



The Commonwealth of Massachusetts
Commonwealth Health Insurance Connector Authority
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DEVAL PATRICK
Governor

TIM MURRAY
Lieutenant Governor

GLEN SHOR
Board Chair

JEAN YANG
Executive Director

Board of the Commonwealth Health Insurance Connector Authority

Minutes

Thursday, December 13, 2012
9:05 AM to 11:26 AM
One Ashburton Place
Boston, MA 02108
21st Floor Conference Room

Attendees: Glen Shor, Nancy Turnbull, Ian Duncan, Louis Malzone, George Gonser, Jonathan Gruber, Julian Harris and Celia Wcislo. Candace Reddy attended in place of Jay Gonzalez. Catherine Hornby attended in place of Dolores Mitchell. Joseph Murray and Andres Lopez arrived late at 9:07 AM.

The meeting was called to order at 9:05 AM.

- I. Minutes:** The minutes of the November 16, 2012 annual meeting were approved by unanimous vote.
- II. Executive Director's Report:** Glen Shor opened by reporting to the Board that Commonwealth Care enrollment was up since November 1, 2012 and that Commonwealth Choice enrollment remained stable.

Mr. Shor went on to report the important news that the Connector received conditional approval from the federal government earlier this week to be a state based health insurance exchange with full implementation of the Affordable Care Act (ACA) as of January 1, 2014. Mr. Shor explained that it will take a lot of work to be compliant with the ACA and it will require detailed agenda and timeline planning. Mr. Shor then went on to recognize Camie Berardi, Brian Schuetz and Roni Mansur in their excellent work towards getting conditional certification as well as MassHealth and University of Massachusetts Medical School for their counsel and oversight. Mr. Shor congratulated the other five states granted conditional certification – Colorado, Connecticut, Washington, Oregon and Maryland – and said he looks forward to learning from them throughout this process.

Mr. Shor lauded the recent communications efforts to publicize Business Express referring to the radio jingle as well as the website visuals.

III. Key Considerations Related to the State Individual Mandate and Proposed Amendments to Minimum Creditable Coverage Regulations (VOTE): The PowerPoint presentation “Key Considerations Related to the State Individual Mandate and Proposed Amendments to Minimum Creditable Coverage Regulations (VOTE)” was utilized during Kaitlyn Kenney’s presentation. Ms. Kenney opened by explaining that the Board needs to make decisions regarding how to best mesh the components of the state’s individual mandate with the federal individual mandate components introduced by the ACA. She went on to explain that there would be minimal impact in terms of the number of individuals practically impacted if a state mandate requirement is maintained in addition to the federal mandate requirement given that the Household Insurance Survey (HIS) sponsored by the Division of Health Care Finance and Policy (DHCP) indicated that over 98% of Massachusetts residents have health insurance at some point during the year and the Department of Revenue (DOR) tax-filers data reveal over 92% of Massachusetts tax-filers have coverage for a full year that meets the state minimum creditable coverage standard. Jonathan Gruber inquired about what percentage of residents who are not covered actually pay a penalty. Glen Shor responded that only a small percentage pay because many uninsured individuals are at an income level that does not subject them to a penalty. Celia Wcislo then asked whether, under the ACA, this population would have greater access to Medicaid or Advanced Premium Tax Credits (APTC). Ms. Kenney responded that there will be some who become eligible for either program.

Ms. Kenney went on explain the Connector’s recommendation to maintain a progressive state affordability schedule in implementing the individual mandate in the Commonwealth. Ms. Wcislo asked whether the Board would be voting on a schedule that maxed out at the federal level of 8%. Kaitlyn Kenney and Glen Shor replied that we recommend that the Board adopt a progressive affordability schedule that relies on dollar values for defined income cohorts, representing no more than 8% of income through calendar year 2014. Kaitlyn Kenney and Glen Shor indicated that in calendar year 2015, the state could then move to a true percentage of income based approach, which would be progressive and ultimately capped at 8% of income.

Ms. Kenney then covered the details of the Health Connector’s staff’s recommendation with respect to proposed amendments to the state’s Minimum Creditable Coverage (MCC) requirements. During the course of her presentation she indicated that the proposed changes are intended to better align the state standards with many of the insurance market reforms introduced by the ACA. Ms. Kenney reviewed the Maximum Out of Pocket (MOOP) standards under the ACA and indicated the staff recommendation is to align the state MCC regulations with this approach. Ian Duncan inquired as to how dental coverage would be added to the MOOP. Ms. Kenney responded that under the ACA’s Essential Health Benefits (EHB) rules, insured individuals could buy separate dental policies for the pediatric requirement and she is not sure insurers have determined how that accumulation to the MOOP will work. Mr. Gruber then asked whether, if a plan included dental coverage, that would go towards the MOOP. Ms. Kenney replied that this appears necessary under the ACA (i.e., that all cost-sharing for EHBs must count toward the MOOP) and that she has spoken to carriers who understand that this will be a change from current practice.. Catherine Hornby then asked how this would work with limited network plans. Ms. Kenney explained that in a limited network plan the MOOP calculation would only include cost-sharing for EHBs provided by providers and facilities included in the limited network. In a PPO plan, only the in network cost sharing is required to count toward the MOOP . Ms. Wcislo then inquired as to tiered plans. Ms.

Kenney explained that all cost-sharing for EHBs, regardless of the tier, would be counted towards the MOOP. Mr. Malzone then asked Ms. Kenney if she could go over the MOOP and prescription drugs. Ms. Kenney replied that this is a statutorily defined EHB so cost sharing for prescription drugs must now count towards the MOOP. Ms. Wcislo then inquired as to how many individuals actually hit their MOOP and how this is tracked. Ms. Kenney said that she could query carriers. Ms. Hornby also went on to describe how she understands the MOOP to be calculated in some scenarios with out of network providers. Nancy Turnbull then asked what types of services would not count towards cost sharing for EHBs. Ms. Kenney answered that cosmetic surgery and acupuncture are among those services.

Ms. Kenney then discussed the Health Connector staff's proposal with respect to deductibles. During the course of her presentation she explained that the deductible limits proposed would now be inclusive of both the medical and prescription drug deductible, if applicable. Ms. Wcislo then confirmed her understanding that any separate prescription deductible would need to be counted towards the \$2,000 limit. Ms. Kenney replied that this is correct and that the new plan, allowing indexing of deductibles but maintaining a limit, provides flexibility in response to the market trend for higher deductible plans.

Next, Ms. Kenney discussed Catastrophic Health Plans as outlined by the ACA, explaining that these plans would replace Young Adult Plans now offered by the Connector. Ms. Wcislo asked how this would work and what the relationship to Student Health Insurance Plans (SHIP) would be. Mr. Shor explained that most students remain on their parents' plans, but that when they procure their own coverage they will face tradeoffs and this plan would be a new option they would have. Ms. Turnbull asked that there be a renewed conversation regarding student health plans with high deductibles in order to make sure that naïve individuals were not drawn into poor plans. Mr. Shor assured her that he would be happy to look into those issues especially since the Connector was recently charged with looking at SHIP. Ms. Kenney then explained that because the MCC requirements were phased in over time, sections of the regulations require cleaning up as they are no longer applicable.

Ms. Kenney finished her presentation by providing a timeline with next steps in the regulatory process. Ms. Wcislo asked how long the comment period for the regulations would be. Ms. Kenney informed her that it would be a 60 day comment period.

Mr. Shor thanked Ms. Kenney for her presentation on such complicated issues emphasizing the priority to both the Board and the Governor to ensure that people in the Commonwealth are getting real coverage they can rely on without increasing burdens on employers. Mr. Duncan wanted to note that he has concerns about individual states and other jurisdictions laying down requirements such as these in light of the ACA given the implications for national employers. The Board voted unanimously to approve the issuance of amendments to 956 CMR 5.00 in draft form for public hearing and comment.

IV. 2014 Seal of Approval Introduction (III): Subsidized Health Insurance and the QHP Wrap: The PowerPoint presentation "2014 Seal of Approval Introduction (III): Subsidized Health Insurance and the QHP Wrap" was used by Ashley Hague and Jean Yang during this section of the agenda. Ms. Hague opened the presentation explaining that this is the third in a series on a Qualified Health Plan (QHP) Wrap and subsidized health insurance coverage. She went on to explain that because guidance on a Basic Health Plan (BHP) has not yet been released by the federal government, the Connector has been working closely with MassHealth

to come up with an alternative plan. Ms. Wcislo asked whether or not we would consider doing a BHP in the future. Mr. Shor and Ms. Hague responded that that could occur but without federal guidance the Commonwealth cannot be ready for a BHP by 2014 so it is working within the confines of the ACA to develop an alternative plan.

Ms. Hague discussed how the various MassHealth and Connector programs would converge. Mr. Gruber asked whether or not certain programs such as Commonwealth Care, Commonwealth Choice, Medical Security Plan, Insurance Partnership etc. would be going away. Ms. Hague responded that there will be modifications to eligibility requirements under the ACA that will affect these plans and that MassHealth is working on the details. Julian Harris added that children will still be on MassHealth. Ms. Wcislo inquired how expansion of Medicaid allows this proposed alternative to have some simplification and less administrative complexity. Dr. Harris responded that at a future meeting he can come back and talk about how the coverage landscape will look post ACA.

Ms. Hague then presented a chart detailing the way in which the QHP wrap would work as opposed to how a BHP might work. Ms. Wcislo asked how many people are represented in the categories. Ms. Yang responded that, because the chart represents coverage in 2014, there is no existing number because the groups will shift. She went on to say that based on the Manatt/Mercer report on subsidized insurance done earlier, the population of residents with household incomes of up to 300% of Federal Poverty Level (FPL) would be 187,000 which is a higher number than current Commonwealth Care enrollment. However, some of the current Commonwealth Care population will move to Medicaid. Ms. Hague then referred back to Ms. Kenney's earlier point that certain individuals with incomes below 300% FPL who were not eligible for Commonwealth Care because they had Employer Sponsored Insurance (ESI) will, in 2014, be eligible for APTCs through the Connector.

Mr. Duncan then asked about the amount of the APTC provided. Ms. Yang responded that the amount of APTC varies for individuals at different income levels and there is a schedule in the federal regulations that she can provide. Mr. Shor explained that the benchmark for calculating the amount of an APTC is the second lowest cost silver plan sold on an exchange. Ms. Wcislo asked whether individuals currently in Commonwealth Care will be part of the rating market. Ms. Yang replied that they would. Mr. Gruber asked if this would bring rates up because the Commonwealth Care population is sicker. Ms. Yang stated that this was not necessarily true.

Ms. Hague and Ms. Yang then presented a chart showing the effect of a QHP wrap. Mr. Gruber asked whether only five carriers would carry wrap plans and what the process is on how many to use. Ms. Hague explained that a number has not yet been decided but Connector staff chose five as an example for this presentation. Mr. Shor further emphasized that the Connector is continuing to work on this plan. He went on to say that determining the number of carriers will be done by closely collaborating with the Board and other stakeholders. Ms. Hague added the importance of offering choice while ensuring that there are low cost plans. Ms. Wcislo, Mr. Malzone and Mr. Duncan then asked questions as to why only certain products can be wrapped and why we would limit choice in this way. Mr. Shor, Ms. Hague and Ms. Yang each had a part in explaining that the APTC will be available to income qualified people within the exchange and the Connector would supplement that federal money with state money because of concerns for affordability in this low income population. Furthermore, it was explained that for Massachusetts to make a good case to the federal government to support our state wrap programs, the Connector as an exchange will need to promote competition on price and value. Ms. Turnbull noted that this is similar to what is

being done already in Commonwealth Care. Ms. Wcislo then asked if, in a year or two, the Commonwealth would move towards a BHP if the rates would go up by combining these two markets. Ms. Yang responded that the state QHP wrap is an alternative under consideration because the BHP is not currently an option and that health plans will have to do a lot of work but, with all things balanced, the QHP wrap option leverages the success the Connector has achieved thus far and causes the least disruption.

Ms. Hague and Ms. Yang then went on to describe how premiums will be paid to carriers with the subsidized money. Mr. Gruber asked how the payments would be made and what the options are available to the purchaser. Ms. Hague explained that the Connector would send bundled payments to the carrier combining the customer premium and the federal and state subsidy money. Mr. Duncan then asked who was liable for payment in the event that a member does not pay his or her premium. Ms. Yang explained that these are details still being worked on and explained that currently different rules apply between subsidized and non-subsidized programs. Ms. Yang stated she would send along a summary on failure to pay premiums. Mr. Duncan then inquired as to the actuarial value and how that affects the cost-sharing subsidy. Ms. Yang explained that this calculation is complex; the cost sharing subsidy will be paid in advance based on plan design and there will be an adjustment at the end of the year based on actual utilization.

Ms. Hague and Ms. Yang then went on to summarize the goals of the alternative model. Mr. Gruber inquired whether the state wrap would be restricted to the silver plans. Ms. Hague replied that is correct. She went on to explain that one could take their APTC to a bronze plan but because the cost sharing subsidy is only available for silver plans, the QHP wrap must be limited to silver plans. Ms. Turnbull asked how risk adjustment correlates and what the implications would be with the BHP alternative using a limited selection of plans. Ms. Yang replied that this is not a simple answer but that risk adjustment is intricately related to this. Ms. Yang went on to explain that risk adjustment helps broadly by giving carriers confidence and an incentive to provide coverage through the wrap plans. Ms. Wcislo then asked whether or not competition could be used in the same way it is used for Commonwealth Care. Mr. Shor responded that the way in which auto-assignment was done in Commonwealth Care never precluded choice for the member. He continued by saying that the role for auto-assignment, especially in navigating from MassHealth to the Connector, will be explored.

Dr. Harris then thanked the Connector for working closely with MassHealth in promoting affordability and continuity of coverage. He went on to say that Massachusetts is not the only state in this position and that this model could be compelling to the federal government for an approach to a transition between Medicaid and the ACA-compliant exchange, especially in the absence of federal guidance on a BHP.

Mr. Gruber asked that the Board be informed when the federal government communicates about matching funds. He said that this structure is fantastic and focuses on generosity. Ms. Hague replied that she would communicate about federal funds and explained that this would be important during the state budget process.

- V. Member Communications Consultant Procurement (VOTE):** Stephanie Nichols utilized a PowerPoint presentation entitled “Communications Consultant Procurement (VOTE)” to guide discussion during this agenda item. Ms. Nichols opened by describing the objectives for the consultant procurement. Ms. Wcislo inquired as to whether or not language capability was taken into account during the procurement. Ms. Nichols replied that this was taken into

account. She went on to explain in detail the expectations of bidders set forth in the procurement including experience with various types of insurance, experience with health literacy and privacy issues as well as the ability to create culturally and linguistically appropriate materials. Ms. Nichols stated that the contract value will not exceed \$463,000 of federal grant money. The agency that scored the highest in the Connector review process was MAXIMUS Health, Inc., receiving an 81 out of 90. The next highest score was a 66 out of 90. Ms. Nichols illustrated MAXIMUS's strength among the bidders as a company with health care communications experience; a full-service team of writers, graphic designers and research and translation experts; a qualitative field testing approach and the capacity to meet the Connector's and MassHealth's timeline. The Board voted unanimously to approve that the Connector enter into contract negotiations with MAXIMUS Health Services, Inc. for communications services.

The meeting was adjourned at 11:26 AM.

Respectfully submitted,
Rebekah D. Diamond