 definitive in order to support all of our folks as we
19 grow.

20 I'd like to stress, again, Kevin made the
21 point of we're a solid yellow. The management team
22 recognizes that we are in full implementation mode right
23 now, and we are changing our weekly management structure
24 not just to work on our planning and development, but our

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 implementation, and that requires a lot more attention,
2 not just how we're doing individually, but how we're
3 working together, with assistants and with each other.

4 That is Mondays at 9:00. We have a
5 significant effort not just with the senior leadership
6 team, but with our contractors, and that will continue,
7 because we have a lot to do.

8 Next slide, please? I'll try to do Jim
9 Wadleigh justice, which is always difficult. I want to
10 reiterate what Kevin said about deferring our scope.

11 Kevin, I don't remember if I heard it
12 right, but we're deferring scope into early 2014. I
13 think you might have said 2015.

14 MR. COUNIHAN: Yeah. Thanks for
15 correcting me.

16 MR. VAN LOON: Everything we're doing is
17 complying with the ACA, and we're doing it as a way to
18 insure that our attention is spent on things that are
19 most critical for 10/1.

20 We're deferring some issues of automation
21 around recertification of health plans and
22 decertification of health plans, some automation on some
23 of our appeals management processes, and some of the
24 automation of our reporting.

POST REPORTING SERVICE
HAMDEN, CT (800) 262-4102

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 We're not foregoing that. It's just we
2 have to manage it manually, so we can get it up and
3 running. We're working with Deloitte and our other
4 stakeholders to insure how we can take those deferrals
5 and move them into the -- move them to the right, and we
6 have to work that process through our IT PMO steering
7 committee to change control. We have not done that yet,
8 but that's something we'll be doing in the next month.

9 Kevin talked to you about the work that
10 Jim and his team was doing to get us onto the start of
11 testing with the feds. I want to say that we have an IT-
12 specific deadline. I should say opportunity.

13 The end of March, we're having a detailed
14 design review with the feds that's prefatory to a final
15 detail design review at the end of April.

16 One of the other issues that we're working
17 on is the technical term is the Independence Verification
18 and Validation process. It's basically a federal
19 requirement to audit what we've been doing on the IT
20 bill, from our requirements, to our code, to our ultimate
21 systems.

22 It's an independent entity that comes in
23 and basically audits and says to the feds, yes,
24 Connecticut is doing what they say they've been doing.

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 I've worked with them in the past. The
2 word punitive comes to mind sometimes, but it will be a
3 difficult challenge for us, but we've been doing a lot of
4 documentation.

5 We'll probably have them on board in the
6 next month, with the process starting in the late
7 spring/summer, in conjunction with our testing.

8 We've been working with a lot of support
9 from the folks on our Advisory Committees, on our
10 interface, and how people, when they come to the
11 Exchange, what they're going to see, the consumer
12 experience.

13 We, as Jim said and said in the past, we
14 didn't quite like where we were going back to December.
15 A little bit more sterile than we'd like.

16 Working with Deloitte and all of our
17 contractors, we've gone back and redone it, and we're
18 looking to demonstrate that in March, not just for the
19 Advisory Committee, but we're working to do it for the
20 Board, also, and we find that there's no shortage of
21 people, stakeholders that want to see how that works.

22 And, finally, we said that we have a new
23 space. I particularly like it. It's very busy. We have
24 all people in one place that instead of now sending e-

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 mails, we stand up and walk over, and that is definitely
2 a nice way to work and will continue.

3 If you'll forward to the next slide? I
4 won't go into the detail about our dashboard, but I will
5 say that, yes, we are on track for 10/1. As Kevin said,
6 we're yellow.

7 I'll give you an example of some of the
8 schedule quality and scope risks that we have and what
9 we're doing about it.

10 In the back of your binders, you have risk
11 registers, which explains where we think our risks are
12 and what we're doing about them, but, on schedule, for
13 instance, why do we think that might be at risk?

14 Well we just, as of up until about noon
15 yesterday, we were waiting for final federal guidance.
16 We got the federal guidance afternoon yesterday. We're
17 reevaluating that, trying to understand what it means,
18 with the idea that if it requires us coming back to the
19 Advisory Committees and the Board with amendments to
20 previous decisions, we will do that.

21 Scheduled, we have a lot of technology,
22 for instance, that needs to be converged in one location
23 on an infrastructure basis. We're working with BEST,
24 Mark Raymond and his crew, to make certain that happens,

POST REPORTING SERVICE
HAMDEN, CT (800) 262-4102

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 but, again, that's a risk to schedule that we have to
2 continue to work through the entire teams that we set on
3 that particular challenge.

4 As far as scope, the idea is we're
5 deferring some scope. There are other issues that we
6 have to -- not issues, risks that we have to manage.

7 For instance, we have some challenges with
8 sharing the data with some state agencies. It's not
9 because the state agencies are being intransigent or not
10 helpful. It's the fact that they believe that
11 legislatively they can't do what we believe the ACA
12 requires us to do.

13 In this one particular instance, it's the
14 Department of Labor, and we're working hand-and-glove
15 with them to either find a legislative solution or work
16 with the fed Department of Labor to have them change or
17 modify or clarify the direction they need with the state,
18 but, again, this is something we're working together on
19 and not something that is something that we are powerless
20 to handle.

21 We really appreciate all the input and the
22 support that we're getting from the variety of state
23 agencies and other stakeholders.

24 As far as scope, one of the continual

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 battles kind of goes along with some part of the red that
2 I mentioned earlier on our operating model, is our
3 operating model requires integration, and it's simple.

4 Integration by itself is a challenge, but
5 what we're doing as we integrate we're also developing
6 that whole cloth processes, and, in the same token, a lot
7 of the agencies we're working with are reengineering.

8 I say that it's a risk. The way that
9 we're managing it is having the (indiscernible) started
10 last week to insure that we take our PowerPoints and turn
11 them into flesh, as opposed to think that just because we
12 have a nice document that that's going to work.

13 Quality, a little bit yellow on quality.
14 One of the issues there, as I mentioned, is the IV&V to
15 insure that we can document the quality we have.

16 What are we doing to address that? With
17 the feds whispering in our ear about their sensitivity to
18 that, we're actively working with DSS to kind of
19 piggyback on some of the work they've done and
20 potentially the same contractor to get IV&V up and
21 running, the Independent Verification and Validations.

22 And then, finally, on the quality aspect,
23 I find that I'm talking heavily about technical things
24 and process related. Quality isn't just that. It's the

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 reaching out to the people and our ability to engage the
2 in-person assisters and the navigators is something that
3 is going to impact directly on how quality the service we
4 provide, and Jason will talk a little bit about that
5 later.

6 In your slide deck, you have two
7 dashboards, and there's a lot of detail on those. I'd
8 like to just reiterate that these dashboards are just a
9 distillation and a high-level summary of the work trends
10 that we must follow on a day-in and day-out basis.

11 These are different than what you've seen
12 in the past, because they're now two. We had originally
13 had one dashboard, where we covered all of our work.
14 We're finding that, as we move, continue to do
15 development and move more and more into implementation,
16 we have to expand our tool set to manage what we're
17 doing, so we've broken out our dashboards into two
18 sections, Operations, and when I say Operations, I should
19 say everything that's not IT. I don't want to self-
20 aggrandize. Our Operations covers everything that we do.

21 And we've pulled out work streams for
22 Julia's work in plan management, for legal,
23 communications, and, also, the operational model
24 development and process development of DSS.

POST REPORTING SERVICE
HAMDEN, CT (800) 262-4102

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 As you look at these, you see a lot of
2 green, and I want to stress again that we look at this,
3 our overall plan, as being yellow, and that's something
4 that we have to work.

5 The reason why it's yellow is that it's
6 not a simple matter of adding up an average of the nice
7 colors. It's a question of looking at what we feel is
8 critical and weighting that average or more than the
9 average with that prudent paranoia that I described
10 earlier, with the idea that it's our requirement not just
11 to keep ourselves honest, but to report out to the Board
12 where we are.

13 As we go forward, we want to be able to
14 take the red off for certain and show you how we're
15 managing the risk and lower the risk register, the amount
16 of things that are on there.

17 So we have an Operations dashboard, and,
18 again, I can't stress enough that this is a high-level
19 summary of all different tasks we're doing, and we also
20 go onto the Information Technology dashboard, where the
21 work streams were more in tune with the software
22 development life cycle discipline, and, on both, we've
23 incorporated some of the new guidance and datelines the
24 feds are pulling us to, specifically, those absolute

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 dates on that OIS and CMCS are holding us to.

2 So Operations is, again, a solid yellow.
3 We're on track for 10/1, but we cannot rest on any
4 laurels. We have to proactively go after all the
5 different risks, some of which I mentioned, and continue
6 to manage it on a day-to-day basis, and with the input
7 that we're getting not just from our contractors, but
8 from other people, with whom we have to work, we're
9 confident that we're going to continue to make our case.

10 CHAIRPERSON WYMAN: Great. Peter, I'll
11 ask the Board if they have questions. It was a great
12 presentation, but let me go back to one of the first
13 things you said.

14 When you were in Baltimore, you found out
15 about working with I think it was four agencies. The
16 question I have are those four agencies working together,
17 or is it -- is there a conflict there, that we're not
18 seeing them produce one main place?

19 MR. VAN LOON: I've always found that like
20 we're going to spend the effort on what we can control, I
21 dare say, and that's probably 99 percent of our
22 challenges, is that we can control.

23 That being said, I dare say that, with our
24 interest in aggressive engagement of the different parts

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 of the feds, I think that they've done some communication
2 that maybe they haven't done as a result, and we are
3 working with all of them to come up with a consistent --

4 CHAIRPERSON WYMAN: So the answer is no?
5 (Laughter) Thank you, Peter, very much. Kevin, I know
6 you wanted to say something.

7 MR. COUNIHAN: Nancy, in addition to the
8 answer being no, I think one of the things that we may be
9 feeling is that there is so much pressure now to get the
10 federal default Exchange up and running, which looks like
11 it may be administering an Exchange for 30 states versus
12 the five to six that they were originally anticipating,
13 that part of the risk could be that some resources that
14 were being used to support the state base Exchanges, like
15 our own, might be being diverted, so it's just something
16 for us to watch.

17 Again, we're concerned that the budget,
18 the sequestration actually may impact that some more, so
19 we're just watching.

20 CHAIRPERSON WYMAN: Commissioner?

21 MR. ROD BREMBY: One other comment that
22 hasn't really been made, but Peter and the team are
23 leading other states in a representative capacity with
24 HHS, and, through that leadership role, they're able to

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 help harmonize the relationship between three entities at
2 the federal level, so while the answer may not be a
3 resounding yes, it will be getting a bit closer to where
4 we need it to be.

5 CHAIRPERSON WYMAN: That's great. Thank
6 you for doing that. That's great. Is there any other
7 questions from the Board members? Bob?

8 MR. SCALETTAR: Bob Scalettar. Peter,
9 thank you very much. That was an excellent presentation,
10 very helpful.

11 One of the things that I've been wondering
12 about, we heard during the public comment period about
13 some potential impacts of the Governor's proposed budget,
14 and I'm wondering if there are other things in the
15 Governor's proposed budget that we are identifying now as
16 potential additional risk, given your detailed
17 explanation of how much there is to do and the need to
18 work cooperatively close at home.

19 MR. VAN LOON: Yes. Exactly right. The
20 idea is is that this potential that we on the Exchange
21 may have a little bit higher amount of customers served
22 than we originally expected, and, as a result, the work
23 that we're doing with DSS to insure that we have the
24 right operating model takes on even more sensitivity to

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 our customer base, but more priority.

2 What I'm looking at is we're going to end
3 up, as we set up our call centers and our ability to
4 serve these folks, we're going to have to bake in the
5 opportunity to bring in Chelsea Fluid Resources(phonetic)
6 to address some of the potential spikes in demand even
7 more so than we knew that we're going to get as we
8 started.

9 COURT REPORTER: One moment, please.

10 MR. VAN LOON: Did I answer your question,
11 sir?

12 MR. SCALETTAR: Partially. I mean it
13 doesn't begin to address the issue that Sheldon Taubman
14 raised, about what's the impact of transfer of
15 membership.

16 Are there other pieces of the budget that
17 might impact other agencies and how those would relate to
18 our work to be able to deliver on time?

19 MR. VAN LOON: Sir, I don't have a
20 definitive answer for you, but I'd have to go back and do
21 the research. It's not something I looked at in the last
22 couple of days.

23 CHAIRPERSON WYMAN: Ben?

24 MR. BENJAMIN BARNES: Thank you. Just a

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 couple of points.

2 CHAIRPERSON WYMAN: Ben Barnes.

3 MR. BARNES: Ben Barnes. A couple of
4 points of clarification. The proposed change with
5 respect to Husky, parents of children on Husky above 133
6 percent of the federal poverty level, the impact on
7 January 1st would only be for those newly-eligible for
8 that, people, who showed up at the door within that
9 target, you know, 133 or above income level.

10 One other point is there is one group
11 that's eligible up to 250 percent of the federal poverty
12 level, those pregnant women. Those would continue to be
13 eligible for Medicaid under the Governor's proposal, so
14 the impact on January 1st of 2014 would only be those
15 newcomers, people, who show up eligible.

16 The existing group of adults in that 133
17 to 175 percent of federal poverty level target range
18 would be transitioned under the proposal after a year of,
19 not quite this simple, but most of them would be
20 transitioned after a one-year period of notice, so that
21 the actual impact on the Exchange would be most
22 significantly felt in 2015 under the proposal.

23 So while I certainly appreciate that, in
24 general terms, the proposal would add more or less 40,000

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 eligible participants to the Exchange, that would happen
2 gradually at first, and then more significantly in the
3 second year of operation of the Exchange.

4 There are a couple of other items in the
5 budget that I think are informed by the Affordable Care
6 Act and opportunities that are presented by the
7 Affordable Care Act.

8 In particular, we identified areas in
9 which significant amounts of uncompensated care is
10 provided and reimbursed by the State of Connecticut from
11 its general funds, or, in some cases, in the case of
12 acute care hospitals, through its uncompensated care
13 payments, reimbursed partially by Medicaid.

14 So, in a number of instances, we
15 identified levels of service that are being provided
16 currently to uninsured residents of the State of
17 Connecticut and have used our model, which I think we
18 consulted with the Exchange on an uptake model that tried
19 to estimate what level of uninsured residents we would
20 have over the first couple of years of the operation of
21 the Exchange and the operation of the Medicaid expansion
22 and tried to determine the reduction in the amount of
23 uncompensated care that we would be paying for, so there
24 are some accounts, particularly in DMHAS, but in some

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 other areas, as well, where we identified that there
2 would be other payers.

3 In most cases, it's Medicaid, because of
4 the Medicaid expansion, and, in some cases, it would be
5 people, who would be served under the Insurance Exchange,
6 so we have built in some level of savings. It ends up
7 being about 40 or 50 million dollars on a fully
8 annualized basis of payments that we make for residents,
9 who are now uninsured, that would then be provided either
10 through Medicaid or through private insurance as a result
11 of the Affordable Care Act.

12 While it sounds as though we're cutting,
13 because of this opportunity, right now the state is, in
14 many different ways, the payer of last resort for the
15 uninsured.

16 We certainly should take advantage of the
17 fact that the number of uninsured, if we're successful,
18 will go down.

19 MS. VELTRI: First, I want to thank you
20 for clarifying. Vicki Veltri. Yes, that is my name.
21 Thank you. I want to thank you for clarifying the
22 budget, because I think a lot of us were not reading the
23 budget, as you had just suggested, about the change, the
24 proposed change to Husky A. I think a lot of us were

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 reading it as it was going to happen on the proposal to
2 happen on, you know, upon the fiscal year, yeah, July
3 1st, that the adults in the caretaker relative units
4 would be moved off.

5 MR. BARNES: Well it will be a surprise to
6 Peter that he's going to have an Exchange running on July
7 1st.

8 MS. VELTRI: I do think that that's an
9 important clarification, notwithstanding the fact that I
10 do think that many of the people in the room will still
11 have the same concerns, regardless of whether it's this
12 year or next year, but I do appreciate the clarification,
13 because I think it's important for everybody to
14 understand exactly what the budget says.

15 MR. BARNES: Thank you, and I would just
16 point out one thing it did not say, but that we are
17 keenly aware of the concerns about affordability. We are
18 more comfortable making the proposal, because we know we
19 have an opportunity to learn more, because we don't know
20 enough about the affordability in detail at this point.

21 Obviously, there are those, who -- there
22 are reasons to be concerned. I fully acknowledge that,
23 and, as we go forward over this legislative session and
24 into the future, we remain committed to making

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 adjustments, as necessary, to insure that this solution
2 is not -- the success of this is not thwarted by lack of
3 affordability.

4 CHAIRPERSON WYMAN: Any other questions
5 for Peter? Thank you, Peter, very, very much. Julie, do
6 you want to come on and talk about the timeline?

7 MS. JULIE LYONS: Yes. Thank you,
8 Lieutenant Governor.

9 CHAIRPERSON WYMAN: Thank you.

10 MS. LYONS: So this first slide just
11 displays a timeline of our activities that we're trying
12 to complete, in order to meet the open enrollment date of
13 October 1, 2013, and the process that we're focusing on
14 is the certification of the qualified health plans with
15 the carriers.

16 The Exchange expects that our standard
17 benefits are going to be approved at the next Board
18 meeting, which will really trigger the following events,
19 in terms of supplying the carriers with an application
20 and a draft contract from which they would submit back to
21 us and start the application process for certification.

22 Throughout those, you know, through March
23 and April, we expect that there's going to be lots of
24 questions back and forth on benefits and requirements

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 pertaining to the application and the draft contract. On
2 April 30th, we expect that the application will be
3 returned back to us, and we'll really know exactly which
4 health plans are going to participate in the Exchange.

5 Throughout the months of -- the summer
6 months, right up through July, we will be doing
7 evaluation negotiations on the applications, and our
8 timeline is really in sync with the Connecticut Insurance
9 Department.

10 We have to have approved benefits, form
11 filings, rate filings, and we're working closely with
12 Paul Lombardo and Mary Ellen Breault, so our schedule
13 aligns with the Insurance Department's schedule.

14 At the end of the summer, you know, we
15 expect that we'll have some health plans certified, and
16 we'll be good to go for October 1st.

17 Next slide? These past two -- well, in
18 February, this just represents what we've been working
19 on, and we spent a lot of time with our consultants
20 finalizing the plan management functions of loading the
21 benefits, the rates and the publishing for the shopping,
22 consumer shopping experience.

23 We've also carried and hosted quite a few
24 carrier meetings on a weekly basis, and we've touched on

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 enrollment, data transactions, plan management,
2 enrollment eligibility, and we received quite a few
3 questions, very technical questions, in terms of
4 requirements, as they pertain to eligibility and
5 enrollment, and we've been responding in writing back to
6 the carriers.

7 We have a very good team that we work
8 with, with representatives from the HIX, and those folks
9 are Ann Lopes, Mary Ann Amarante, Ellen Kelliher, and,
10 from KPMG, we've been working with Veronica Wade, Will
11 Merchin and Zoia Travaskia(phonetic).

12 From Deloitte, we work with Somara Bacani
13 and Navanete Barthwal(phonetic), and they've been
14 wonderful, a wonderful support to the HIX, and we
15 probably wouldn't be as far along without their
16 assistance.

17 And, then, in March, we're going to really
18 focus on more questions from the insurers and the
19 identification of manual policies and procedures to, you
20 know, get the whole plan management aspect running.
21 That's pretty much it, the high-level overview.

22 CHAIRPERSON WYMAN: Anybody have any
23 questions for Julie? Yes?

24 MR. BARNES: At what point in the schedule

POST REPORTING SERVICE
HAMDEN, CT (800) 262-4102

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 will we have an idea about what -- I mean when will we
2 have a sense of what the premiums and the benefits are
3 going to look like for some of the plans offered in the
4 Exchange?

5 MS. LYONS: My expectation is that will
6 probably be along the lines of when the Insurance
7 Department does their rate filings, so our process and
8 their processor, you know, work in conjunction with one
9 another, so I would say by the end of July.

10 MR. BARNES: Thank you.

11 MS. LYONS: Yup.

12 CHAIRPERSON WYMAN: Any other questions?
13 Bob?

14 MR. SCALETTAR: Bob Scalettar. Could you
15 give us sort of a just a high-level summary of -- so how
16 are the conversations and meetings going with the
17 carriers, and what are the big topics, or issues, or
18 concerns that are being raised?

19 MS. LYONS: Okay. You know, our sessions
20 are two hours every week, and, so, it's a lot of prep
21 work. We've received quite a bit of questions on the
22 requirements for billing, and premium collection, and the
23 time frame from when an enrollee enrolls into the plan,
24 and then what's the process thereafter, you know, if non-

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 payment of premium, grace periods, so it's been very
2 technical.

3 Actually, yesterday, we got a great
4 compliment. They find these sessions very informative,
5 and we do give very thoughtful consideration to our
6 responses, and they're all in writing, so they have a
7 piece of paper, and everybody knows exactly what the
8 answers are.

9 Of course, we do have to go back and do
10 some additional research, based on the conversations.

11 CHAIRPERSON WYMAN: Okay. Anybody else?
12 Thank you very much. Jason, want to take it over and
13 talk about marketing?

14 MR. JASON MADRAK: That's right. Thank
15 you very much, Governor. I have to say, with this new
16 setup we have, I feel like I'm sitting at the kids' table
17 at Thanksgiving dinner. (Laughter)

18 CHAIRPERSON WYMAN: Thank you. Instead of
19 the elderly table. I like that better.

20 MR. MADRAK: So I'm very pleased to report
21 that, after several months of very, very hard work, we've
22 officially moved our X over about an inch and a half on
23 the slide that you see before you.

24 We're kind of at an inflection point here

POST REPORTING SERVICE
HAMDEN, CT (800) 262-4102

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 in the Marketing and Communications Department, and that
2 really is moving away from our initial research and
3 planning and strategy development phase into actual
4 campaign launch and execution, and, so, we're very, very
5 excited about that, and certainly much of what we'll talk
6 about here today will give you an overview of many of the
7 things that we're doing as we do move away from that.

8 I do want to make sure that I mention,
9 though, that, as we start to go into the marketplace,
10 work with our consumers, stakeholders, and other engaged
11 individuals, we will certainly, you know, be revisiting
12 and reevaluating our strategy and certainly our need for
13 research as we move ahead.

14 Nothing is ever set in stone. It's a
15 compass point to move us ahead, but if there's ever a
16 need to re-tweak and readjust the margins, we're
17 definitely poised to do so.

18 I am pleased to say that we have
19 officially announced our new brand name and logo. We are
20 Access Health Connecticut, Connecticut's Health Insurance
21 Marketplace, and, in the spirit of marketing, we left a
22 little parting gift for each of our Board members here
23 today just to take back to your office with you.

24 We had both a hard and a soft launch, if

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 you will. In terms of a soft launch, we've been
2 incorporating several elements of the Access Health CT
3 logo into our communications, but, certainly, this week
4 is really the point where we've made a hard launch as it
5 relates to our branding efforts.

6 We have had a very aggressive public
7 relations outreach this week. We've had great coverage,
8 both locally and nationally, through print, television,
9 radio, web assets, and, by our estimations, actually
10 we've gotten more than five and a half million exposures
11 across the state and nationally, so the Access Health CT
12 name is definitely out there in the ecosystem and is
13 being very, very well-received.

14 We are also moving ahead with our next
15 round of healthy chats, as Kevin mentioned. We'll talk
16 about that a little bit more in the presentation. Those
17 are fantastic events that we really enjoy conducting.

18 It's a great opportunity for us not only
19 to get into the communities where we're going to be doing
20 business and let people know what kind of products,
21 services, etcetera are going to be coming their way, but,
22 more importantly, it's really a chance for us to listen
23 and get some great feedback, again, from the very people
24 that we are going to be serving come October, and, so,

POST REPORTING SERVICE
HAMDEN, CT (800) 262-4102

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 we're really excited about being able to do more of those
2 moving ahead.

3 In terms of other things that we'll be
4 working on besides this at this point, we have a very
5 aggressive push in the Navigator and in-person assister
6 area, as that program begins to mature and develop.
7 We'll hear a little bit more from Vicki and from Kate
8 Gervais a little bit later in the presentation, but we've
9 made some very strong strides over the past several
10 weeks, if you will, as it relates to getting MOUs in
11 place.

12 Certainly, the IPA grant, which was
13 approved, is a huge step in that direction. We're
14 starting to recruit for some of the IPA roles that are up
15 and running and even beginning the process of thinking
16 about how we would issue an RFP to begin to recruit those
17 organizations, who might participate in those programs,
18 so a lot of very solid work there, again, which we'll
19 hear a little bit more about in just a few minutes.

20 Next slide? Back one. Thank you. So
21 here is the new name and logo again, Access Health CT,
22 Connecticut's Health Insurance Marketplace.

23 I just wanted to make sure that I
24 underscored for the group here today that this name logo

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 development was done with extensive consumer testing and
2 research.

3 I think, as you've seen in prior
4 presentations that we've put forward, it's rare that we
5 make a move of this size without putting a huge amount of
6 thought into each and every element of our outreach.

7 We literally tested every aspect of this
8 logo, be it the font size, be it the font, itself, be it
9 the color choice, be it the name, the tag line, and we
10 have literally been in front of hundreds and hundreds of
11 consumers across the state, again, in the communities
12 we're hoping to make some of the biggest impact.

13 And, really, the goal of that is to make
14 sure that we have a logo that doesn't just tickle our
15 intellectual fancy, or seem creative in treating, but
16 literally resonates with the people that we need to
17 connect with, and, so, we tested these elements out to
18 really insure that they were appealing and interesting to
19 our end consumer and to make sure that they were
20 welcoming, to make sure that they were representing
21 something fresh and new, and really being emblematic of
22 what it is that we're bringing to the marketplace over
23 the course of this year and, certainly, as we head into
24 open enrollment in October.

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 So we remain very, very confident, very,
2 very comfortable that this new name, new logo, new
3 identity for our organization is going to be a key factor
4 in us being able to really connect with consumers and
5 lead to our successful education and enrollment going
6 into the fourth quarter.

7 Next slide? With that said, we now have
8 this new treatment, and we are diligently working to make
9 sure that we are making it really accessible to a whole
10 host of different types of executions and creative
11 treatments.

12 This element won't just exist on a web
13 page, it won't just exist in some sort of advertisement,
14 but it will be used extensively across several aspects of
15 our business and several aspects of our outreach, and,
16 so, I'm just kind of greasing the skids here to prepare
17 you for an onslaught of usage of the Access Health CT
18 logo moving ahead.

19 Next slide? You will begin to see the
20 Access Health CT logo permeate, again, all aspects of our
21 communications, all aspects of our business operations,
22 to the point where this is probably the last time that
23 you'll see this slide template moving ahead. We'll even
24 be incorporating it there, as well, so very extensive

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 permeation of the whole brand identity across the entire
2 organization, which is really critical to insure that we
3 have a consistent unified front as we engage the
4 marketplace.

5 Next slide? So, in addition to all of
6 these launch activities, you know, I'd be remiss if I
7 didn't call special attention to our brand new Access
8 Health CT web property.

9 I think everybody has been very familiar
10 with the CT.gov/hix website. That property has served us
11 exceedingly well over the past six, seven, eight months,
12 in terms of getting out information to the public, be a
13 convenient point to post documentation, also, to archive
14 content from previous meetings, link to the CTN broadcast
15 that we have, and really just provide a really nice
16 transparent space for individuals of all different
17 stripes to go and get information about the Exchange
18 development.

19 With that said, as we start to toggle and
20 now move into a more consumer centric outreach approach,
21 we did want to acknowledge the fact that we need to
22 provide new and different types of information to our end
23 consumers, those being both individuals, certainly, and
24 small businesses, and, so, some of the features that

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 you'll see on this new site are tools that are really
2 going to resonate with our audience, things like cost
3 calculators, so people can go in and get an idea or an
4 estimate of what they might expect, in terms of premiums,
5 or premium tax credits as they get into October, so
6 getting individuals just a little bit more specific
7 information, so this can start to really resonate with
8 them and, also, provide them with some information on a
9 personal level, as opposed to just broad, you know,
10 policy overviews and things of that nature.

11 I would like to give thanks to our
12 marketing services partner, Pappas Macdinel(phonetic),
13 who did a masterful job of getting this site up and
14 running in a very short amount of time, and I'd also like
15 to make sure I thank both Keisha Stoffer(phonetic) and
16 Danielle Williams on my team, who did an excellent job of
17 reviewing literally tens, if not twenties, if not
18 thirties pages of content, again, in a very, very short
19 amount of time.

20 With that said, I'll also refer to what
21 I'll call our old site, which is the place where all of
22 our previous materials have been archived. Those pages
23 have actually been interwoven into our new site, so there
24 is a seamless connection between the two, and then we

POST REPORTING SERVICE
HAMDEN, CT (800) 262-4102

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 have also done a nice job of rebranding those pages, so
2 they look and feel very similar to the new pages that
3 we've layered on top, and the Bureau of Enterprise System
4 and Technology, BEST, again, did a very nice job in a
5 very short amount of time of accommodating our needs
6 there and making sure that the two sites really linked up
7 very well to now serve a whole host of different
8 constituent needs.

9 Next slide? Just to continue to plug our
10 healthy chats, we do have seven additional healthy chats
11 planned for this year. This is really building on the
12 success of the seven, which we conducted last year in the
13 fourth quarter.

14 Last year, we focused on the top seven
15 cities that contain large numbers of uninsured
16 individuals here in Connecticut, and, with this next
17 series of seven chats, we're actually focusing on the
18 next seven cities, which contain, again, high numbers of
19 individuals that we really hope to engage and get
20 involved with the Exchange moving into the fourth
21 quarter.

22 We did have our kickoff event in Norwich
23 this week. We were very happy to have you there,
24 Lieutenant Governor. And, then, tonight, we will

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 actually be in Willimantic at the Eastconn Capitol
2 Theater at 896 Main Street. Doors open at 5:00. We
3 begin at 5:30, and we have a full 90-minute agenda,
4 consisting of just a brief overview of the ACA, the
5 Exchange, its functionality, but then really getting into
6 the crux of those conversations, which is the Q & A
7 portion, where we get just excellent questions from our
8 audience members regarding a whole host of aspects around
9 health care reform, BACA, and the Exchange, itself.

10 If you do want information on additional
11 events, where they are, the actual locations, maps, you
12 can pre-register. Please go to healthychatct.com for
13 more information.

14 Next slide? So, with that said, that
15 rounds out just the general marketing update. At this
16 point, I will actually transition it back over to Vicki
17 to give us an update on a lot of the excellent progress
18 we've been making, again, in a very short amount of time,
19 on our Navigator and IPA programs.

20 There is a critical piece of work, which
21 has begun in January, regarding a needs assessment
22 overview, and I'll let Vicki and Kate to fill you in on
23 some of those details.

24 MS. MARY FOX: Just before we transition,

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 may I just make a couple of comments, ask a question?
2 Mary Fox. Sorry.

3 The first thing is I'm wondering if we've
4 done a good review of our materials. What we saw today
5 may not be representative, but I'm concerned that we are
6 not as diverse as the communities we're trying to target,
7 so I want to make sure that our collateral, our printed
8 materials, as well as our website, really reflect that,
9 and where are we on language, you know, those kinds of
10 opportunities we can't like add on?

11 I want to make sure we're doing that from
12 a strategic start.

13 MR. MADRAK: It's a great point. If I
14 could just take one second? In terms of the home page
15 and many of the pieces of imagery that will be on our
16 site, there are currently what are referred to as
17 carousels of imagery, meaning we have an array of images,
18 which would come up, to make sure that we are being
19 representative, as opposed to a static individual or
20 group of individuals, which doesn't change over time.

21 That will continue to evolve as we move
22 forward. Again, we consider the version 1.0, but 2.0 and
23 3.0 will very quickly be coming after that.

24 We do want to be sensitive to that fact,

POST REPORTING SERVICE
HAMDEN, CT (800) 262-4102

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 and I know that we've talked about that in prior Board
2 meetings, and we'll definitely be weaving that type of
3 sensitivity into this site, as well.

4 As it relates to the language
5 capabilities, the site will be fully translated into
6 Spanish, and, then, there will also be technological
7 functions, which will allow additional language
8 translations, if need be, as well.

9 MS. FOX: Great. Okay, then, the second
10 follow-up to that is, in the healthy chats, which I think
11 are superb, I think the couple that I've been involved in
12 we had excellent attendance, we had, you know,
13 representation from all our constituencies, and really
14 good questions, good information flow, but I still am
15 concerned that we're not deep in the communities that we
16 have to attract to the Exchange, so maybe going forward
17 we can start thinking about the venues.

18 I was just thinking about where we've
19 been, and, you know, where we could be to kind of get
20 closer to where the people are that we want to
21 disseminate the information in here from, so I don't know
22 how we choose the venues, but college is probably not
23 going to -- a college campus is probably not going to
24 attract people, who have never been on that campus

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 before, so are there places in the community that we
2 could go, churches, or, you know, an elementary school,
3 or something? So just a thought going forward.

4 MR. MADRAK: Thank you. And I think what
5 you've seen over the past series of healthy chats is kind
6 of an array of different locations, as we sort of test
7 and learn, so everything from the Hartford public library
8 here, right here in the Capitol, which actually worked
9 out and was a great location to, in certain instance.

10 Maybe there's a more remote location,
11 depending on the market we're in, but we're taking that
12 feedback very seriously to make our selections moving
13 forward.

14 The other thing I just mentioned there
15 briefly is, you know, these events, as they stand now,
16 these healthy chats, are, you know, done on a certain
17 scale, meaning we have solid advertising to insure we
18 have participation, you know, we have an excellent panel
19 that's assembled, we have collateral, etcetera, and,
20 certainly, at this stage, I think these are the
21 appropriate types of events.

22 Moving forward, I think what you're going
23 to see is a little bit more stripped down series of
24 healthy chats to actually address exactly the point that

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 I think you're raising, Mary, which is, you know, we need
2 to be even more nimble and probably in even more places
3 at a more detailed and granular level to get in front of
4 even more individuals.

5 I think there's absolutely no substitution
6 for an in-person Q & A. It's going to be wildly more
7 effective than any sort of postcard, letter, TV
8 commercial. It's really the best way to get information,
9 and, so, I think what you're going to see is a new series
10 of events branded as healthy chats, but in greater
11 frequency and probably in somewhat smaller scale, so we
12 can start to get deeper into the community, so it's a
13 great point.

14 MR. COUNIHAN: I was just going to say
15 that, Mary, I think your point is really well-taken, and,
16 you know, we are looking to build these, you're going to
17 hear more about this, but this idea of these community
18 champions for us in the areas that have the most -- the
19 highest level of uninsured, so we can be the most
20 effective, but, you know, I think working with a number
21 of the advocates we can probably get a good sense, as to
22 where those locations ought to be, and, so, I think it's
23 a really good point.

24 MR. BREMBY: Just a quick comment. Rod

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 Bremby. Jason, you and your staff are to be commended
2 for standing up a site that is mobile accessible with
3 your release one, not just a repeat of the same PC
4 accessible site, but one that's tailored to mobile
5 access.

6 MR. MADRAK: Thanks.

7 MR. BREMBY: So congratulations. You guys
8 did a great job there.

9 MR. MADRAK: I appreciate that. Thank
10 you.

11 CHAIRPERSON WYMAN: And, Jason, let me
12 also add I happened to be the other night with the group
13 of ministers from all over the state, black ministers
14 from all over the state, and they would like to meet with
15 us, and I wanted to talk to you about that, because they
16 want to help spread the word out to the communities,
17 also.

18 I apologize. I didn't get a chance to
19 talk to you ahead of time about it.

20 MR. COUNIHAN: That's perfect.

21 MR. MADRAK: That's great. Thank you.

22 MS. VELTRI: I would just say that this
23 all dovetails, and it segues -- this is Vicki, again,
24 Vicki Veltri. Segues right into this discussion about

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 the work that OHA is doing in partnership with the
2 Exchange and with Kate Gervais, who is sitting right
3 here, about a needs assessment, because this is the exact
4 issue that needs to be addressed.

5 Where are the uninsured? How do we get to
6 them? How do we present not just the healthy chats, but
7 the in-person discussions that have to take place with
8 consumers about what is the Exchange, what are the
9 coverage options, all that kind of stuff?

10 So OHA has entered an MOU with the
11 Exchange, and we did just get the grant, as Jason said,
12 Friday for the in-person assister, which is welcome news,
13 to conduct the in-person assister and Navigator program
14 for the Exchange, and what that means, I know we've
15 talked about this kind of generally, but for people out
16 there what we envision -- and the Navigator program is a
17 program that's actually required.

18 We have to do that as part of the
19 Affordable Care Act, and the Navigator and the in-person
20 assisters are designed to work in tandem to really get to
21 people, who live in, you know, in non-traditional markets
22 for insurance, or underserved communities, and
23 communities of color, and places, where people may not
24 get on the portal, you know, to enroll, and may not use

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 the call center, but really require that one-to-one kind
2 of assistance with understanding health insurance and the
3 options that might be available to them and facilitation
4 and enrollment.

5 They are designed to be unbiased sources
6 of information, and, in order to execute this program
7 really effectively, we need to be out in the communities
8 and know who our communities are.

9 So the Exchange had provided us with a lot
10 of data about where we think the uninsured are and what
11 the income limits may be, but that is a good amount of
12 information, but not enough.

13 So, in order for us to actually do an RFP
14 to try to recruit people to become in-person assisters
15 and navigators and reach their communities, we need to do
16 -- we needed to go out and find out what the exact needs
17 are in every community where the uninsured reside.

18 And it's important to note that, of the
19 uninsured population in Connecticut, based on the most
20 recent numbers we have, almost a third of them are
21 Medicaid eligible, so we are reaching them about
22 Medicaid, CHIP, the Children's Health Insurance Program,
23 and about the Exchange options, so that is the
24 responsibility.

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 And before I turn it over to Kate, one
2 more thing. This Navigator and IPA program what we're
3 envisioning this as is having regional navigators, so
4 maybe like bigger community-based organizations. It
5 could be a small business organization that will operate
6 in different regions of the state as hubs for information
7 for people in the community, who need to enroll, but,
8 also, these navigators will conduct outreach and
9 education, some training, and it will have some oversight
10 for the in-person assisters that are in that navigator's
11 region, and we expect to have hundreds of in-person
12 assisters working on the ground to help people get
13 covered.

14 With that, I'm going to turn it over to
15 Kate Gervais, who has been helping us and has been
16 conducting a needs assessment for us, and she's going to
17 share some of what she's been finding in her research.

18 MS. KATE GERVAIS: So what we're doing is
19 we're taking the data that has been done by Thompson
20 Reuters, so you look at the data, and you imagine one
21 person, who is in this data, and you match up this person
22 and say where am I going to find this person?

23 I'm going to -- this is not the good one.
24 Not a good one. Okay, got it. So where am I going to

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 find him? I'm going to find him where he gets his hair
2 cut. I'm going to find him where he worships. I'm going
3 to find him where he stops at the bagel shop in the
4 morning and gets his coffee and doughnut.

5 So we're creating these concentric circles
6 around people, who we need to find, and that's where
7 we're going to find people, so exactly what you said,
8 Mary.

9 I mean what we're going to be doing is
10 we're going to be placing these in-person assisters in
11 the community, so that people don't -- they're going to
12 have to trip over the in-person assisters.

13 We have been seeking the support of people
14 in the community in so many different ways I'm calling it
15 plaid, you know? We're going down. We're going across.
16 It's plaid.

17 And, so, we've been talking with all the
18 libraries, because the libraries are getting people
19 anyway, and there are going to be in-person assisters in
20 the libraries. We are talking with boys' and girls'
21 clubs. They're getting the kids. They're getting the
22 parents.

23 These are groups that care about this
24 issue anyway. There are going to be grants, but they're

POST REPORTING SERVICE
HAMDEN, CT (800) 262-4102

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 not doing it for the money. They're doing it, because
2 they want to help their people, and the money makes it
3 possible for them to do that.

4 So the idea is really building community
5 capacity to be able to participate in this opportunity,
6 which is the biggest thing to happen to our communities
7 in a very long time, so there's a macro level.

8 We're looking at -- we're talking to
9 people, who understand how these communities work, all of
10 our communities, so the strategies for the program
11 implementation, how can we implement this IPA, this in-
12 person assister program, so it will really work?

13 We want people to get the RFP and say this
14 makes sense. I could actually apply for this. What is
15 going to prevent people from uptake of this program, and
16 how can we anticipate what problems might be, and make
17 this -- anticipate those problems and make them not be
18 problems?

19 What are some of the key grassroots
20 messages, so Jason is putting some of the messages into
21 some of this pre-work, so he can test them? This really
22 resonates with our family. This doesn't resonate.

23 We have this incredible opportunity to
24 connect these in-person assisters, who are maybe people,

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 who have never really worked in the health care area, but
2 they're working in the community area, and connect them
3 to other community health supports, and, so, we're
4 creating this other kind of strength and community
5 infrastructure.

6 We expect that this will be a way to
7 eliminate, reduce racial and ethnic health disparities,
8 because they happen for reasons, as we all know, other
9 than uninsurance and other than income issues, and the
10 strength of the community is one way to battle those.

11 So there's the macro level, how on the
12 community level can we make this work, and then the micro
13 level. We're going to neighborhoods, we're going to the
14 people we know and you know, third degree contacts,
15 fourth degree contacts, and saying how does your
16 community work? What are your values, and how can we
17 support those values?

18 So we know from the demographics that
19 people -- a bit about people, but tell us more about
20 people, and, so, we're identifying what those are.

21 The next slide? And, so, this is what
22 we're doing. So we started with this concept, that we
23 want to help the community, and we want to identify a way
24 -- we want to get people signed up, but we're going

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 beyond that to how would you like to make your community
2 healthier, and that's sort of the message we're giving
3 out.

4 We started with Waterbury, and I notice
5 Tony Pinto is here. We're working together and finding
6 really -- going very deeply into Waterbury, so we could
7 figure out how to do it really well in other areas.

8 Identifying the channels, accessing the
9 state-based networks, and, Lieutenant Governor, I would
10 really welcome the contact information for those
11 ministers, and then influencers in so many different
12 other ways.

13 What we found is that people are almost
14 completely unaware of the implications of the ACA, and
15 even people involved in health care are not really aware
16 of the IPAs and the Navigators, so we really have a lot
17 of work to do.

18 The organizations that we want to have
19 IPAs in their organizations are not likely to just apply
20 to get them, because they're not the kind of
21 organizations that would -- they're not really
22 traditional organizations that would have these grants,
23 so we need to do so much legwork to encourage them to
24 apply.

POST REPORTING SERVICE
HAMDEN, CT (800) 262-4102

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 This is not the kind of regular RFP, where
2 we have the money, and we know -- if you want it, you
3 have to work hard to get it. There's not a lot of it,
4 and you're going to have to really do a lot of work to
5 help your community, so we're going to really have to
6 work hard to get this money to the right places.

7 In order for this to be successful and
8 find that guy, who is getting that haircut, and we need
9 him to sign up, we have to do the work. We have to do
10 the work to find the people, and that is going to be a
11 lot of work, and it's going to be valuable, but it's
12 going to be really, really hard work to do.

13 MS. VELTRI: So maybe you could just
14 describe to them in a little more detail what happened in
15 Waterbury in your review with Tony, just to describe what
16 you're seeing out there, because what we know is there's
17 dozens and dozens and dozens of languages spoken in the
18 State of Connecticut.

19 We know there are immigrant populations
20 residing alongside non-immigrant populations that are
21 maybe unique needs there, so maybe you could just
22 describe, please, for an example.

23 MR. SCALETTAR: And if you could also
24 include examples of some of the organizations that you

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 just referenced, also, Kate?

2 MS. GERVAIS: Right, so, when we looked at
3 -- Tony, you may want to pipe in. So we looked at the
4 zip codes. We took, specifically, the zip codes that
5 Thompson Reuters put together, and we said, wait a
6 minute, these are not the zip codes of the people that
7 we're used to serving.

8 These are the working poor, so two of the
9 zip codes are -- one was specifically Albanian. I'm
10 looking at Tony to see if he's nodding. They're mostly
11 Albanian, and the other was mostly Orthodox Jewish. Do
12 you want to help me?

13 MR. TONY PINTO: Sure, I'll pipe in. Tony
14 Pinto. I've been assisting Kate in the Waterbury area
15 and around the state with some of the ethnic communities.

16 I think many of you actually know me
17 already from being at these meetings for a very long time
18 now.

19 I'm very familiar with the Waterbury
20 community. I've been involved there in politics. I've
21 been involved in a lot of the community groups, the
22 Chamber and everything, so, in looking at the zip codes,
23 I kind of know what populations live in what part of
24 town, so having someone, like myself, in different towns

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 that understands the demographics really does help,
2 because it simplifies the point of contact.

3 I know the people I can go to to get the
4 contact information to say you need to help me talk to
5 this person, so we can get somebody in their community to
6 be trained and be qualified to help people in their
7 community.

8 It's that type of personal outreach that
9 really is effective, because, in speaking to many of
10 them, first of all, they're not -- very few people are
11 really aware of health care reform, because all they hear
12 about is what's on T.V. and the news, which is how it
13 effects big companies.

14 There's not a lot of discussion about how
15 it effects them personally, and, so, they really don't
16 know what it means, and the reality is it's nine months
17 away. It's not really on a lot of these organizations'
18 horizons.

19 They're a lot more worried about paying
20 their bills, about, you know, helping people today with
21 their immediate needs, so it is kind of -- it takes a
22 little effort to say, look, you may not have helped them
23 with health care before, but here's an opportunity to get
24 someone in your community to be trained to be able to

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 help people in your own community, where you don't have
2 to go to someone outside your community, like myself.

3 You can rely on someone that you already
4 know, someone that already helps you with other programs.

5 MS. GERVAIS: We came across an issue,
6 just as another example, where we were trying to figure
7 out how to do the RFP, and we came across an example,
8 where there's a church, and we said, okay, you can apply
9 for a grant, and you have a total of about \$30 an hour to
10 pay people, and the church said, well, we don't pay
11 people. We have volunteers. Can we still do the
12 program?

13 So we would have done the RFP, where you
14 have to pay people, and then we would have had all these
15 churches, who can't pay people, because then they'd be
16 messing up their whole internal system.

17 So you have all these, you know, the
18 Orthodox community. You can't have a male IPA talking to
19 the woman of the house, who purchased the insurance,
20 because that would be against protocol, so you have to
21 know the community and understand who actually lives
22 there to be able to do this properly, so we now have
23 contacts in practically all the 12 communities we're
24 working in, who deeply know those communities and can

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 say, on this block, people are from the Dominican
2 Republic, they, you know, immigrated at this point in
3 time, this is what is important to them, this is a church
4 where people go, so those kinds of deep details, where
5 you know what is important to people, you know how --
6 where people go, what they hold dear.

7 That is what we learned in Waterbury, and
8 how we can use those things both to build the kind of
9 community advocates that are going to work for the long-
10 term, but, also, to build that kind of pride that allows
11 a neighborhood to say we don't want our neighborhood to
12 be unhealthy, and maybe would create the kind of
13 environment, where primary prevention would be important
14 to people.

15 COURT REPORTER: One moment, please.

16 MS. ANNE MELISSA DOWLING: Anne Melissa
17 Dowling. First of all, I'm really encouraged by how
18 thoughtful this is. The question I have is what is your
19 process for certification?

20 Is there going to be one, so that there's
21 consistency, so that the reputation of the Exchange is
22 protected, all of that? Could you spend a little time on
23 that?

24 MS. VELTRI: Yeah, so, actually, we do

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 have to go through. Everyone has to go through training
2 and certification, IPAs and Navigators.

3 We're in the process of just beginning to,
4 and we're going to have a meeting after this meeting to
5 talk in more detail about that, to design the training,
6 alongside of designing the RFP. Because of the time
7 frame, everything has to move kind of in parallel, but
8 there are certain requirements that everybody must meet
9 as a requirement of the ACA for the Navigators.

10 The IPA training will be designed very
11 similarly to that, and everyone will be trained and
12 certified, and the reason this tool is incredibly
13 valuable is the training may have to be altered to fit
14 the needs of the IPAs that we want to recruit, so that
15 we're training them properly to reach the communities.

16 And I could think of things like varying
17 languages, you know, there's different kinds of tools you
18 might use to reach people in certain areas, so we might
19 train somebody differently to reach people in Waterbury,
20 then we might train them for New London, so there's a lot
21 of detail, variations in the detail, but the overall
22 training and certification programs will be designed and
23 vetted.

24 They have to be vetted, and we will vet

POST REPORTING SERVICE
HAMDEN, CT (800) 262-4102

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 them through the Exchange to make sure that everybody is
2 on board with it.

3 The other thing I just wanted to add is we
4 think, to Ben's point earlier, this will be a way for us
5 to build long-term consumer engagement and community
6 engagement in health care beyond just the Exchange, I
7 think, and in Medicaid and in our programs that the state
8 has around health care, but, also, it could allow us to
9 collect the kind of information that Ben was alluding to
10 earlier, about barriers people face in accessing health
11 care, including affordability.

12 That could be helpful in determining
13 public policy going forward, so it's such an important
14 project. Go ahead.

15 MR. BARNES: Yeah, this is Ben Barnes.
16 Have you made any connections or is there any effort to
17 coordinate activities with organizations that are
18 involved with signing people up for the earned income tax
19 credit and volunteer income tax assistance and other
20 things?

21 I know that the tax credit nature, the
22 implications for people's tax liabilities are -- I don't
23 even understand exactly how that's going to work, but I
24 think that they're related, and I suspect that that may

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 be -- you may have comments of target groups that you're
2 looking for with those groups.

3 MS. GERVAIS: Yeah, we have. We've been
4 talking with the Connecticut Association of Human
5 Services and some of the other sites that have been
6 coordinating, the VEETA(phonetic) program and, also,
7 SNAP, so, yeah, it seems to be a really natural
8 connection to those, and, also, with the EBO program, the
9 Earned Benefits Online, yeah, it makes a lot of sense, so
10 we're trying to figure out how to do that.

11 MR. BREMBY: Rod Bremby. This is a
12 follow-up to Ben's question. How about the Community
13 Action Agencies represented infrastructure across the
14 state?

15 MS. GERVAIS: Yes, we are trying to figure
16 out the best connection to the Community Action Agencies.

17 MR. BREMBY: So not yet, but we can help?

18 MS. GERVAIS: Yes, definitely.

19 MR. BARNES: And they administer the low-
20 income heating program, which is probably less active
21 today, because that tends to be, you know, a different
22 time of year, but that's certainly something you should
23 try to piggyback on.

24 I mean there is a time of year, when

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 thousands of people come through the doors of Community
2 Action Agencies looking for heating assistance. Many of
3 them are probably overlapping with the uninsured.

4 MS. GERVAIS: Right.

5 MS. VELTRI: Very good points. Anymore
6 questions? Okay, thank you, Kate. So the next item on
7 the agenda is finance update, so, Steve Sigal, the CFO,
8 will give us an update.

9 MR. STEVE SIGAL: Thank you, Vicki. Steve
10 Sigal from the Exchange. I thought I would take the
11 opportunity to share with the Board what the finance
12 group has been working on relative to setting up all the
13 different processes and procedures that we need to have
14 to have an operating Exchange.

15 What you see on the slide right now is a
16 list of things that we worked on since the last Board
17 meeting, and they will represent a disparate kind of
18 variety of things, but they're all things that finance
19 has been participating with other departments of Access
20 Health to bring about.

21 So, first, is the employee benefit plans.
22 We talked about it at the last meeting, that we were
23 going to procure vision, life, AD&D and disability, and
24 we have worked with H.R. to evaluate those options, and

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 we're targeting March 1st for an enrollment process into
2 those plans, so that was, you know, a very good process
3 that we went through, and we found the right carriers to
4 provide those insurances.

5 We also filed the first Exchange progress
6 report with CCIIO, as the grantee under the Exchange. It
7 was a very active process for us to bring that about and
8 do all the technology stuff that you have to do to put it
9 in all these different internet receptacles that the
10 government has, and we had to work with all the
11 departments, because it's a progress report about
12 everything that's going on at the Exchange.

13 Relative to business insurance, which is
14 our property, liability, worker's comp, privacy, cyber,
15 director and officers' errors and omissions, we have
16 upcoming renewals coming in March and April, and we took
17 the opportunity to review the whole program with a
18 consultant that we hired, and we decided to also appoint
19 a different broker of record.

20 We chose Lockton and Company, which is a
21 national company, but they have an office in Farmington,
22 Connecticut, and we felt, with all the emerging risks and
23 the newness of the Exchange, we needed their experience
24 and expertise, and, so, we chose them, and we're very

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 happy with them so far.

2 It's actually on a fee basis, rather than
3 a commission basis, because it will create a much closer
4 working relationship with the broker.

5 With respect to finance processes, I think
6 the Board realized that we were undergoing our first
7 audit. We hired the firm of Whittlesey & Hadley to do
8 the audit. It's the audit that's required by the state
9 government, as well as the federal single audit, and it's
10 wrapping up soon, and we'll be presenting the audit
11 report most likely at the March Board meeting.

12 In addition, we also engaged a consultant
13 to help us look at different revenue options for going
14 forward in the Exchange relative to sustainability, and
15 we're looking at a variety of different opportunities to
16 do that.

17 I think Kevin's mention of other states
18 wanting to partnership with us on the Exchange activities
19 is also a good opportunity for that.

20 Our goal is to be as affordable as we
21 possibly can be, and we'll be presenting some output of
22 that review at the March Board meeting.

23 In addition, we are getting our rhythm
24 down relative to being the grantee and accessing grant

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 funds to pay our bills. We talked about at the last
2 meeting how we repaid the short-term borrowing that we
3 took from the State.

4 The drawdown process is dare I say unique.
5 We have to spend the money we drawdown within three days.
6 It's not ideal for a startup organization, but we're
7 getting our rhythm and processes down to do that, and
8 we've caught up with all our invoices, so all our vendors
9 in the audience should be very happy.

10 Also, the fact that we have the funds now
11 creates the need to setup a pretty I'd say a little bit
12 complex flow of funds between the Department of Social
13 Services and the Bureau of Enterprise Systems and
14 Technology, BEST, because we have money that's got to be,
15 you know, billed and moved between the different
16 organizations, so we're in the process of setting up
17 those processes to have those funds move around, and I
18 want to just thank Commissioner Bremby and the BEST
19 organization for their help in getting this done.

20 Lastly, we've also been working on some
21 financial metrics, and, so, what we have up here is a
22 I'll call it a sample of one of the metric documents
23 we're working on.

24 This one is a design, development and

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 implementation dashboard, and what it relates to is
2 basically the building of the Exchange, the project that
3 we're undertaking to build the Exchange, the integrated
4 eligibility, so, on the left side of the chart, you see
5 the total DDI project cost relating to KPMG and Deloitte.

6 This is over the life of the entire build,
7 so it will span into, you know, beyond our fiscal year,
8 into fiscal '14, as well.

9 In the middle, what you see is the amounts
10 that have actually been budgeted for this fiscal year
11 through June 30th, and you can see the different amounts
12 that we budgeted for Deloitte, which in the middle is
13 displayed as implementation, development and design.

14 And, then, in the bottom, you can see what
15 remains as of February 2013 to spend, so we have, you
16 know, quite a bit of money that we've expended so far.

17 You'll recall that we only got money to
18 pay for this stuff in January, so there's a bit of a
19 catch-up going on here.

20 And really what this is depicting is what
21 our earn rate is, so if you look over on the far right,
22 you can see the flow of expenditures for hardware and
23 software costs, which, as you might expect, we've spent
24 72 percent of the money that we have, because that's the

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 first thing we have to get into place, is all the
2 hardware and software that we're going to need for that,
3 and then the bottom chart you can see the design and
4 development cost, and you can see that, you know, we're
5 almost through the design phase, and we've also used up
6 22 percent of the amount we budgeted for that, and we're
7 well into beginning the development phase as the design
8 is wrapping up, and we spent 10 percent of that fund.

9 This is an important view from our
10 standpoint, because, as we engage with the three or four
11 agencies, federal agencies that Peter talked about, they
12 were concerned about our earn rate, because they view
13 that as, well, if you're using up the funds, you're
14 getting the work done, so that's the view we chose to use
15 here.

16 We're going to try to develop other
17 dashboards like this for other parts of our expenditures,
18 as well, but of particular interest right now is the
19 progress that we're making on the design, development and
20 implementation.

21 With that, I would be happy to answer any
22 questions.

23 CHAIRPERSON WYMAN: Bob Tessier, you have
24 a question?

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 MR. TESSIER: Thank you. Thank you,
2 Steve, for that presentation. Just a quick question on
3 this slide.

4 MR. SIGAL: Yup.

5 MR. TESSIER: Is it the same as was
6 included in our binders?

7 MR. SIGAL: It is. In the July budget,
8 the fiscal year budget that we passed?

9 MR. TESSIER: No. My question is is that
10 the same slide as we received in our binders?

11 MR. SIGAL: Oh, no.

12 MR. TESSIER: This is updated?

13 MR. SIGAL: This is the updated one.

14 MR. TESSIER: Okay.

15 MR. SIGAL: The one that was in your
16 binders had a few little glitches in it.

17 MR. TESSIER: I thought so, too. Thank
18 you. Can you -- first of all, I guess can you send that
19 to us, so that we have the updated one?

20 MR. SIGAL: Sure.

21 MR. TESSIER: Because we can't read what's
22 in there, obviously.

23 MR. SIGAL: Yeah, absolutely.

24 MR. TESSIER: And can you tell us --

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 actually, a couple of quick questions. I don't know what
2 our fiscal year is. Is it the State's fiscal year, or is
3 it the calendar year?

4 MR. SIGAL: Yeah, it's July.

5 MR. TESSIER: It's July.

6 MR. SIGAL: July to June, right.

7 MR. TESSIER: And the remaining budget,
8 can you give us totals on that? The slide that was in
9 the binders has the total for the initial, but not for
10 the remaining.

11 MR. SIGAL: Yeah, it's up there. It's 33
12 million.

13 MR. TESSIER: Okay.

14 MR. SIGAL: .3. I'll send the Board a new
15 slide.

16 MR. TESSIER: Thank you.

17 MR. SIGAL: Yup.

18 CHAIRPERSON WYMAN: Any other questions?
19 Bob Scalettar?

20 MR. SCALETTAR: Two quick questions. The
21 Exchange performance progress report, is this the same
22 thing that was way back when a quarterly report, that
23 CCIIO, then, sort of went to a friendlier semi-annual
24 report, and, if it is one in the same, do we imagine

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 posting it on the website at some point?

2 MR. SIGAL: It is the same as the
3 quarterly report. They changed it to semi-annual. I
4 would assume we could post it. It actually lives in
5 something called the online data collection system, and
6 it's not very easy to read, but we have a consolidated,
7 you know, kind of a PDF we could put out there. Sure.

8 MR. SCALETTAR: And, secondly, do we have
9 any insight, as to whether our awarded funds are in any
10 way at risk with sequestration, or is that a going
11 forward thing?

12 MR. SIGAL: They are not at risk. They've
13 been, you know, put aside, and they're not at risk. I
14 think what Kevin was referring to is, you know, some of
15 the agency budgets are at risk, and we are concerned that
16 we might lose some of our CMS partners that we have.

17 MR. SCALETTAR: Thank you.

18 CHAIRPERSON WYMAN: Mary?

19 MS. FOX: Mary Fox. Steve, you mentioned
20 the sustainability modeling for revenue. Is that, first
21 of all, can we expect to see that on a definitive date,
22 and, also, will we be able to look at financial models
23 that are all inclusive for sustainability, so not just
24 the revenue, you know, how we may, you know, charge a fee

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 or whatever, but, also, looking at things like we just
2 talked about, where, you know, money may be coming out of
3 the system for one program and moving over to us, or we
4 may save costs in one part of the state that may
5 influence our sustainability model?

6 Are we going to look at a holistic
7 financial model?

8 MR. SIGAL: We intend it to be a holistic
9 financial model. I would just say that it will be -- it
10 will contain what we know, and, you know, obviously,
11 there will be other things that come up along the way, so
12 I view it as something that would be somewhat iterative
13 over time, but, in order to, you know, make the deadline
14 that we need to for the qualified health plan filings, we
15 need to give them some idea of what kind of costs we're
16 going to pass onto them relative to the operation of the
17 Exchange.

18 The presentation in March will hopefully
19 answer all those questions.

20 MS. FOX: Okay. I'm imagining that, as we
21 go forward and we try to resolve the programs, that, you
22 know, we have heard about consistently around
23 affordability, that if we can do some modeling around,
24 you know, cost savings, or ways to impact premium, that,

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 you know, it would be extremely helpful to have some
2 finance resources maybe working with the Strategy
3 Committee to figure out what our options might look like
4 scenario-wise.

5 MR. SIGAL: Yeah.

6 MS. FOX: I know. I'm dreaming, right?

7 MR. SIGAL: The premiums that the plans
8 charge we really have no control over, and even if we
9 were to suggest ways of cost savings, you know, whether
10 or not they will have an uptake of those is hard to
11 control, as well.

12 What we're looking at is trying to have
13 the Exchange have as little impact as possible on the
14 charges that are going to be put out by the qualified
15 health plans, the carriers.

16 MS. VELTRI: This issue may segue quite
17 well into the next topic on our agenda, which is an
18 update on the Strategy Committee's work. It seems to me
19 to be something that the Strategy Committee may want to
20 take a crack at. Bob and Mary or Mary?

21 MS. FOX: So it will be a somewhat brief
22 report. We met again in January, and one of the things
23 we accomplished was establishing a co-Chair nominating
24 and electing Dr. Robert Scalettar to help out with this

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 initiative.

2 What we've done is, at the first meeting,
3 we talked to a visitor, who came to talk to us about a
4 physician hospital association and what their strategy is
5 to set up coordinated care and some of the innovations in
6 delivery of health care that may impact things like
7 quality and cost, so it was extremely informative for the
8 Strategy Committee.

9 These are public meetings, and our intent
10 is to educate ourselves as a Committee, be able to share
11 that with the Board, as well as get a considerable amount
12 of input from our constituents, so we have talked about
13 the healthy chats. That's a really fertile ground for us
14 on the Board and the committee members to hear directly
15 from.

16 At the last one, we heard from employers,
17 small business employers, employees, individuals,
18 providers, you know, both doctors and hospital folks,
19 and, clearly, the consumer groups are well-represented
20 there.

21 So we've had a lot of really good ideas
22 coming through, and certainly are starting to hear what
23 the common themes are, and consider those as options for
24 priorities for the Strategy Committee to really work on.

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 What we're really looking for are not just
2 descriptions of the problem, because we are hearing that
3 and I think are getting a good handle on things, like
4 affordability and access and certainly, you know,
5 sustainability, but we're really looking for where are
6 the innovative solutions that maybe we can leverage, so
7 the Health Care Cabinet is another really valuable
8 resource.

9 We've invited certain folks, who have
10 served as leaders on that Cabinet, to come and talk to us
11 about the very important work that they've done in the
12 past to see where we can leverage that on the Exchange.

13 And, particularly, when you hear about the
14 impact on the very low-income folks, you know, we need to
15 really hear from a variety of people about ways that we
16 can begin to address that.

17 We know what the problem is, but we
18 haven't got at our disposal at this moment what the real
19 innovative solutions might be.

20 We're beginning to hear from different
21 folks on that, and we're going to work with the Committee
22 and bring back to the Board some ideas for priority
23 focus.

24 Bob, you can probably add to some of that

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 from your brief tenure.

2 MR. SCALETTAR: That's what we're trying
3 to accomplish, and hope that we get active participation
4 from both leaders from the Cabinet, from the delivery
5 system, the payers, the provider groups and the public.

6 MS. VELTRI: Can I just ask a question,
7 following up on this, is, and maybe I should have asked
8 this earlier, but with the healthy chats that we've been
9 doing, and we've been hearing such a variety of
10 questions, and maybe I missed this, but is there
11 something on the site where we can like catalogue or
12 something, an FAQ, so that we have that for people?

13 MR. MADRAK: Yeah. We've been cataloguing
14 all the questions that we have received so far and, also,
15 putting together responses to that, and, again, I think
16 that's not only helpful for us, so we have them
17 documented, but I think we also owe it to the attendees
18 to make sure we get back to them with those responses.

19 MS. VELTRI: Right, and I think it would
20 be helpful for the Navigator program, as well, so that we
21 have those answers and we're all speaking with the same,
22 you know, language.

23 MS. FOX: We do have -- I mean these are
24 public meetings. The agenda is published on the website

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 and the minutes of the meeting, so if people want to know
2 what's going on at a more detailed level, Amy has done a
3 wonderful job of capturing the conversations, but, for
4 instance, today, at 2:00 in this very room, the Strategy
5 Committee will be meeting.

6 We will be talking today about the payer
7 claims database, really, really rich information, data
8 that will be coming from that capability, and talking
9 about what are some of the ways we can think about really
10 understanding as we introduce the, you know, the Exchange
11 what is it that we will learn over the course of that
12 first year? How can we use that data and information to
13 improve, you know, access to health care over time?

14 And the other topic today is on the SIMS
15 update, right? So those are things that are extremely
16 relevant to the work of the Exchange, but it's also I
17 think important for the Board, the staff and the public
18 to really understand some of their really tough issues at
19 a level of detail that we don't necessarily have at the
20 Board meeting. We don't have the time or the
21 inclination.

22 MS. VELTRI: Any questions? Okay, so, we
23 have -- we're scheduled until noon, and we still have two
24 items. The first is Peter is going to give us an update

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 on the Standardized Plan Design recommendations, and
2 we'll start with him, and then we still have a
3 presentation from the Insurance Department that we want
4 to get to. There is a vote that's associated with the
5 Standardized Plan Design.

6 MR. VAN LOON: Thank you. Just to
7 reiterate our standard plan designs, remember that, in
8 November, the Board approved a QHP, which basically
9 tasked us with developing standard plan designs for each
10 of the metal tiers, the idea that that would provide
11 consumers the opportunity to compare and contrast, based
12 on price, quality and network, as opposed to just the
13 benefits.

14 We convened in late December a subset of
15 all the Advisory Committees into a joint team that we
16 worked fairly diligently through January, and we brought
17 to the Board the core benefit designs and were approved
18 in January. We did not approve either the out-of-network
19 benefits or the dental.

20 We've been working in February with the
21 same team to come back to fill those gaps. In the Board
22 package, we put forth three opportunities, the out-of-
23 network benefits, dental and some changes to our other
24 benefits.

POST REPORTING SERVICE
HAMDEN, CT (800) 262-4102

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 I pulled this week the dental and the
2 other benefits, because, as we were reviewing it, Julie
3 pointed out some things to me that said we don't have it
4 as robust an offering, and, as hard a decision as we
5 think either the Advisory Committees or the Board desires
6 or requires, so I pulled it off. We're going to go back
7 and revisit that for the next Board meeting, but we did
8 get through the out-of-network benefits.

9 As we looked at this, I originally and
10 Grant and I approached it, well, gee, out-of-network, you
11 know, we want to make certain that we follow a protocol
12 that you see in the marketplace, is you want to force
13 people to use the in-network, so, as we develop that and
14 we took it to the team, I'd be remiss in saying that the
15 team used this as an opportunity to reiterate the need
16 for our in-network standards to be adequate, the concern
17 being that, if the in-network standards are not adequate,
18 we would be forcing people to the heavy financial cost of
19 out-of-network.

20 There's particular attention paid about
21 not just the general adequacy standards, but particularly
22 about what we need to do for adequacy, in terms of
23 essential community providers, the percentage that we
24 need to meet of those, and the percentage we need to meet

POST REPORTING SERVICE
HAMDEN, CT (800) 262-4102

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 of federally-qualified health centers.

2 So we got through that, and we looked at
3 the out-of-network benefits for the bronze, silver, gold
4 and platinum, and, for the bronze and silver, we settled
5 on deductibles that were twice what was the in-network
6 deductible.

7 The gold and platinum, because of the
8 actuarial value, those being high, that the in-network
9 deductibles were fairly low, so we went to numbers of
10 3,000 and 2,000, with the idea of keeping people focused
11 on the in-network benefits.

12 The co-insurance for the different tiers,
13 50, 60, 70 and 80, for bronze, silver, gold and platinum.
14 For the max out-of-pocket on the network's, excuse me,
15 the out-of-network is on the bronze and silver. We
16 doubled the max out-of-pocket that was in the in-network,
17 and, for the gold and platinum, we doubled the
18 deductible.

19 Again, the goal here was to insure that
20 people were incented to use the network, and there was a
21 lot of discussion on the team to insure that we maintain
22 those in-network standards, as the Board has directed,
23 but we agreed on these.

24 There was some concern, also, about, well,

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 gee, what about emergencies and out-of-network for things
2 that are not covered in-network.

3 Julie, please correct me, and Virginia, if
4 I get it wrong, but the concept is is that if you're an
5 emergency out-of-network, you're basically to the same as
6 the in-network emergencies, and, then, to the extent
7 anything is not covered in-network and you have to go
8 out-of-network, it will be paid for as if it was in.

9 Is there anything more I should give
10 there, Virginia?

11 MS. VIRGINIA LAMB: I think the other
12 thing I would add is that this is a commercial product,
13 and the carriers will be bringing their commercial
14 network to the Exchange and supplementing that with the
15 essential community providers, so it should be a more
16 robust network that some of the individuals, who have not
17 had insurance before, had access to, thereby making it
18 easier to stay in-network.

19 And, as Peter said, if it's a medically-
20 necessary service, not contracted for in-network, then
21 the provider, then the carrier would be paying for it at
22 the in-network rate.

23 MR. VAN LOON: Thank you, Virginia.

24 MS. VELTRI: You're saying if it's a

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 service that's covered under the plan anyway, though. It
2 still has to be a service that's covered by the plan. I
3 just want to make sure that people understand that. It
4 still has to be offered as a service under your plan
5 design.

6 MS. LAMB: And the person has to require
7 it.

8 MR. VAN LOON: Just as we went through
9 this and through the discussions, we worked with the
10 joint team, and this is the recommendation of the team.
11 We're taking it verbatim. The staff and the team is in
12 total agreement.

13 I also had an hour-long meeting with the
14 various Advisory Committees last night, explaining just
15 what we've been doing for the last month, but, if there
16 are questions, we'd like to answer them, but we'd like to
17 get the Board to vote to approve this as the out-of-
18 network benefit.

19 MS. VELTRI: If I could just add? I know
20 we have a couple of members from our consumer team that
21 is involved in this bigger team, and, to my mind, it
22 seems like it's been a very good consensus process.

23 Nobody is getting everything that they
24 would ideally want, and I know affordability remains an

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 issue, but it's good to see the consensus that's coming
2 out of the team structure going forward.

3 I guess I would urge, in going back and
4 looking at the dental, that I know that the consumer,
5 some of the consumer committee members have a concern
6 about the affordability, when you add dental on top of,
7 you know, so, again, it has been a pretty good model of
8 consensus building, so I want to commend that part of it.

9 MR. VAN LOON: Well before we -- let's
10 just say that we're not done yet. As we move forward, we
11 had hoped to have our standard benefits done by this
12 Board meeting.

13 With the emergent rules from the feds of
14 yesterday afternoon, as I said, we are going to have to
15 go back and look at that and see what, if anything, we
16 have to amend.

17 So the team we're going to keep them
18 together for a while yet.

19 MS. VELTRI: They've been given a lot of
20 time, so it's pretty incredible. Grant?

21 MR. GRANT RITTER: Could I ask? This is
22 Grant Ritter. Could I ask Virginia a little bit more
23 about what she said, about a commercial network?

24 It's my understanding that, you know,

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 there is going to be an alternative non-standard plans
2 offered on the Exchange, and one of the ways those will
3 present themselves will be with narrow networks, so, when
4 you say it's a commercial network, that's a rather broad
5 term, because both the standard and the non-standard
6 plans will have networks, and they'll be of different
7 sizes.

8 Is there any assurance that we have that
9 the standard plan, which will be the richer network plan,
10 will have networks as broad as their other, you know,
11 commercial products, in other words, or would even the
12 standard plans offered on the Exchange have what some
13 might describe as too narrow a network?

14 What guarantees do we have that they will
15 stay broad?

16 MS. GERVAIS: Well I think the guarantee
17 that we have is the plans today in Connecticut have NCQA
18 accreditation, and they're actually presenting that
19 accreditation and doing an add-on survey from that
20 network, so it is our understanding that while it may not
21 be exactly identical down to every physician, it will be
22 very similar, okay?

23 So they're going off their current NCQA
24 accreditation with an add-on survey, and, as part of the

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 NCQA, physicians are credentialed on those plans, so a
2 substantial deviation from that would not be consistent
3 with their current accreditation.

4 MR. RITTER: Thank you. That's somewhat
5 reassuring. Another question is we've seen that the
6 physicians' willingness to be on the Exchange network
7 would be somewhat contingent on the rates, so this sort
8 of gets tied up with rates, and, therefore, a question I
9 would have is, as we go through seeing those rates, do we
10 have a feeling that the rates are going to be the same as
11 they pay on the non-Exchange plans, or are they going to
12 try to lower the rates to the physicians, so the
13 physician sees, oh, you're an Exchange patient, so we pay
14 you this? You're not an Exchange patient, we pay you
15 more.

16 That would really stifle the physicians'
17 willingness or the providers' willingness to be within
18 the network.

19 MS. GERVAIS: There is, in fact, some
20 concern today, that some of the providers are trying to
21 offer less for the Exchange payments.

22 MR. RITTER: You mean the carriers?

23 MS. GERVAIS: I mean carriers. Excuse me.
24 To the providers. Yes. There's concern, so there

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 obviously will have to be conversations about that.

2 MR. RITTER: Great. Okay, thank you,
3 again.

4 MS. VELTRI: Any other questions? Okay,
5 so, and I guess I would just add, again, the concern that
6 was raised, about the monitoring of the networks, is one
7 that I think, you know, we really have to have robust
8 monitoring to make sure those networks are adequate if
9 we're going to double costs on the out-of-network side,
10 because, if you put that together with the affordability
11 concerns, it really would create concerns on the consumer
12 side, I think.

13 That said, I am going to ask for a motion
14 to approve, as presented by the staff, the out-of-network
15 benefits for each of the four middle tiers the standard
16 plan design.

17 MR. RITTER: Grant Ritter. I so move.

18 MS. VELTRI: Is there a second? Bob
19 Scalettar seconded. All in favor?

20 VOICES: Aye.

21 MS. VELTRI: Any opposed? Motion carries.
22 Okay, so, our next presentation, thank you for waiting,
23 Mary Ellen and Paul. I know you've been sitting there a
24 long time, but we have a presentation now from the

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 Insurance Department on the Insurance Department rate
2 review process. I don't know if Anne Melissa wants to
3 start it.

4 MS. DOWLING: I do. Where would you like
5 them to sit?

6 MS. VELTRI: Sure. Come on up. Come on
7 up here.

8 MS. DOWLING: I'm Anne Melissa Dowling,
9 Deputy Commissioner of Insurance, and thank you for
10 inviting us here to present the Connecticut Insurance
11 Department's health insurance rate review process.

12 There's been a lot of confusion on this,
13 so one of the things we're most proud of is the
14 transparency of the Department, and, so, this is another
15 effort on our part to make sure you know exactly how
16 these rate reviews are performed.

17 Many of you know, but I am joined by Mary
18 Ellen Breault, who is the Director of Life and Health
19 Division for the Department, and Paul Lombardo, who is
20 the actuary, who conducts the rate reviews.

21 A couple of thoughts, and then I'll turn
22 it over to the two of them. As you have been seeing for
23 the past two years, one of our goals is transparency.
24 All of the rate reviews are posted on our website, from

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 the initial filing to any correspondence between the
2 company, the public and the Department, right from the
3 initial request to the final disposition.

4 Additionally, anybody out there in the
5 community can sign up for e-mail e-alerts to be made
6 aware of any filings, and then follow them through to
7 disposition, so you don't have to come to the website and
8 search if you sign yourself up.

9 Today, we'd like to share with you how
10 rate reviews are conducted, though, to further enhance
11 this transparency from your Insurance Department.

12 One of the things you may not be aware of,
13 though, is that Connecticut was designated as an
14 effective rate reviewer several years ago by HHS.

15 This is in a context that many, many other
16 states did not have regulatory authority to do rate
17 reviews. In fact, and I think that's where the 10
18 percent rule came, all of that, because something had to
19 be done for things to be reviewed in very large states,
20 who didn't have the authority to do what we've done, you
21 know, routinely for years.

22 We review every single rate review that's
23 -- rate proposal that's out there, whether it's a
24 negative, a price declamation, zero, or something below

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 10 percent, as well as the obvious, those that are well
2 above.

3 One point I want to make and then turn
4 this over is that we don't start from the rate proposal.
5 We start from the bottom up, so every time there's a rate
6 proposal sent into the Department, Paul and Mary Ellen
7 look at all the components and build up to the rate
8 rather than taking the rate and trying to defend it, so
9 it really is a very fair check and balance, and you'll
10 see how that goes in a moment.

11 We've also included in your package not
12 only the slides, but a listing of the last couple of
13 years' history of rate action requests and their
14 dispositions. This is all up on the website, as well,
15 but it's just for your easy look to see what's been going
16 on out there.

17 So no matter -- and the last sort of myth
18 that's out there is that, no matter what a company says
19 going into 2014, the impact that the packet is going to
20 have on its rates.

21 It can say anything, but Mary Ellen and
22 Paul and the team are going to start from the bottom and
23 figure out what is right, based on their experience,
24 their demographics, all of that, without regard to

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 whatever noise is out there in the marketplace, and I
2 think you'll see that when we get underway.

3 With that, I'd like to turn it over to the
4 two of you.

5 MR. PAUL LOMBARDO: Thank you. I'd like
6 to first thank the Board for allowing us to present the
7 rate review process that's performed at the Insurance
8 Department when health care rate filings are made with
9 the Department.

10 I just want to identify first that it's
11 not an exact science. There's a lot of assumptions that
12 go into making up a rate. There's a lot of details that
13 are left out of this that we go through. There's model
14 building that's involved.

15 We're giving you a high-level review of
16 the rate filing process, and, as the Deputy Commissioner
17 identified, you can see the exact rate filings in a more
18 thorough disposition and analysis of the rate filings on
19 our website available 24/7, and they are real time
20 filings, so as the filings come in, they're loaded, and
21 we'll go through a couple of the pictures of our website,
22 as you can access the rate filings.

23 The first slide identifies, and I'm not
24 going to go through every single rate filing requirement,

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 it is a very detailed list of requirements. It includes
2 the experience that the carriers have had in the past.
3 We look at as many years as is available to us.

4 We're looking at claims and premium.
5 We're looking at medical loss ratios, which I think by
6 now most of you are probably very familiar with.

7 We're also looking at the data, the raw
8 claims data. We're looking at unit cost information for
9 previous years. We're looking at utilization of services
10 for previous years.

11 They come in broad service categories,
12 inpatient, outpatient, professional, prescription drug,
13 those types of things. We're looking for trend in both
14 utilization and unit cost.

15 These are the elements that are used to
16 build up the rates, and we'll go into a little bit more
17 detail of that.

18 The next slide?

19 COURT REPORTER: One moment, please.

20 MR. LOMBARDO: The next slide is just a
21 continuation of our requirements. These include the cost
22 of any new mandates, whether they're federal or state
23 mandates.

24 We're looking at, and this will become

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 extremely apparent to everybody for 1/1/2014, we're going
2 to be looking at the PPAC components and any pricing
3 changes that are required, and we'll go through those a
4 little bit later in the presentation.

5 There are carriers, the current capital
6 and surplus, that is required as part of the federal rate
7 review, effective rate review process, that the Deputy
8 Commissioner alluded to before.

9 We also review the retention charge. I
10 know there's a lot of mystery behind retention charges.
11 I'll quickly go through what a dollar premium is. A
12 dollar premium is made up of the amount that is spent on
13 benefits, which we commonly refer to as the medical
14 piece, or the medical loss ratio. The other piece of
15 that is the retention or the expense component.

16 I think everyone is probably also aware of
17 the requirements that individual and small group meet at
18 80 percent medical loss ratio, and large group meets at
19 85 percent loss ratio.

20 That, in essence, means that of every
21 dollar in the individual and small group market that is
22 being charged 80 percent of that, or 80 cents on every
23 dollar, needs to be returned to the individual in the
24 form of benefits.

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 The other 20 cents is for administrative
2 expenses, and we'll go into a little bit more detail of
3 what those administrative expenses include.

4 Next slide? Just went through the 80 and
5 the 85 percent, so we'll go through to the transparency.
6 The next slide, please? As we mentioned before, the
7 entire filing is posted on our website in real time. We
8 get the filing in, we do some behind-the-scenes work, it
9 is posted the next day on our website.

10 Any communication between the Department
11 and the carriers is posted on a real-time basis, as well.
12 We also have an executive summary that is very easy to
13 read. It summarizes the requested amount. It summarizes
14 the number of policyholders that are affected by the
15 increase, a brief rationale that the carrier has given
16 for the requested increase, and then identification of a
17 public comment period is on that executive summary, as
18 well.

19 Once the Department reviews the filing and
20 makes a final decision, a thorough final disposition is
21 posted on the website, which goes into detail, as to all
22 of the information that we've gleaned from the rate
23 filing, any additional communication that we've made with
24 the carrier, all the information that we've used to

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 evaluate the rate increase, a Department summary, and a
2 final disposition, and our explanation of how we came to
3 that final decision on the rate.

4 As part of this process, there is a public
5 comment period, as I alluded to, and there is a section,
6 and we'll go through it on the next slides, you'll see
7 where there is an area for people to make public comment.

8 So this is the first slide that
9 identifies, when you come to our home page, the red
10 rectangle identifies the health insurance rate filings
11 tab.

12 If you click on that, you can go to the
13 next slide, which is basically our main page for the rate
14 filings. It gives you a set of instructions. It
15 identifies what you're going to be looking at.

16 About three-quarters of the way down that
17 page, you'll see company filing type. Right now, it's
18 individual, but you can access individual, small group,
19 or large group.

20 When you click on that dialogue box and
21 you click on individual, small group, or large group, it
22 will give you a list of all the companies that have made
23 filings for those, and you see a few of the company
24 names underneath here.

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 The next page, if you were to click on the
2 company, for example, ConnectiCare Insurance Company,
3 you'll get a list of all of the rate filings that we've
4 received, the date filed, and, if they're closed, the
5 date closed.

6 If you click on the description tab under
7 one of the rate filings, you can go to the next page,
8 which gives you the document list of executive summary,
9 initial filing, correspondence, disposition and final
10 filing.

11 Now because this filing is closed, you'll
12 see a comment up above that says the comment period for
13 this filing has ended, and the filing is closed.

14 If the filing was not closed, on this page
15 you would see a dialogue box for public comment. Anybody
16 could put a comment in that dialogue box. Once they hit
17 submit, it goes into a special e-mail that I have access
18 to, that we have access to at the Insurance Department.

19 We do incorporate into the final
20 disposition and the decision a summary of all of the
21 public comments.

22 One of the things that helped the public
23 comment process was the Commissioner, gees, I don't know,
24 maybe a little bit less than a year ago, asked all of the

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 domestic carriers and all the carriers in the health
2 insurance market to send out rate notification to the
3 effected policyholders when the rate filing was
4 submitted, so the same time the rate filing is submitted
5 letters will go out to all of the consumers or
6 policyholders of that effected policy that would
7 potentially be effected by that rate increase.

8 That definitely has increased the amount
9 of public comment that we received. We think it's
10 working very effectively. We get public comments all the
11 time, and, again, they're summarized on the dispositions,
12 not only the number of public comments, but a summary of
13 what the comments are, themselves.

14 If you go to the next slide, trend is a
15 big, big issue within a rate filing. It's essentially
16 trying to take the existing experience that the carrier
17 has just encountered over the last year or two, and you
18 use trend in order to project the claims that you've
19 experienced to the future rating period.

20 That entails, again, two major factors,
21 which are the cost of the medical services, or what we
22 commonly call unit cost of services, and the demand of
23 the medical services, or utilization of those services.

24 The other piece of this that doesn't get

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 discussed a lot is the mix of services, so, you know, one
2 year, a carrier could have a light mix or less severe
3 types of claims that will obviously impact both the unit
4 cost of the services and utilization of those types of
5 services.

6 In a following year, they can have a
7 dramatically different mix of services, have high-
8 intense, high-severity, high-cost types of services, so
9 it really is -- it really does vary from year-to-year.

10 So we commonly call that as the mix of
11 services. That also has a significant impact on trend.
12 We evaluate these unit costs and these utilization of
13 services and the mix of services over the previous years.
14 That's a main piece that we use to test what the carrier
15 is assuming for trend going forward into the rating
16 period.

17 This is where a lot of discussion occurs
18 between the Department and the carriers and most often is
19 where the area is, is where we may or may not agree
20 completely with the assumptions that they're using for
21 trend, so this is a very key aspect of the rate review
22 process.

23 I will also mention that, depending upon
24 the carrier's book of business, you will see trend vary

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 widely. Some carriers have much smaller blocks of
2 business. Some carriers have just gotten into the
3 marketplace in certain market segments. Some carriers
4 are much larger. They have much more highly what we call
5 credible level of experience that may not vary from year-
6 to-year as much, so your trend can vary more than you
7 probably think from carrier-to-carrier.

8 This is where provider contracts are
9 involved. The carrier will know if there's any
10 significant changes in provider contract for the next
11 year. We'll ask them about that. We'll ask them to
12 quantify what they believe the changes in the provider
13 contracting will have an impact on with regard to the
14 trend that they see.

15 If they've been able to reduce the or get
16 lower contracts from providers, that should be reflected
17 in the estimate for the unit cost in the following years
18 to come.

19 Now to get to the mathematical piece of
20 this. We've tried to create a situation, where you can
21 follow this, and we have some follow-up slides that
22 identify when claims come in as expected, higher than
23 expected, or lower than expected.

24 Let me just briefly go through this.

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 Again, this is just an example. It's not from a live
2 rate filing.

3 We have actual claims from experience that
4 are \$165, what we would call per-member per-month in this
5 instance. The trend developed from the unit cost and
6 utilization review is 13 percent, so the expected claims
7 during the rating period would take your current
8 experience claims of \$165, and you'd trend them forward
9 by 13 percent, to get a value of \$186.45. That would be
10 considered what you expect your claims to be in the
11 rating period.

12 You, then, have to review retention, which
13 is administrative expenses, plus any taxes, commissions
14 and profit. These are what's commonly referred to as
15 your retention charge.

16 Again, these are only used for examples,
17 although the premium tax in Connecticut is 1.75 percent.
18 This is -- these all add up in this example to about 17
19 and a half percent, which would be your retention charge
20 for this filing.

21 That, in essence, would create an expected
22 loss ratio of 82 and a half percent, which is essentially
23 one, minus your retention charge. Again, retention and
24 your expected claims or loss ratio have to add up to that

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 one dollar that you're charging.

2 The new premium expected in the following
3 year would strictly be a math example, which is expected
4 claims divided by your expected loss ratio.

5 In this instance, your total gross premium
6 to the policyholder would be \$226. That division of 82
7 and a half percent is just loading your claims, your
8 trended claims by the retention piece.

9 You may want to refer back to this,
10 because the next three slides will be comparing, so we
11 start off with a base estimated claim of \$186.45. If you
12 go to the next slide, this slide provides a situation,
13 where actual claims meet expectations, so, while this
14 rarely ever happens, I don't think it probably has ever
15 happened, claims meet exactly \$186.45.

16 You, then, evaluate your claims trend for
17 the next rating period. Let's say the trend was 15
18 percent. You're now projecting to the rating period of
19 \$214.42. That is your claims.

20 You do the same buildup of your retention
21 charge. That ends up being 17 and a half percent.
22 Again, you have to load that \$214.42 by your retention
23 charge. The new premium is \$259. When you compare that
24 to the premium of \$226 from the first slide, you get a

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 rate increase of 15 percent. Again, there's a lot of
2 detail that is being left out of this process that we go
3 through to verify and analyze both the retention piece,
4 as well as the plain piece.

5 The next slide is if your actual claims
6 came in five percent higher than expected. Now you're
7 still charged \$226 for that year, but your claims came
8 in, instead of \$186.45, your claims came in at \$195.77.

9 Your claims trend may still be 15 percent,
10 as the example in the previous slide was. You take the
11 \$195.77, you project that forward using the trend of 15,
12 and it generates new expected claims of \$225.14.

13 Again, you load that for your retention
14 piece, which is 17 and a half percent, and you come up
15 with a new premium of \$272.

16 This is, obviously, higher than the trend.
17 There's experience here. We're starting from a higher
18 claims amount. That generates an increase of 21 percent.

19 So you have a piece of this increase as a
20 result of the trend, which is happening anyways, and it's
21 set at 15 percent. The other piece is because you're
22 starting at a much higher claim level than what you
23 assumed in your original premium, and, again, that
24 original premium was \$226, so you're starting from a much

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 higher claim amount than you were before, and you're
2 always comparing to the \$226 that you were charging.
3 That's where the increase comes.

4 The last slide in this example is if the
5 actual claims come in five percent lower than expected.
6 In this example, the claims come in at \$177.13. You
7 still apply the 15 percent trend, because you still
8 believe that that's the right trend for that period.

9 The new projected claims are \$225.14.
10 Again, you're going to load that up for retention, and
11 your new premium is \$246.91. That is a rate increase of
12 nine percent.

13 So the trend of 15 percent has been
14 mitigated by the fact that you've had much better
15 experience than you anticipated.

16 We're not going to allow them to start
17 from where they expected the claims to be. We're going
18 to request and require them to start from where the
19 claims actually came in, and, if they came in lower than
20 expected, then you can still apply the trend to that,
21 and, again, we're going to review that trend and analyze
22 it and either approve it, or reduce it, or disapprove it.

23 You'll come up with -- so this is the same
24 example three times with future claims coming in, three

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 different scenarios, and you're going to get three
2 different rate increases in this type of environment.

3 So if they did make "more money," quote,
4 unquote, than what they anticipated, because the claims
5 came in lower than expected, they're not going to be able
6 to, then, continue making that amount of money from
7 there.

8 You're going to take your trend,
9 experience has been better, it offsets that, so, instead
10 of an increase of 15 percent, it's only nine.

11 The next slide gets to a big question of
12 ACA and the impact on 1/1/14 to the rates and what we're
13 anticipating.

14 Here is a list, and I'll go through each
15 of them, describe them in a brief amount of detail.
16 Changes in underwriting, beginning 1/1/2014, no carrier
17 will be able to underwrite anybody.

18 Right now, they cannot underwrite
19 children. They will not be able to underwrite anybody.
20 More importantly, they will not be able to load their
21 premium rates for someone, who has what we would call
22 pre-existing conditions, or is sicker than the general
23 population.

24 Right now, they're allowed to charge one,

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 or two times, or even three times the standard rate in
2 the marketplace. They will not be able to apply those
3 charges to the individual, and this builds up into the
4 small group rates, as well.

5 So two people, who are myself, two males,
6 one is very healthy, the other one is not, we're the same
7 age, they can't charge a different premium for the same
8 set of benefits.

9 A three-to-one ratio for age, that is
10 being dictated by ACA. Right now in the marketplace
11 today, it's between five-to-one and six-to-one, so there
12 is going to be some impact in the marketplace, due to
13 moving down and contracting the ratio.

14 What we anticipate, although we don't know
15 the values yet, we anticipate seeing a reduction in
16 premium, as result of this, at the older ages, and we
17 anticipate seeing an increase at the very young ages for
18 this, because, right now, if the older person is being
19 charged six times or five times what the younger person
20 is being charged, they're only going to be able to be
21 charged three times that amount.

22 It's being compressed, so both ends are
23 coming together.

24 MS. MARY ELLEN BREAULT: And if I could

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 just add, just so you understand, basically, when a
2 carrier is setting their rates for their population, they
3 have a certain amount of required revenue that they need
4 to pay the claims, and that would not be changing, but
5 now the way that you distribute that to develop the
6 premiums for that population are changing, so it's like
7 taking a balloon and squeezing it.

8 You have the same amount of air, but now
9 the premium rates within those age bands could change
10 slightly. The bottom line revenue will stay the same,
11 though.

12 MR. LOMBARDO: The next item is
13 elimination of gender. Beginning in 2014, you will not
14 be able to price male and female. That will have varying
15 impacts, depending upon where you are right now.

16 Again, everything is compared to what our
17 current marketplace rates are today. A bit of warning.
18 You're going to look and see and find out and read about
19 how this is impacted in other states.

20 I'll give you a very quick example of New
21 York. New York has pure community rating. Every single
22 person, regardless of any item that's on here, is charged
23 the same exact rate, so, in New York, they probably won't
24 see much of what Mary Ellen just said, redistribution of

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 this premium in that balloon, because they are pure
2 community rated.

3 We're different. In the small group
4 market, you're allowed to have varying adjustments to
5 your small group rates. In the individual market, again,
6 you're allowed to have variations in how you rate people,
7 and it's going to impact everybody differently.

8 The elimination of gender, we anticipate
9 the younger females will have a lower rate going forward.
10 The younger males will have a higher rate. As you blend
11 those two rates, younger females are generating, in the
12 childbearing years, generating more expenses in those
13 years.

14 Likewise, at the opposite end, older
15 females right now have a lower premium rate than older
16 males, and we generate more expenses as we grow older as
17 men.

18 That will be blended together. We will
19 see a slight increase in the female rate. We'll see a
20 slight decrease in the older male rate.

21 Tobacco use adjustment, in the small group
22 market, we don't believe that this will have any
23 adjustment at all. It's currently not allowed in the
24 small group market, and we will continue not to allow

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 that, even past 1/1/2014.

2 In the individual market, it has always
3 been allowed. In the market, there hasn't been any
4 constraints on that adjustment. They'll just have to
5 quantify and identify and provide experience for it.

6 There is a maximum load of 50 percent on
7 the tobacco adjustment, but there are wellness programs,
8 and there are credits for that, so if an individual
9 chooses to participate in smoking cessation programs,
10 most of that 50 percent, if not all of that load, can be
11 wiped out by the credit for participating in those types
12 of programs.

13 Industry adjustment is allowed in the
14 small group market that will not be allowed going
15 forward, so if you just think in terms of the value of
16 one, everyone will have a value of one.

17 Right now, some people, some industries
18 have a load of 15 percent, some industries have a
19 discount of 15 percent. They're no longer able to have a
20 discount or a load, so the rates are going to be blended,
21 so some industries will benefit from this, while other
22 industries will not. There will be an increase to their
23 premiums as a result of this, and some will have a
24 decrease.

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 Case size adjustment, again, it's allowed
2 in a small group market. Most of this is in the very,
3 very small one and two and three life cases, maybe up to
4 a nine-life case. Carriers use a load. It can be as
5 high as 25 percent.

6 They will no longer be able to use that
7 load going forward. What that will mean is the ones and
8 twos will not be able to be loaded by 25 percent.

9 Everybody will share the amount of that
10 change, so there will be maybe a slight decrease for the
11 rest of the block of the small group business. Slight
12 increase. Excuse me.

13 Geographic adjustment is allowed in ACA,
14 and it is allowed in our small group rating right now,
15 and we do see it in our individual market, so we don't
16 believe that there will be a significant impact for
17 geographic adjustments.

18 Cost sharing in the metal plans, again, it
19 all depends upon what your actuarial value is of your
20 plan today. If your actuarial value of your plan is
21 approximately 70 percent and you purchase a 70 percent,
22 then you won't really have an impact, due to cost
23 sharing, as far as the premium goes, but if I have an
24 actuarial value plan today of 55 percent, I can't have

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 that in 1/1/2014. I have to at least have 60 percent, so
2 there will be potential for an increase as a result of
3 the minimum requirement of 60 percent for an actuarial
4 value.

5 There are also regulatory fees. You've
6 discussed them here today a little bit, about the fees
7 for the Exchange, but there's also fees charged by the
8 federal government. There's reinsurance fees.

9 There is some, and I'd like to dispel a
10 little bit of that, there's some concern about the fact
11 that these fees don't go into effect until 1/1/2014, but
12 they've been incorporated in some of the premium that's
13 been filed for 2013.

14 Very briefly and very quickly, this
15 doesn't happen automatically. You may have a renewal.
16 I'll give you an example. If someone's renewal period is
17 February 1st of 2014, that means they received their
18 premium rate February 1st of 2013. It goes for a full
19 year.

20 You don't have the ability -- well you do
21 have the ability, but we didn't want to have a change
22 automatically 1/1/2014 for one month change the rate, so
23 you spread that over. You take that one month in 2014,
24 and you spread it over the 12 months of premium that

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 you're going to be charging. It's effectively the same
2 dollar amount that they're collecting for 1/1/2014.

3 If your renewal is March 1st, then you're
4 going to have two months of that fee built into your
5 premium in 2013 and so forth and so on.

6 If your renewal date is 1/1/2013, then
7 none of those fees will be incorporated into your premium
8 until your renewal on 1/1/2014.

9 And the final slide that we have today is
10 we believe and hope that the carriers will be filing
11 their 2014 rates with us in the middle of 2013 for the
12 changes that will be effective for new business and
13 renewals on or after 1/1/2014.

14 The things I just talked about that go
15 into effect 1/1/2014 will not go into effect until
16 renewal, policy renewal, or plan renewal for small group
17 or individual.

18 And please keep in mind that just the
19 changes that I just discussed on the previous page are in
20 addition to the impact of trend. Those changes on age
21 and gender and all the other things we discussed are
22 completely separate from your normal trend analysis.

23 And just to give you a feel for how this
24 process has worked, you know, we do have the MLR rebate

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 process now, and we did go through one year, 2011, of the
2 rebate process, and the results came back.

3 In the middle of 2012 for calendar year
4 2011, of the premium that we have the ability to review
5 and approve or disapprove, 3.2 million dollars was
6 returned in rebates. That equates to .31 percent of the
7 premium that's charged in the State of Connecticut that
8 we have the ability to review.

9 You may see a higher number for the MLR
10 rebate, but those are for carriers in the large group
11 market indemnity, small group market indemnity, which we
12 don't have the approval authority over. We don't have
13 the ability to disapprove those rates that they're
14 charging.

15 There's also a piece in the individual
16 market that only Golden Rule insurance company does right
17 now, is they file a loss ratio guarantee, and the statute
18 requires us to approve that, so they did have some
19 rebates that they paid out.

20 Of the total amount that was rebated, 3.2
21 million was what we had approval authority over, and that
22 equated to .31 percent.

23 That concludes the presentation. If you
24 have any questions, please feel free.

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 MS. VELTRI: Okay, so, now I'm going to
2 begin the translation to lay language on some of this
3 stuff. I think it's important to ask some of these
4 questions, just so people understand.

5 MR. LOMBARDO: Yes, absolutely.

6 MS. VELTRI: Well, first of all, let me
7 ask the question about the comment period. So the
8 comment period runs. Is there a way to like standardize
9 the comment period, so people know they have X number of
10 days to comment?

11 MR. LOMBARDO: Yeah. We identify, right
12 in the filing, itself, on the executive page and up above
13 in one of those pages, we have 30 days to respond in the
14 individual market to a rate increase, so we identify I
15 believe it's 20 days for public comment period, but,
16 obviously, the public comment period will stay open until
17 the filing is closed, but we put in 20 days as a
18 standard, because we only have 30 days to respond by
19 statute.

20 MS. VELTRI: Okay and I do want to thank
21 the Commissioner. I know, when this change took place to
22 notify people in advance of the rate requests, that that
23 was a really good thing, and I also want to say the late
24 Jennifer Jaff had a lot to do with that, too, and I just

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 want to put that out there.

2 In terms of -- could you explain a little
3 more? You said unit cost.

4 MR. LOMBARDO: Yup.

5 MS. VELTRI: A unit cost may not be costs
6 that some of us might think of as the actual cost of a
7 service. Is unit cost the rate for that service that the
8 carrier is paying for that service? So that's like the
9 fee schedule amount for that.

10 MR. LOMBARDO: There's a buildup. We're
11 seeing in a broad service category. For example,
12 professional. You're going to have specialties, you're
13 going to have, you know, primary care physician, and
14 there's a whole host of fees that go into that.

15 Depending upon their services being used,
16 they tally all of that up, and they come out with the
17 unit cost for an office visit of \$75, or \$92. That's
18 taking their claims experience, so it's not necessarily
19 their fee schedule.

20 If the four of us went to four different
21 doctors and each of them charged a different rate, that
22 would all have to be blended, and that would be the unit
23 cost that we're seeing, because that's the actual
24 experience that the carrier is seeing.

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 So when I look at a unit cost for
2 professional services, it might be \$92 per member per
3 month, okay? I want to compare that to what it was the
4 previous year. I want to compare that to what they
5 expect it to be in the rating period, so it is a
6 combination of all of those services and fees.

7 It is the aggregate amount of the cost of
8 the service before cost sharing.

9 MS. VELTRI: So it is not -- my point is I
10 don't want people to be confused about it being the
11 actual cost.

12 MR. LOMBARDO: Yes, that is correct.

13 MS. VELTRI: Let's say a hospital or
14 somebody reports to Medicare as its cost of the service.
15 It's what the carrier in this case is paying for that
16 service over varying providers and totaled up?

17 MR. LOMBARDO: Right.

18 MS. VELTRI: Okay.

19 MS. BREault: Just to add, if it's an in-
20 network provider, you know, usually they might do
21 separate pricing for their participating in-network
22 benefits and then the out-of-network benefits.

23 And for the in-network benefits, we do
24 have a prohibition in Connecticut, that providers cannot

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 balance bill, so the unit cost is an attempt to be the
2 actual amounts that, you know, would be charged, and,
3 then, you know, another piece, as Paul said, this is very
4 high-level.

5 There is some adjustment for any cost
6 sharing in the plan, and that will impact the ultimate
7 premium, because, obviously, the higher the cost sharing
8 the lower the premium will be, but when it's out-of-
9 network, the individual could be subject to some balance
10 billing.

11 MR. LOMBARDO: And just to reiterate,
12 you'll see on most of the dispositions there's an allowed
13 unit cost, and there's a net unit cost. The allowed is
14 basically before cost sharing, and then you'll see the
15 net unit cost and utilization. That would be after cost
16 sharing.

17 MS. VELTRI: I'm sorry. I just want to
18 make sure that people understand.

19 MR. LOMBARDO: Yup.

20 MS. VELTRI: So I have a couple more
21 things, and I think a couple of people may have
22 questions.

23 So you explained the thing about unit
24 cost. I have two other questions. So I think it's

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 important for people to know, like the charts you put out
2 here, which are very helpful for people to see, the claim
3 request comes in, and you put it up on the website, and
4 it's whatever carrier it is asks for 20 percent, let's
5 say it is, or 10 percent, that's not specific to an
6 individual. That is an aggregated rate request?

7 MR. LOMBARDO: Yeah.

8 MS. VELTRI: So it's important, I think,
9 for people to understand when a rate request is requested
10 and, also, when it is granted, it isn't necessarily what
11 that individual consumer will see.

12 MR. LOMBARDO: Yeah. The simplest way to
13 describe that is, if there was no trend at all, if there
14 was zero percent trend, small employers and individuals
15 would still expect to see rate increases in their
16 premiums, because their demographics may have changed for
17 the small employer, people are aging into different age
18 buckets, and, so, if trend was zero, the carrier would
19 make a filing and say trend is zero, and we're not asking
20 for any rate increase, most policyholders would still get
21 some level of increase, because of age, or if industry
22 changed, or if they moved location of the business, and
23 it changed the location of where they were versus
24 Hartford County versus Fairfield County, so there are

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 other items that you are correct. That is the aggregate
2 change in the base rates for the carrier.

3 MS. VELTRI: Bob Scalettar?

4 MR. SCALETTAR: Paul, that was great. I
5 really so appreciated hearing that. I did have a couple
6 of questions, going back to the rate requests, the
7 slides.

8 MR. LOMBARDO: Yup.

9 MR. SCALETTAR: So, on retention, how does
10 it get -- who establishes the notion that the
11 administrative fee should be 9.75 percent?

12 I say that, having read the New York
13 Times, and the Wall Street Journal, and all the other
14 things, that Medicare's administrative cost is three and
15 a half percent.

16 MR. LOMBARDO: Right. We look to the
17 financial statements to verify that amount for us,
18 because, in the financial statements, they have to
19 identify the actual true cost of care, and then they have
20 to identify their administrative expenses, which includes
21 corporate overhead, salary and benefits for employees, a
22 whole host, whatever else you can think of as
23 administrative expense. We're looking to verify that
24 within that financial statement.

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 If their administrative expenses totaled
2 eight percent and they were making a filing for 9.75
3 percent, it would raise a red flag to us and say, hey,
4 wait a second. You're financial statement is identifying
5 this is what it's costing you to run your business, yet
6 you're proposing a different percentage amount, so we try
7 to verify it that way.

8 Are there standards out there of what that
9 piece as a percentage of premium should be? There's no
10 set standards. What we have as a standard is the loss
11 ratio of 80 percent and 85 percent, so that retention
12 piece in aggregate can't be more than 20 percent and 15
13 percent, depending upon the market.

14 MR. SCALETTAR: Maybe that takes away from
15 the second question I had, which is how do you determine
16 what the carrier calls as a benefit or claim expense
17 versus administrative?

18 I think about some of the things that
19 carriers provide as added value of disease management
20 programs, things like that.

21 MR. LOMBARDO: Yeah, you know, that's a
22 topic of great discussion, and we've had discussion,
23 lengthy discussion with them in the past. There's a lot
24 that they're trying to push into what is considered to be

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 a claim.

2 ACA defines, pretty specifically, what is
3 a claim, what you can put in the claim category, and what
4 you have to put into the expense portion.

5 They are allowed to have expenses for
6 wellness programs to be included in what we would not
7 traditionally call the claims piece, so what we would
8 consider a traditional medical loss ratio is the actual
9 claims that you paid over the premium that you charge.

10 ACA kind of redefines medical loss ratio
11 for purposes of the rebate process and allows them to
12 increase the claim amount by the cost of some of the
13 wellness benefits.

14 Now there's other pieces that they've
15 tried to put into that. I'll give you an example, and it
16 was highly contentious, were commissions.

17 The carriers were pushing -- I shouldn't
18 say the carriers. The industry, in general, whether it
19 was the brokers, or the carriers, or whoever, were trying
20 to push commissions into the claim portion of the
21 premium. It was not successful.

22 They've kept commissions out of that, and
23 commissions are considered to be a retention or expense
24 portion, not a claim piece, to the premium.

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 MS. BREault: But I think it's really
2 important that you understand that when we do the rate
3 review, when Paul does the rate review, we look at the
4 pure loss ratio, so we do not allow those types of
5 expenses into the claims when we get the starting claims
6 number. We would view those as administrative expenses
7 for purposes of establishing the rate increase.

8 MR. SCALETTAR: So all payer claims
9 databases are sort of new on the scene, and several
10 states have them already. I'm wondering if there's any
11 insight research experience to date that gives us any
12 insight, as to how Insurance Departments are using all
13 payer claims databases in other states and what their
14 impact is on effecting cost of care, or trend, or what?

15 MR. LOMBARDO: Yeah, I mean, you know, I
16 use the example I learned a long time ago in this
17 business. You compare insurance and buying insurance to
18 a gallon of milk.

19 If I didn't have to buy a gallon of milk
20 from the grocery store for 25 years, I wouldn't know what
21 the cost of a gallon of milk is if I didn't have to
22 physically go there and buy it.

23 With all payer claims databases, I think
24 you are probably going to get a more broader picture of

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 the cost of services being provided by different
2 providers out in the marketplace, so there may be
3 potential to have an impact on claims, and, if it does
4 have an impact on claims in a positive way, where it
5 reduces claims, it will come through the rate review
6 process.

7 It will come through the rate increase
8 process, because we'll see claims start to maybe not
9 reduce, but we'll see them not increasing as much as they
10 currently are, so there will be a direct cause and effect
11 potentially. Don't know until we get some of that in
12 Connecticut.

13 MR. SCALETTAR: And, lastly, I know this
14 is going to sound funny, and I don't mean in any way to
15 be disrespectful, so I appreciate the public comment, and
16 I even appreciate hearing that Connecticut is viewed as a
17 leader in that, but I guess I'm sort of struggling, so,
18 what are the public comments, other than I can't afford
19 this?

20 MR. LOMBARDO: Well that is the bulk of
21 our public comments, but I will tell you, and Vicki
22 mentioned Jennifer Jaff, she provided comments to the
23 Department on a couple of rate filings that were
24 discussing deductibles and the cost of things and

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 identifying and delving into the actual numbers, and we
2 do have public comments like that, that they're actuarial
3 in nature. Those are the types of public comments that
4 we use to incorporate into our review process.

5 We do get a lot of comments about the fact
6 that people can't afford it, and if you look at our
7 dispositions, you'll see the summary of those on there.

8 Affordability is an issue. I grew up in
9 this state. I have family in the state. I hear about it
10 every holiday. I sit down with my aunts and uncles, and
11 they talk about health insurance and the affordability of
12 it, so it's a real issue, but I think it's a real issue
13 beyond just Connecticut.

14 I don't know what the answer is. Trust
15 me, if I had the answers to that, I wouldn't be sitting
16 here in front of you.

17 MR. SCALETTAR: Thank you very much.

18 MS. VELTRI: Grant?

19 MR. RITTER: Yes, hi. Thank you very
20 much. This is very, very helpful in explaining how rates
21 do get set.

22 I do have a question about this trend.
23 This trend percentage from year, to year, to year seems
24 to be the most sort of uncertain of the different values,

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 and I have a couple of questions.

2 First of all, is it decomposed into
3 different components? Do you have part of the trend
4 that's due to unit cost, part of the trend that's due to
5 yields?

6 MR. LOMBARDO: Yes.

7 MR. RITTER: I would hope so. And, then,
8 my big fear going forward, because I've actually heard
9 some carriers talk about this, that they expect new
10 Exchange enrollees to be much more sick and need much
11 more services.

12 In other words, their utilization, you
13 know, will be much higher than existing insured people
14 are now. That being the case, they can make that trend
15 amount pretty high. I mean they can really project a
16 very high.

17 I've heard people say we think they're
18 going to be twice as sick, so, you know, that could have
19 an incredible impact on that trend going forward. What
20 are you doing about it? I mean you don't really have any
21 data yet about these people. That's the problem.

22 MR. LOMBARDO: Very, very simply, contrary
23 to popular belief, when we review rate filings, any time
24 where we can side and benefit the consumer with an

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 assumption we do make that decision. I know it doesn't
2 seem that way, but it's not an exact science. You're
3 absolutely correct. It is made up of assumptions.

4 We have significant differences and
5 disagreements sometimes from carrier to carrier on what
6 their expectations are.

7 If we don't feel as though they can
8 provide us with the appropriate support for those level
9 of trends, then those level of trends will not be
10 approved by the Department.

11 Now keep this in mind, though. What we
12 don't want to have happen is say absolutely not, because
13 there's no data and nothing, and, then, two years from
14 now, have to approve an increase of 35 or 40 percent.

15 We don't want to get in that game of
16 seeing this up and down of premium changes from year-to-
17 year, but, certainly, we will evaluate it, determine
18 whether or not it is appropriate.

19 There's a lot of anecdotal data out there,
20 there is a lot of information that's available to us that
21 we have access to, and there's discussions, so we can do
22 that. It's not a slam dunk. They can put whatever they
23 want in for trend. It doesn't necessarily mean that it's
24 going to be approved.

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 To get to your first comment about detail,
2 again, we see unit cost trend and utilization trend by
3 outpatient surgery, inpatient, professional, prescription
4 drugs, so forth and so on, so we do get trend down to a
5 pretty decent level of detail.

6 COURT REPORTER: One moment, please.

7 MS. BREault: And just to address one of
8 the first comments that you made with regard to, you
9 know, the carriers are expecting individuals that have,
10 you know, more health risk to enter the Exchange, under
11 the federal regulations, the carriers are required to
12 have one pool for the individual market, one pool for the
13 small employer market, so they cannot rate for the
14 Exchange individuals differently than they would rate for
15 the same benefits outside of the Exchange.

16 The rates are required to be the same, so,
17 you know, that should -- it really is a pure community
18 rate on their entire block of individual or small group
19 business.

20 MR. RITTER: So what you're saying is that
21 even if a plan is not sold on the Exchange, it can't sort
22 of rate on a healthier cohort of enrollees. It has to
23 use the same pooled group to rate on, yeah.

24 MS. BREault: Well its basic experience.

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 Its pool. Each carrier will have its own pool of
2 business, but, not to get into too much technical detail,
3 but there is another program that will be coming down the
4 pike through the federal government, called a risk
5 adjustment program, and, to some degree, what that is
6 intended to do is to level premiums across carriers, and
7 that some carriers that, you know, maybe get the better
8 risks will have to pay into this pool, and then the
9 monies that are paid into the pool will go to the
10 carriers that solicit the higher risk to kind of level
11 that out.

12 MR. RITTER: Thank you.

13 MS. VELTRI: Bob and then Ben.

14 MR. TESSIER: Thank you. I just wanted to
15 -- I was going to follow on Grant's question, but I need
16 to follow on your comment, if I may, Mary Ellen. Is that
17 the transitional stop loss program that you were just
18 referring to that will -- no, it's not?

19 MS. BREault: No. It's not a stop loss.
20 There's a transitional reinsurance program for three
21 years.

22 MR. TESSIER: I'm sorry. Not stop loss.

23 MS. BREault: And that is a separate
24 program, so that's intended to just be a temporary

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 period, and then the risk adjustment will be the
2 permanent program to try to, you know, spread the risk.

3 MR. TESSIER: So my question was going to
4 be for Frank on the reinsurance. Given that that program
5 will be in effect for I don't know how many years, a few
6 years at least --

7 MR. LOMBARDO: Three years.

8 MR. TESSIER: Three?

9 MR. LOMBARDO: Yup.

10 MR. TESSIER: Will that be something that
11 you'll take into consideration when you're reviewing rate
12 requests for 2014 and going forward, where they may be
13 projecting higher trend, as Grant was suggesting, because
14 there will be some, essentially, there will be some
15 protection, based on high-risk individuals that a given
16 carrier may end up with?

17 MR. LOMBARDO: We're required to by the
18 Federal Rate Rule Guidelines. While they're not
19 finalized yet, they do have an interim final reg. I
20 think that may not be the right term for it, but we're
21 looking for final, final rule, hopefully sooner, rather
22 than later, but we are required to include in our
23 evaluation the reinsurance and the risk adjustment
24 process, so, yes.

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 MR. TESSIER: Thank you.

2 MS. VELTRI: Ben?

3 MR. BARNES: Thank you. So because of the
4 combination of the Affordable Care Act changes, which
5 provide for community rating, the compressed bands, the
6 elimination of some of the ratings criteria, the
7 reinsurance, the whole host of changes, a couple of
8 observations.

9 One is that the whole -- the predictable
10 basis for establishing trend, which has underlied your
11 reviews over the last number of years, is completely up
12 in the air, and the rules are all -- this is a much more
13 major change in rules than we've seen, I think, if I'm
14 getting this right.

15 MR. LOMBARDO: Yes.

16 MR. BARNES: So the dynamics may be quite
17 different. I think that gets at Grant's question.
18 People in the industry would certainly like to get you to
19 believe that, you quite personally, to believe that their
20 trend is going to be very high, and that should support
21 very large rate increases.

22 I'm a little concerned that, in one
23 respect, this almost begs for a universal model within
24 the individual pool for what trend it's going to be.

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 Given the reinsurance and the risk sharing, the trend
2 that ConnectiCare takes should not be that different from
3 the trend that Anthem takes, just to pick two names off
4 the top of my head, other than the fact that they may
5 have somewhat different age groups, or some limited
6 demographic differences in their insured populations, but
7 there really should be, in a sense, a uniform model of
8 trend that informs all of your rate reviews.

9 Can you tell me whether that is your
10 thinking, and, if so, how do you go about developing
11 something like that in this new environment?

12 MR. LOMBARDO: Yes, and I don't know yet
13 how we're going to. We do believe -- the essence of rate
14 regulation in ACA was to basically create a general
15 community rate in the marketplace that, you know, like a
16 carrier, who has got worse risk than the rest, would get
17 a payment in, so they wouldn't charge higher premiums for
18 the group that they have, and the group that has great
19 demographics would have to pay into this, so it all has
20 that leveling effect.

21 You do have to realize, though, that
22 they're still going to have provider contracting that's
23 going to be different. They're going to introduce
24 wellness programs that will have a different impact on

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 utilization, but, again, there are some I would call them
2 -- I don't want to call them fudge factors, but there are
3 these making everybody whole factors out there that will
4 play into this.

5 When I say this, I'm not saying this from
6 any other viewpoint. They're extremely complicated
7 calculations. They haven't been finalized, and no one is
8 completely sure how the dynamics are going to work, so, I
9 think, if we give it a little bit of time, I think we're
10 going to get eventually to where you're suggesting, Ben,
11 how to build that model.

12 We're going to do it as it happens.
13 There's no other way to do it.

14 MS. BREULT: But just to add to what Paul
15 said, I think we have to separate, you know, what we view
16 as peer trend from some of these other required changes
17 that are not really changing the trend, per se.

18 They're changing the distribution of the
19 premiums, and I think those are two different things, so
20 that, you know, each carrier, to some degree, may still
21 have, you know, from some of the things that Paul
22 mentioned, slightly different trends, because their
23 claims experience is driven by, you know, as we said,
24 some of the demographics.

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 And some of these other changes really
2 will be like a first-year impact, and, then, once they're
3 built into that based rate, it's not like every year
4 you're going to get, you know, an adjustment, because now
5 the way we charge for industry has changed.

6 That's going to happen the first year, and
7 then it's in that base rate, so, over time, you really
8 are primarily just adding trends back onto these rates.

9 Age is a little bit different, because the
10 way the current regulations, and, again, we don't have
11 the final regulations, you know, the way age is
12 distributed may change slightly.

13 There probably will be a bump up every
14 year, whereas, right now, in the small employer market,
15 you get bump ups every five years, so we will see, you
16 know, some adjustment every year, due to that, but a lot
17 of these will be just a one-time impact.

18 MS. VELTRI: Mary Ellen, could you just
19 explain? So, for the individual line, the small
20 business, I don't know if it's the same with the small
21 business, but for the individual market, the pool for a
22 carrier that's currently writing in the individual market
23 it's a projected pool, right, that includes both the
24 current individual customer pool and what they might

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 project that they would cover in the Exchange, so it
2 includes the experience that they've already had if
3 they're currently providing coverage, right?

4 MR. LOMBARDO: Yeah. One of the things
5 right now a carrier can do is, if I buy Policy Form A
6 from carrier and Mary Ellen buys Policy B, those rates
7 can come in, rate filings can come in and ask for
8 dramatically different rate changes, because maybe I
9 bought Policy A, and the group that bought Policy A has
10 better experience than the group that bought Policy B.

11 What's going to happen come 1/1/2014 is
12 all the policy forms that have been bought by all the
13 individuals by that carrier have to be grouped in in one
14 rate filing that comes into the Department and identifies
15 a rate increase, or whatever the rate change, it could be
16 a decrease, or stay the same, and it would affect all of
17 the individuals, regardless of the benefit designs or the
18 policy forms that they purchased, so that is the
19 difference.

20 You're going from separate policy forms
21 with separate rates, with separate experience to one
22 aggregate risk pool for that individual market.

23 MS. VELTRI: And inside and outside the
24 Exchange, too.

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 MR. LOMBARDO: Everybody. Every single
2 person that they have in the individual market.

3 MS. BREULT: And we have that right now
4 in the small employer market.

5 MR. LOMBARDO: Right.

6 MS. BREULT: Basically, the carriers have
7 to come up with one base rate, based on the experience of
8 the entire block of business, and then they can make
9 adjustments, obviously, if there's different benefit
10 designs and different demographics of the group, but
11 that's about it.

12 MS. VELTRI: So, when you say the rate is
13 the same inside and outside, that's the premium you're
14 talking about?

15 MS. BREULT: The base premium.

16 MS. VELTRI: The base premium must be the
17 same inside and outside, so, to go back to what Grant had
18 mentioned earlier, which is, if there are proposed
19 reimbursement changes for providers that are
20 significantly different for plans outside or inside the
21 Exchange than plans that are outside the Exchange, there
22 would have to be something else that would compensate to
23 make the premium have to be equal, because if the rates
24 are lower, presumably, if reimbursement rates are lower

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

1 to providers, presumably it would have to be made up
2 somewhere else for the premiums to be identical.

3 MR. LOMBARDO: It would be a blending of
4 both in and outside of the Exchange business, and where
5 you might see premiums be different versus one, you can't
6 have that.

7 For the same benefit design, the premiums
8 have to be exactly the same in and out of there, so you
9 have to combine both. There's really no separation.

10 MS. VELTRI: Does anybody else have -- now
11 we could have a semester course, at least, on this, but
12 anybody else have any questions?

13 Okay, well, thank you very much for coming
14 and presenting on that.

15 MR. LOMBARDO: Thank you.

16 MS. VELTRI: I don't see anything else on
17 the agenda, unless anybody has an announcement. I have a
18 motion here to move adjournment. Is there a second?
19 Second? Okay, we are adjourned at 12:08.

20 (Whereupon, the hearing adjourned at 12:08
21 p.m.)

RE: CONNECTICUT HEALTH INSURANCE EXCHANGE
FEBRUARY 21, 2013

AGENDA

Call to Order and Introductions	2
Public Comment	3
Approval of Minutes from January 24, 2013 Meeting	11
CEO Report	12
Operations and Information Technology Update	18
Updated Timeline	40
Marketing and Communications Update	44
Needs Assessment Findings	61
Finance Update	74
Strategy Committee Update	84
Standardized Plan Design Recommendations	89
Adjournment	145