



**FINANCE SUBCOMMITTEE
CONNECTICUT HEALTH INSURANCE EXCHANGE
(ALSO KNOWN AS ACCESS HEALTH CT)**

Conference Call
Ramada Plaza Hotel Hartford
50 Morgan Street, Maine Room,
Hartford, Connecticut
Tuesday, May 14, 2013

Meeting Minutes

Members Present by Phone: Dr. Robert Scalettar, Vicki Veltri, Secretary Benjamin Barnes, Ann Melissa Dowling

Members Absent: Commissioner Roderick L. Bremby

Other Participants: Access Health CT Staff - Kevin Counihan, Amy Tibor, Peter VanLoon, Steven Sigal, Virginia Lamb, Matt Friedman, Tricia Brunton, Ann Marie Chatman, Jeff, DiGirolamo, Kelly Shane, Linda Phillips, Alison Johnson, Susan Town, CT Association of Health Plans

Call to Order and Introductions

The meeting was called to order by Chairman Benjamin Barnes at 5:15 PM.

Steven Sigal directed the Subcommittee's attention to the Summary page of the PowerPoint deck provided showing the updates to the Procedure and to the Market Assessment Rate requested by the Finance Subcommittee at their previous meeting.

Procedure: Exchange Assessments and Fees

A provision that the invoice would be prepared including a payment schedule stipulating periodic timing was added; a special assessment was added addressing new entrants; and, the Procedure was renamed Exchange Assessments and Fees. He noted that the expected timing for the billing would be during the fourth quarter of the 2013 calendar year and that collection would be periodically during 2014.

Dr. Robert Scalettar asked to clarify that the special assessment for new entrants would be based on an estimate of the anticipated premium revenue and ultimately reconciled after one year's experience.

Mr. Sigal responded in the affirmative and noted that AHCT would arrive at a reasonable estimate of the new entrant's first premium. After the first year is completed, a reconciliation would be done and either a refund would be issued if the new entrant overpaid or the balance would be collected if they underpaid.

There was no further discussion regarding this revision.

Mr. Sigal asked for a motion to approve the Procedure as revised. Dr. Scalettar moved to accept the Procedure as modified and Secretary Ben Barnes seconded the motion. A vote was taken and the motion passed unanimously.

Market Assessment Rate Review

Mr. Sigal directed the Subcommittee's attention to the Market Assessment Rate Review page. He noted that the illustration showed the assessment based on 135 basis points which was discussed at the previous Finance Subcommittee meeting. He noted that it was agreed to go with about 75% of a full assessment and that rounded to 135 basis points. He noted that the left column of the graph illustrated the estimated amount collected from assessments with the balance of funding being from the Level II award and Level II Supplement versus anticipated expenses of \$34M for 2014. He then pointed out that the adjacent graph indicated reserves for 2014 being generated in the amount of \$26.1M which is basically the amount of the estimated assessment. He also noted that estimates were generated for 2015 and 2016 in response to the prior meeting discussion that a 75% assessment, at least in the first year, would be reasonable.

Dr. Scalettar expressed his appreciation for how the illustration was very responsive to the prior conversation about how to strike a balance between not totally counting on the Level II Supplement and trying to have reserves without over assessing. He then inquired as to what accounted for the reduction in expenses in 2016 as he recalled discussions that there would be a couple of years of ongoing IT expenses that would create higher expenses.

Mr. Sigal replied that the expenses for enhancements to the website and IT systems, as well as continued marketing expenses to maintain enrollment were built into the 2016 projection. However, there is an anticipated reduction in some variable expenses as well as start-up expenses that would occur.

Deputy Commissioner Dowling asked if other states were building reserves.

Mr. Sigal replied that they were definitely trying to begin in 2014. He shared that CCIO has started a group of all of the CFOs and Finance Directors from the different State Based Marketplaces and that there had been a lot of discussion as to whether 6 months' or 9 months' reserve was appropriate. Mr. Coughlin offered that every state was building reserves. Level II funding is scheduled to run through the end of 2014. To provide for the unfinished functionality needed to be built into the Exchange and to provide a soft landing for self-sustainability for the state marketplaces, it makes sense to start building reserves.

Dr. Scalettar asked if the recent filing by HealthyCT and their preliminary premium numbers since the last meeting had any bearing or influence on the thinking about using 135 basis points as the mix of how to transfer that balance for premium price, for fairness with carriers, for building reserves, and trying to find that intersection.

Mr. Sigal responded that the 2012 data will really form the foundation of the assessment but that information is unavailable and the numbers are based on the 2011 filings with CMS. He also noted that the dental premiums are not well reported so further inquiries will need to be made regarding those premiums. The amount of the assessment that might go to HealthyCT is not anticipated to be very significant in terms of total dollars. It is anticipated to be in the range of deviation of what the actual 2012 premium will ultimately be. HealthyCT reserved the right to amend their filing if there is any kind of Exchange fees that they may incur or whether or not they will be subject to the insurer fee that begins in 2014. Their filing anticipates that they won't be subject to it because they were not in existence in 2013 but no one knows for sure at this point. On both those counts HealthyCT indicated that they would evaluate revising their rate filing.

Ms. Veltri asked about the right to amend the filing being a decision that the State will have to make.

Mr. Sigal replied that it would be the judgment of the Insurance Department but that the fact that they put that type of qualifier in the rate filing means that they want to leave the door open with CID to amend their rate filing and asked Deputy Commissioner Dowling if she would care to comment.

Deputy Commissioner Dowling responded that they would be allowed to amend their rate filing as they filed with a lot of unknowns such as the fees. As previously shared, all states are permitting them to put this into their rates. The only debate going on right now is whether they can ratably do it over a stub period for renewals in 2013 or whether they have to refile again on January 1.

Secretary Barnes asked Deputy Commissioner Dowling if she had a sense of what the MLR is in the HealthyCT proposal and what it was.

Deputy Commissioner Dowling responded that she hadn't looked at their proposal yet. Mr. Counihan stated that it was in the proposal and that it was on the higher side. Deputy Commissioner Dowling noted that there are several MLRs out there including a Federal MLR and one for pricing. She noted that if their pricing one is high that's a good thing as the Federal one will only be higher. Remember that new companies don't have any historical data so applied in this particular filing is unique.

Mr. Sigal asked for a motion to approve a 2014 assessment rate of 135 basis points. Dr. Scalettar moved to accept the 2014 assessment rate of 135 basis points and Ms. Veltri seconded the motion. A vote was taken and the motion passed unanimously.

Secretary Barnes stated we are in support of that so that will go to the full Board. Mr. Sigal advised that it will go into the Board presentation that will go to the full Board on Thursday, May 16, 2013.

Secretary Barnes adjourned the Finance Subcommittee meeting at 5:35PM.

Resources:

Market Assessment Rate Review dated May 14, 2013