



*The Commonwealth of Massachusetts*  
*Commonwealth Health Insurance Connector Authority*  
*100 City Hall Plaza, 6<sup>th</sup> floor*  
*Boston, MA 02108*

DEVAL PATRICK  
Governor

TIM MURRAY  
Lieutenant Governor

JAY GONZALEZ  
Board Chair

GLEN SHOR  
Executive Director

**Board of the Commonwealth Health Insurance Connector Authority**

**Minutes**

Thursday, July 12, 2012  
9:00 AM to 11:00 AM  
One Ashburton Place  
Boston, MA 02108  
21<sup>st</sup> Floor Conference Room

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**Attendees:** Jay Gonzalez, Glen Shor, Louis Malzone, Nancy Turnbull, Joseph Murphy, Julian Harris, Ian Duncan, Celia Wcislo and Dolores Mitchell. George Gonsler participated remotely due to geographic distance. Andres Lopez and Jonathan Gruber were absent.

The meeting was called to order at 9:03 AM.

- I. Minutes:** The minutes of the May 10, 2012 meeting were approved by unanimous vote.
- II. Executive Director's Report:** Glen Shor opened by providing the Board with a brief overview of the Commonwealth Health Insurance Connector Authority's (CCA) accomplishments and activities over the past month in the form of a poem. Mr. Shor stated, "Commonwealth Care grew for July; 188,571 members, an all-time high; Commonwealth Choice at 39,000 and change; Hovering for past year in the same range; Open enrollments in the air, 6% of members switched for Commonwealth Care; Non-group open enrollment, flying by with a whirl; Seven words: 'Shop to save at the Health Connector;' ACA valid, the Supreme Court said; Implementation moving full steam ahead; Governor sent letter to CMS to say; Health Connector will be Exchange for MA."

Next, Ms. Wcislo provided the Board with an overview of the June Administration and Finance (ANF) Sub-committee meeting. Ms. Wcislo noted that the CCA will leverage some of its reserves to meet expenses in FY13. In particular, Ms. Wcislo explained that leveraging the CCA's reserves to help fund its FY13 administrative operations is a necessary component of the state's fiscal solution for reintegration of aliens with special status ("AWSS"), who were ordered by the Supreme Judicial Court in January to be restored to Commonwealth Care coverage.

### **III. Health Connector Fiscal Year 2012 & Fiscal Year 2013 Administrative Budgets (VOTE):**

Kari Miller opened discussion by providing an overview of the FY12 administrative budget year-end projection. The power point presentation entitled “Health Connector Fiscal Year 2012 & Fiscal Year 2013 Administrative Budgets” was used during Ms. Miller’s presentation to the Board and was subsequently posted to the CCA website. In explaining the reasons for the improvement in the CCA’s bottom line in FY12, Ian Duncan asked for further information about non-group residency verification. Mr. Shor explained that under Massachusetts law, people who purchase coverage in the individual market, whether inside or outside the CCA, must be Massachusetts residents. Mr. Shor further explained that the additional spending on non-group residency verification reflects updates to the system. Mr. Duncan asked whether it was common for non-Massachusetts residents to attempt to purchase coverage in the state. Mr. Shor replied that it was not common. In presenting the CCA’s FY13 administrative budget recommendation, Jean Yang provided an overview of the major items driving the FY13 operating deficit. Ms. Yang added that the FY13 deficit of \$4.3 million is due to resources needed for the CommCare program and AWSS. In comparing the revenue and expense changes for FY13 vs. FY12, Lou Malzone asked how much confidence the CCA had in their quantification of FY12. Ms. Yang noted that it will take more time for receipts and payables to settle, and staff will return to the Board with audited financial results later in 2012. Ms. Yang emphasized, however, that their level of confidence is high.

Next, Ms. Miller provided a summary of federal grant-funded expenditures. Nancy Turnbull asked whether federal funding will be mainly for one-time expenses that will not be recurring. Ms. Yang replied that the bulk of federal funding is for one-time developmental expenses to aid in establishing a fully-functioning ACA-compliant Exchange. Ms. Yang explained that the CCA’s current federal revenue projection is likely conservative, as it reflects a cut-off as of February 2013, when existing federal grants expire. Ms. Yang noted there will likely be more opportunity for federal support in the future. In looking at the FY13 budget recommendation, Secretary Jay Gonzalez emphasized that this is a transition year for the CCA and will be very different from last year. Secretary Gonzalez expressed his view that from a resource perspective, this is a responsible budget for FY13. He cautioned the Board from looking at the FY13 budget like a budget that has a constant operational model because the CCA is unable to know what its constant will be yet.

Next, Ms. Yang discussed the key variances in the FY13 administrative budget. The CommCare (including AWSS) enrollment will increase due to reintegration of AWSS members and expected inflow of former Medical Security Program (“MSP”) members. Celia Wcislo asked how many individuals in MSP were expected to enter into CommCare. Ms. Yang stated that 10,000 MSP members are expected to enter into CommCare. In discussing the salary and benefits variance, Dolores Mitchell asked how much the CCA is projecting in FY13 to spend on health insurance benefits for its employees. Ms. Yang replied that they would obtain specific information and follow up with her. Mr. Duncan asked for a list of all the new ACA-related positions that the CCA plans to hire. Ms. Yang replied that the CCA plans to fill a grant officer position, technology position and market research position. Mr. Shor indicated that staff would compile a list and share with the Board. Mr. Duncan asked whether the new positions are required by the ACA or whether they are required to support the business. Ms. Yang explained that the positions are essential to ACA compliance and are thus required by the law. She further added that these positions will be federally funded.

Ms. Yang concluded the presentation by providing the Board with additional information on the CCA’s overall financial position. Ms. Yang stressed that having adequate reserves is particularly crucial for the CCA for the next several years to help the organization manage

through a rapidly changing landscape. The Board voted unanimously to approve the FY13 administrative budget recommendation of \$42 million.

**IV. Fiscal Year 2012 Year in Review & Fiscal Year 2013 Goals:** Ashley Hague began by providing the Board with a recap of the FY12 Goals and summarizing the FY12 year in review. The power point presentation entitled “Fiscal Year 2012 Year in Review & Fiscal Year 2013 Goals” was used during the presentation to the Board and was subsequently posted to the CCA website. Secretary Gonzalez took a moment to note that typically the CCA provides a current fiscal year review in September, but decided to present the review earlier this year. Ms. Hague explained that in developing the CCA’s goals for FY12, they separated the goals into three categories - CCA 1.0, CCA 2.0 and administrative and organizational goals. Ms. Hague noted that she would send the Board a copy of the FY12 Plan of Operations. The major organizational accomplishments in FY12 were bucketed into CCA 1.0 and 2.0 accomplishments. One of the FY12 1.0 accomplishments included the completion of Year 1 implementation of Wellness Track. Mr. Duncan asked how many employers had signed up for Wellness Track. Ms. Hague stated that roughly 60 employers are currently in the program. Key CCA 1.0 accomplishments included another successful CommCare procurement, with a 10 percent projected rate decrease since FY11, re-launch of Business Express will all eight major insurance carriers, completion of a competitive re-procurement of the Medical Security Program which led to \$30 million in savings and an expeditious re-integration of the AWSS population.

Ms. Hague also provided an overview of the FY12 CCA 2.0 goals and accomplishments. In particular, Ms. Hague noted that the CCA obtained enactment of a number of important laws to transform the CCA into an ACA-compliant Exchange. The organization also instituted a new internal Project Management Office and developed a detailed Roadmap with key milestones and major deliverables to move the CCA towards ACA compliance. Ms. Hague noted that a few projects have been deferred because they are being integrated into work for 2013 ACA implementation. In particular, the launch of the broker newsletter was deferred to July 2012 as the CCA was awaiting the U.S. Supreme Court decision on the ACA. Ms. Wcislo asked for a copy of the broker newsletter, which Ms. Hague indicated would be shared with the Board.

Next, Mr. Mansur provided an updated vision of the FY13 Health Connector organizational goals. Mr. Mansur explained that the CCA refined the goal setting process for FY13 to more clearly articulate the CCA’s core vision, emphasize the most important priorities for effectuating it and identify some key metrics to measure the organization’s progress. Vision #1 is to become a health insurance exchange with a transformative impact on health insurance for small businesses and individuals. Mr. Shor elaborated on Vision #1 and noted that the CCA aspires to fuse the power of technology with the public of empowering small businesses and individuals. Mr. Shor further explained that Vision #1 is at the Connector’s core, while Visions #2 and #3 are important components of the Connector’s vision that stand on their own. In addition, Vision #4 aids in bringing all the components together. Ms. Mitchell asked Mr. Shor to clarify the CCA’s interpretation of the phrase “transformative impact.” Ms. Mitchell noted that she believes the concept of having a “transformative impact” is setting a standard and showing the rest of the world that this level of health care cost efficiency can be achieved. Mr. Shor believes that having a “transformative impact” is about making a meaningful positive difference for entities the CCA is charged with serving. He further emphasized that the CCA’s audience are the people on the ground today, whether it be individuals purchasing insurance for their families or small businesses trying to buy insurance for their employees. Ms. Mitchell noted that while she agrees that the CCA’s primary obligation is to the people the organization serves, she stressed that the CCA should not underestimate the importance of setting a standard for others to follow.

In discussing the strategies to achieve Vision #1, Mr. Mansur explained that in order to ensure compliance with the ACA, the CCA must use federal grant revenues prudently in order to conduct ACA-required activities. Ms. Wcislo asked whether staff were developing a fiscal plan for FY14 regarding how the CCA will operate the Exchange. Mr. Mansur indicated that CCA staff members are now in the process of developing a sustainability model for FY14. In discussing the next steps in working toward achieving the FY13 organizational goals, Mr. Mansur stressed the importance of soliciting and incorporating feedback from the BOD earlier than usual, as the CCA has a significant amount of important work ahead.

Secretary Gonzalez noted that the FY12 results are incredible and thanked the CCA staff and members of the Board for all their hard work in achieving numerous goals with positive results. Secretary Gonzalez also recognized the CCA staff for their thoughtful FY13 planning exercise which clearly articulated goals and strategies to drive the organization forward during this critical transition period. Mr. Malzone recognized that in reviewing the FY13 goals, he understands what the CCA needs to accomplish in FY13 in order to transition to FY14. He expressed his concern, however, that the articulated FY13 goals appear to be focused on the CCA as a marketing and sales organization, rather than working to fix the current health care system. Mr. Malzone continued by explaining that a whole host of providers continue to be dissatisfied with our current system, specifically the fact that they spend the bulk of their time on administrative efforts rather than focusing on their medical practice. Mr. Malzone emphasized that the CCA should be focused on helping providers provide cost efficient care. Secretary Gonzalez acknowledged that such a goal is certainly one the CCA, from a broad perspective, should be focused on. However, Secretary Gonzalez noted that the CCA should be more focused on providing a market place for consumers and employers to purchase health insurance. He further recognized that there are other agencies that are more directly focused on aiding providers in delivering cost efficient care. Dr. Harris noted that various individuals are currently participating in a workgroup at MassHealth which is focused on finding solutions to some of Mr. Malzone's concerns. Ms. Turnbull, along with Mr. Duncan, highlighted that the Board needs to be rigorous and challenge themselves about the definition of "transformative." Ms. Turnbull further added that both CCA staff and the Board need to identify measures to aid in determining what truly is transformative. She added that the CCA needs to look at how it can have a transformative effect on the market, including having an outside influence beyond the people it serves. Secretary Gonzalez noted that the discussion around the notion of having a "transformative impact" will be revisited in the future. Ms. Hague concluded the discussion by explaining that the CCA does not yet know exactly what the world will look like at the end of FY13. Therefore, she encouraged the Board and staff to be creative in exploring various options for how to transform the market.

- V. **Student Health Insurance Initiative – “Year Three”:** Ashley Hague begin by providing an overview of the Health Connector's role in improving the value of health insurance for public college students. The power point presentation entitled “Student Health Insurance Initiative – Year Three” was used during Ms. Hague's presentation to the Board and was subsequently posted to the CCA website. The Health Connector is a member of the Student Health Program Steering Committee and has played an active role in the Committee since its inception. Ms. Hague explained that the Division of Health Care Finance & Policy began reporting on Student Health Insurance Programs (SHIPs) in 2009. The reports found that the take-up rate for student health insurance is actually very low. In 2010, of the 401,521 students subject to the requirement, only 27% enrolled in SHIP plans. The low take-up rates are based on the fact that most students are able to waive SHIP by virtue of having insurance through their parents. Moreover, under the ACA, children are now permitted to remain on their parents' plans until age 26. The 2009 DHCFP report also indicated that out-of-state carriers had low medical loss

ratios (“MLR”) and relatively significant profit margins. Ms. Weislo asked for additional information on how the MLR requirements, under the ACA, apply to student health insurance products. Ms. Hague indicated that CCA staff would provide Ms. Weislo with additional information. In discussing the premiums for the 2012-2013 academic year, Mr. Duncan asked whether students received coverage for a full calendar year or merely the academic year. Ms. Hague replied that students are covered for the entire calendar year.

Next, Ms. Hague explained that the ACA required additional benefit upgrades, including free preventive care and the elimination of all benefit caps. Ms. Weislo asked whether the ACA eliminated all benefit caps. Ms. Hague replied in the affirmative and explained that the annual limits would be completely eliminated by January 2014. Ms. Hague provided a summary of the 2012-2013 academic year results. She explained that the CCA’s skillful negotiations and a strong commitment by Carriers and Brokers to serve these students helped manage overall premium trends. In addition, all the schools enhanced their benefits due to the ACA. Moreover, some plans further enhanced benefits in response to student requests. Finally, some schools made minor benefit adjustments to mitigate cost increases for students. Ms. Hague concluded by reiterating that the CCA has helped improved benefits for students at very moderate premium increases. Ms. Turnbull thanked the CCA for its work on the SHIP initiative and noted this project serves as a great example of where the CCA has leveraged its expertise to achieve positive results for individuals.

**VI. Health Connector ACA Legislative Update:** Ms. Hague began the discussion by explaining that her presentation was built as a resource for BOD members. The power point presentation entitled “Health Connector ACA Legislative Update” was used during Ms. Hague’s presentation to the Board and was subsequently posted to the CCA website. Ms. Hague stated that the 2012 Legislative Session has been a very busy one for the CCA. Several CCA-related changes needed to be passed in the 2012 Legislative Session to support the organization’s transition to CCA 2.0. In May 2012, legislation was signed into law designating the CCA as the state’s Health Benefits Exchange for purposes of the ACA. Ms. Hague explained that following stakeholder and legislative outreach meetings organized by the Patrick Administration, the Legislature enacted another supplemental appropriations bill in June 2012 that included a number of important provisions related to the ACA. Mr. Duncan asked whether the reinsurance administration was temporary. Ms. Hague replied in the affirmative and explained that it is a temporary three year transition program for reinsurance. After walking through a number of provisions that are relevant to the CCA, Ms. Hague concluded the presentation by noting that planning is already underway for another ACA-reconciliation bill slated for the 2013 Legislative Session.

The meeting was adjourned at 11:00 AM.

Respectfully submitted,  
Kristin M. Faucette