



The Commonwealth of Massachusetts
Commonwealth Health Insurance Connector Authority
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Boston, MA 02108

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, January 10, 2013
9:00 AM to 11:00 AM
One Ashburton Place
Boston, MA 02108
21st Floor Conference Room

Attendees: Glen Shor, Jean Yang, Jonathan Gruber, Nancy Turnbull, George Gonser, Louis Malzone, Julian Harris and Andres Lopez. Dana Bushell attended in place of Dolores Mitchell. Nancy Schwartz attended in place of Joseph Murphy. Celia Wcislo and Ian Duncan were absent.

The meeting was called to order at 9:06 AM.

Glen Shor opened the meeting by providing remarks about the outgoing Board Chair, Jay Gonzalez. Secretary Shor commended Mr. Gonzalez for excelling at health care issues, for his work on municipal health care reform as well as navigating the historic cost containment legislation. Secretary Shor thanked Mr. Gonzalez on behalf of the Board for his contributions to the Health Connector (CCA) and the Commonwealth.

Mr. Gonzalez took a few moments to thank Secretary Shor for teaching him a great deal about health care and CCA. He also thanked Candace Reddy for teaching him about health care. Mr. Gonzalez stated that his involvement in cost containment measures and national health care reform implementation was some of his most successful work that he is most proud of. He commended the administration of Governor Deval Patrick, the General Court and the Connector Board for their ability to collaborate and act effectively to recognize the broader interests of the Commonwealth, stating that the success of CCA has paved the way for the success of national health care reform. He expressed his pride in being involved with the Board and thanked them.

- I. Minutes:** The minutes of the November 16, 2012 meeting were approved by unanimous vote. The minutes of the December 13, 2012 meeting were approved by unanimous vote.
- II. Executive Director's Report:** Jean Yang began her report by thanking Mr. Gonzalez for his leadership. Ms. Yang also thanked Secretary Shor for the way in which he approached problems from every angle and with creative solutions, always ultimately choosing the right

course of action. She also praised him for taking advantage of the Board's rich expertise and for getting the Board excited about the vision of CCA in order to obtain their respect and confidence to make some of the most difficult decisions. Ms. Yang concluded her remarks by saying that she feels fortunate to have such a remarkable CCA Board and staff as she moves forward in her new role as Executive Director.

Ms. Yang reported that Commonwealth Care membership experienced a slight decrease in December mostly driven by scheduling redetermination activities. In addition, Commonwealth Choice numbers decreased slightly. Ms. Yang reported that there will be an outreach campaign in Lawrence, funded by the Exchange Establishment grant, targeting Spanish and Portuguese speaking communities to introduce them to health opportunities in 2014 and beyond. Ms. Yang also reported that the Commonwealth submitted their risk adjustment methodology to the federal government. She thanked CCA staff, the carrier community and the Board, especially Ian Duncan, for taking the time to provide input. Secretary Shor finished the report by mentioning the recommendation of Governor Patrick to change employer responsibility law in order to align with the Affordable Care Act (ACA), most notably by recommending to eliminate the Fair Share program. He stated that the legislation will maintain employer responsibility while eliminating duplicative penalties and administrative burdens.

III. 2014 Seal of Approval (IV): Product: The PowerPoint presentation "2014 Seal of Approval (IV): Product" was used during Kaitlyn Kenney's presentation. Ms. Kenney began her presentation by providing an update to the Seal of Approval launch timeline, explaining that the Request for Responses (RFR) was initially contemplated for January 2013 but will be released in February 2013 so that it is appropriately informed by the FY2014 budget proposal to be released in late January. This is specifically important in light of the QHP wrap for residents with incomes up to 300 percent Federal Poverty Level (FPL) and the projected level of Federal Financial Participation (FFP). Jonathan Gruber asked whether the wrap would be under CCA's authority. Ms. Kenney replied the Board has authority over establishing cost-sharing and premium subsidies provided through the state wrap. Ms. Kenney stated that the target date for Seal of Approval award is mid-to-late spring 2013, which is applicable to the Division of Insurance (DOI) filing process and also gives adequate implementation time for CCA and carriers.

Ms. Kenney then went on to discuss CCA's vision for the 2014 product portfolio, emphasizing attracting diverse customers, market appeal, and cost-effective, innovative and leading edge products, while still maintaining an easy-to-navigate portfolio. Ms. Kenney presented research conducted by Gorman Actuarial, looking at 57 plan designs representing enrollment in the four largest carriers. The market findings indicated that plans with deductibles are now the norm, with more than half of the merged market purchasing such plans. Nancy Turnbull asked whether the analysis segregated small-group and non-group in terms of deductibles. Ms. Yang explained that CCA will continue to try and obtain analysis, but that this particular study only looked at the overall merged market. Ms. Turnbull also asked whether DOI had this information. Nancy Schwartz stated that DOI does not have this information. Ms. Kenney went on to explain that co-insurance and Health Savings Accounts (HSAs) have slow take-up in the market, that federally qualified plans have had low traction and that Health Reimbursement Accounts (HRAs) are more prevalent among employers. Ms. Kenney noted that narrower network plans, where members experience uniform cost sharing, are likely to grow. In addition, tiered cost-sharing plans have grown significantly in the last few years. Finally, HMOs comprised 80 percent of the plans, likely due to their robust networks.

Ms. Kenney then went on to discuss the current Commonwealth Choice product shelf in light of this analysis, emphasizing the need for more market appeal. Ms. Kenney explained that the

transition to the ACA provides a unique opportunity to strengthen the product shelf given the evolving market. Ms. Kenney asserted that CCA proposes to maintain the current level of standardization for categories of defined cost sharing. Mr. Gruber noted that specialist services were not standardized. Ms. Kenney stated that she would look into this and continue to consider standardizing this element. Ms. Turnbull asked what was meant by meaningful standardization. Ms. Kenney replied that this broadly referred to the ability to prescribe all elements of plan designs and there has been sentiment for CCA to give flexibility rather than prescribe specifications. Ms. Kenney stated that CCA would ensure no discriminatory plans would survive the QHP certification process.

Ms. Kenney then proposed two modifications to the current standardization categories including replacing lab/x-ray with high cost imaging and accommodating the “preferred generic” tier as a variation within the standardized structure. Ms. Turnbull referred to the recent *Health Affairs* article containing 2010 data, asking what consumers are actually looking for both inside and outside of CCA. Ms. Kenney replied that the CCA shelf has products with a higher concentration of members and has historically conducted focus groups with consumers, both of which inform consumer preferences for standardization. Secretary Shor clarified that the Gorman research was a cross market study showing where consumers were concentrated across plans both inside and outside of CCA. Ms. Turnbull further expressed concern about offering too many plans and thereby confusing consumers. Ms. Kenney stated that CCA would keep this issue in mind when choosing the right number of plans. She went on to say that one of the takeaways from the market research is that there is a great deal of disparate membership across many products. Thus, while CCA does not want to have an overwhelming shelf, it does not want to miss market opportunity. Mr. Gruber proposed that CCA look outside the market at clusters of plan structures and inform the Board annually on these clusters and then, eventually, the Board can choose a cluster to satisfy standardization and the desire to compete. Ms. Yang stated that going forward, she would keep Mr. Gruber’s plan in mind but that it is a challenge to predict where the market will move. Ms. Turnbull asserted her belief that although CCA should try to move with the market, it should consider responding creatively and being mindful if the market moves in a bad direction for consumers. Louis Malzone added that, from a labor and business perspective, CCA should keep in mind the cost of maintaining a large number of plans. Ms. Yang replied that CCA is committed to working with the Board on the details of this plan. She also noted that by creating a more informed market, with more options, consumers will likely make better decisions and hopefully the visions of Mr. Malzone, Mr. Gruber and Ms. Turnbull will be realized.

Ms. Kenney then discussed alignment with ACA metallic tiers. She explained that the actuarial value (AV) ranges for each metallic tier are determined by the proposed federal AV calculator released in November 2012. Ms. Kenney further explained that the standard population for the federal calculator is not specific to any region. Therefore, the AVs of our current Commonwealth Choice products would mostly fall under the federal platinum or gold tiers. Ms. Kenney explained that the inherent alignment of the metallic tiers does not in and of itself make coverage more expensive. Ms. Turnbull asked Ms. Kenney to clarify that point. Ms. Kenney responded that just because a plan falls within a higher AV, the price is not necessarily higher. Mr. Gruber asked why it was the case that the Massachusetts bronze plans did not have an AV of 60 percent. Secretary Shor said that he is unaware of any provision in the law that set a specific AV for Massachusetts plans. Ms. Kenney further explained that when CCA initially did an RFR for Commonwealth Choice in 2007, it described the tiers relative to the standardized gold plan; however, following that procurement there was a move away from using AV and towards using standardization. Secretary Shor stated that previously carriers provided products with an AV relative to the gold tier, but now, in contrast, the federal AV calculator will be a consistent tool used across all carriers. Ms. Yang went on to explain

that CCA looks to use state dollars to subsidize individuals up to 300 percent FPL with a “wrap”. Ms. Turnbull clarified that the wrap would be available only for silver plans, where there would be greater potential for federal funding. Ms. Yang confirmed this, explaining that it would ease the burden on state dollars for the wrap.

Ms. Kenney then presented the proposed plan designs for the platinum tier. Mr. Gruber and Ms. Turnbull expressed concern that there is no value added in having these two plans and that one might be sufficient. Ms. Yang explained that while this is a balance, CCA wants to give a wide range of choices, and one of these plans is the only plan offered without a deductible. Ms. Kenney then presented the proposed gold plan designs, discussing the option of replacing one of the proposed gold plans with a bronze high plan. Ms. Kenney explained that the current low deductible and high co-insurance plan is most popular under this tier. Ms. Turnbull expressed concern over co-insurance and the transparency of pricing for medical services. Mr. Gruber agreed, but thought it was most important to encourage consumers to make informed decisions. Ms. Yang went on to say that while co-insurance should be promoted, and while this is in the carriers’ interest, the market is pushing back and CCA is concerned about addressing market demand. Ms. Kenney then presented the proposed silver and bronze plan designs. Mr. Gruber expressed his confusion about the federal AV calculator given that a small change in co-payment causes a plan to fall under a different tier. Ms. Yang agreed that the federal calculator is subject to debate, however, a five-dollar difference in pharmacy co-payment can affect AV. She added that the gaps between plans are not linear. Finally, Ms. Kenney covered catastrophic plans, suggesting that carriers are permitted but not required to provide these plans unless there are not an adequate number of options, in which case CCA will require carriers to offer them.

Ms. Kenney then discussed non-standardized plans, stating that they would introduce meaningful diversification that adds positive value to the Exchange. Mr. Malzone asked whether it had been proven that tiered networks are cost effective. Ms. Kenney answered that while there has been a significant move towards tiered network products, there is no conclusive answer and it will be something to watch. Mr. Gruber asked whether the Group Insurance Commission (GIC) tiered plans were less expensive. Dana Bushell stated that the GIC plans are physician tiered and some studies have shown there is movement to tiered products that have high cost efficiency and quality. Mr. Malzone asked whether the differentials between premiums were significant. Ms. Bushell answered that there were no premium differentials. Ms. Yang added that in the merged market there has been an aggressive movement in the last few years towards tiered network plans by large commercial carriers which may indicate progress in consumer education. She stated that for these reasons, CCA believes it is the right time to make this move. Ms. Turnbull asked for more clarification of what would be tiered and suggested tiering silver plans. Ms. Kenney explained that CCA is not prescribing tiering methods but will look at appropriate measures of quality and cost methods in the tiering approach. She went on to say that CCA will consider tiered silver plans. Ms. Kenney then explained that each carrier can submit a maximum of 10 non-standardized plans subject to the Board for approval and inclusion. Ms. Turnbull inquired why 10 was chosen to which Ms. Kenney replied that 10 was a number that would not preclude or limit the submission of plans while making sure there was not an overly large portfolio. Ms. Kenney reminded the Board that this is not the first time CCA has done such large scale mapping efforts and CCA is confident they can provide members with information they need to make an informed decision.

Lastly, Ms. Kenney provided a brief overview of the QHP wrap products discussed at the December 2012 Board meeting and discussed the transition to 2014. Ms. Kenney explained that CCA will pursue contract renewals for Commonwealth Care for the final six months of its existence. CCA plans to present the specific renewal proposal to the Board in February 2013.

IV. Final Wellness Regulations (VOTE): Ashley Hague and Kristin McCarthy used a PowerPoint presentation entitled “Final Wellness Regulations (VOTE)” to guide discussion during this agenda item. Ms. McCarthy began the presentation by asserting that CCA does not propose making any changes to the draft regulations. She went on by explaining the new eligibility criteria for Wellness Track set forth in the regulations. The new regulations continue to focus on employers with up to 25 employees, an under-served section of the workforce when it comes to wellness initiatives. In addition, owners and family-member employees are eligible to participate in Wellness Track. The regulations also eliminate any salary restriction on eligibility. Finally, the rebate will only be available for a maximum of three years, enough to give employers ample time to engrain a commitment to wellness in their workforce.

Ms. McCarthy then briefly provided an overview of the regulatory process and CCA’s progress to date. Ms McCarthy discussed the two comments received during the comment period. The first comment, from Longfellow Benefits, suggested opening the rebate to businesses with up to 50 employees, not 25. In response, Ms. McCarthy stated that CCA continues to believe that groups 25 and under are least likely to offer wellness benefits or programs to their employees. Ms. McCarthy further added that such groups are also not as well-situated to set up a wellness program that may be eligible for other state benefits, such as new tax credits that will soon be available pursuant to Chapter 224. The second comment, from Massachusetts Association of Health Plans (MAHP), asked that CCA collaborate with other state agencies also developing and overseeing wellness initiatives across the state while remaining compliant with Chapter 224 of the Acts of 2012 and recently proposed federal rules. Ms. McCarthy explained that CCA, pursuant to its original charter, collaborated with the Department of Public Health (DPH) in developing CCA’s wellness program. CCA also participates in a multi-agency workgroup related to implementing wellness initiatives pursuant to Chapter 224 of the Acts of 2012 involving DPH, the Department of Revenue, DOI, the Executive Office of Administration and Finance and the Executive Office of Health and Human Services. Additionally, Ms. McCarthy stated that CCA has been closely monitoring all federal rules related to wellness and does not believe that they necessitate any changes to the criteria proposed in the regulations. George Gonser expressed concern for limiting the eligible businesses only to those with 25 or fewer employees and also for limiting the rebate to a three year period. Ms. Hague responded that it is CCA’s belief, in looking at available data, especially a Kaiser survey on wellness programs, that companies with 25 or fewer employees are much less likely than those with 50 employees to implement a wellness program. She also mentioned that while the rebate may not be available for groups up to 50, the resources would be available through CCA to enroll in Wellness Track.

Ms. McCarthy finished her presentation by describing CCA’s revised participation requirements for Wellness Track. Secretary Shor and Ms. Hague encouraged Board members to contact Ms. McCarthy or Ms. Hague with any further questions regarding new participation requirements. The Board voted unanimously to approve the issuance of 956 CMR 7.00 as final regulations.

The meeting was adjourned at 11:20 AM.

Respectfully submitted,
Rebekah D. Diamond