



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

DEVAL PATRICK  
Governor

GLEN SHOR  
Board Chair

JEAN YANG  
Executive Director

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

### **Minutes**

Thursday, May 8, 2014  
9:00 AM to 12:00 PM  
One Ashburton Place  
Boston, MA 02108  
21<sup>st</sup> Floor Conference Room

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**Attendees:** Glen Shor, Dolores Mitchell, Jean Yang, Nancy Turnbull, George Gonser, Rick Jakious, Ian Duncan, Jonathan Gruber, Louis Malzone and Kristin Thorn. Kevin Beagan attended in place of Joseph Murphy.

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

- I. Minutes:** The minutes of the April 10, 2014 meeting were approved by unanimous vote.

Secretary Shor opened the meeting by noting this important milestone. He stated that while health care reform is more than just a website and is fundamentally about bringing health and security to the lives of Massachusetts residents, websites matter. He stated that websites are the vehicle through which individuals and small businesses can evaluate their options and be empowered to make the best decisions for themselves and their families. He noted that the importance of this model was apparent in the Commonwealth Care program where competition and innovation reduced trend by 12 percent over two years, saving the state \$300 million. He stated that because websites and consumer empowerment matter, the Commonwealth is deeply committed to having a working website for the Fall. He thanked Sarah Iselin, Ms. Yang and John Santelli for their presentation that will reflect hard work, deep thinking and due diligence. He thanked the Board for their input, insight and hard work.

**II. Executive Director's Report:** Ms. Yang began her report by introducing Mr. Santelli, the Chief Information Officer of Optum. She further stated how amazed she was by the energy level of the team who has been through an excruciating year but who know this is the right path forward. She finished her report by noting that she will ask the Board for their support to move forward with the work required to execute this plan.

**III & IV. HIX Project Update / Weekly Health Exchange Briefing (Agenda items taken together):** The PowerPoint presentation "HIX Project Update" was presented by Jean Yang, John Santelli and Sarah Iselin. Ms. Iselin began the presentation by explaining that, of the options for going forward, salvaging the current Health Insurance Exchange / Integrated Eligibility System (HIX/IES) had the highest risk as well as the highest cost associated. She explained that while this would not be the system that the Health Connector (CCA) would be using in the fall, MassHealth would leverage some of the former system to process eligibility based on Modified Gross Adjusted Income (MAGI), which the legacy system, MA21, cannot process. She noted that this meant the vision of an integrated eligibility system would be on hold for the Fall of 2014. For CCA, she stated that the project would be pursuing two concurrent paths of which one would be chosen in the summer as the only path for the Fall. The two paths consist of using a commercial off-the-shelf solution provided by hCentive and, in parallel, readying Massachusetts for the Federally Facilitated Marketplace (FFM). Ms. Iselin explained that hCentive was once part of the proposal provided by CGI but, at the time, the Commonwealth did not believe the product was ripe enough for use. The Commonwealth now has seen the product used by the Kentucky, New York and Colorado Marketplaces and viewed this system as the best solution to support open enrollment in the Fall for Massachusetts. She explained that this would be the least disruptive solution for consumers and health insurance companies who have been heavily burdened and who, throughout, have been tremendously supportive partners. Ms. Iselin then explained that, as compared to the FFM, hCentive has more technology risk despite being an off-the-shelf solution given that the Commonwealth is working against a very short timeline. Further, she stated that, based on extensive research and discussions with many other State-based Marketplaces and their vendors, hCentive was determined to be the best off-the-shelf solution for Massachusetts. As compared with products offered by Deloitte, IBM, Exeter and others, hCentive rose to the top of the list as being the safest technology solution. Ms. Iselin then noted that while the FFM is a built system, it poses policy and operational risks. The FFM does not, in its present state, support the state wrap program for individuals below 300 percent of the Federal Poverty Level (FPL) and does not support billing and enrollment functions on behalf of health plans. She emphasized that the path forward will require strong collaboration with health plans, providers, consumer advocates and other key stakeholders. Ms. Iselin explained that the first step was to make the plan public, receive approval from the Board and then quickly begin working on implementation using key stakeholder feedback. Ms. Iselin said that the ultimate decision determining the best system to enable Fall open enrollment will be made in the summer and that if the FFM is the best solution for the Fall, hCentive will still be built for the following open enrollment period as it is the option that can best support unique Massachusetts programs and is the

long-term vision for integrated eligibility. Ms. Iselin then reviewed the solution selection criteria.

Mr. Santelli discussed the analysis of rebuilding the current HIX/IES system, explaining that the team concluded that rebuilding would not be a viable option for the Fall and that core functionality is incomplete or would have to be remediated. He stated that there is a high level of defects in addition to missing functionality. He noted that there are some salvageable components such as the program determination (PD) rules and these will be used by Medicaid. Ms. Turnbull asked which population the Medicaid rules worked for. Ms. Iselin explained that the original scope of the project was to use these rules for all 250 Medicaid aid categories, but that this was changed to include only those rules that require MAGI. In response to a question from Mr. Duncan, Ms. Iselin explained that Deloitte did much of this programming work on the program determination rules, which is usable, and that CGI did the integration work which is where the majority of the problems reside. She explained that the original contract included work done by Deloitte and that the Commonwealth is continuing to negotiate with CGI to ensure that the correct subcontractors get paid under the contract. Mr. Santelli then discussed the hCentive option, noting that it is an out of the box solution, which requires the least amount of additional work as compared to other products in the market. It has been implemented in other states successfully and allows Massachusetts to include unique programs such as the state wrap program and eventual Medicaid integration. Mr. Santelli reviewed the capabilities of the hCentive product, noting core HIX functionality as well as the areas where additional work could be done to tailor the product to the Massachusetts-specific model. Ms. Turnbull asked whether hCentive had small group capabilities. Mr. Santelli stated that it does and that the federal government just hired hCentive to build their small group platform, but that this would not be implemented for the Fall in Massachusetts. Ms. Yang explained that CCA would continue to use its existing platform for the time being given that this functionality has been reliable. Ms. Iselin stated that a demo can be done in the future and that one can also browse the Colorado website to see what functionality is available. Ms. Weislo noted that maintaining state wrap is her priority for the Fall. Mr. Duncan asked whether a Medicaid determination is required for a non-integrated system. Ms. Iselin explained that there will be a front door for Medicaid, which would be different than a front door for CCA for this coming open enrollment, and that the Commonwealth is working closely with the federal government to determine the most consumer friendly way to steer individuals to the right place and understand how the two systems will perform handoffs. In response to a question from Mr. Duncan, Mr. Santelli noted that the hCentive product can be configured to the current Dell solution for operations and would not encounter the same issues that the FFM is currently undergoing. Secretary Shor stated that Dell has worked with CCA for a long time, as a Commonwealth Care vendor and now for all Qualified Health Plans (QHPs). He explained that they serve a key function for health plans in terms of billing, collecting premiums, aggregating premiums and sending them to the health plans whereas the FFM currently has health plans do all of this work. Mr. Santelli stated that because the hCentive product is configurable, interfacing with Dell is something that can be supported. Mr. Jakious asked whether hCentive is working with a vendor like Dell in

other states. Ms. Yang explained that in Colorado, hCentive interacts with a third party administrator that aggregates on behalf of carriers. Donald Johnson from Optum noted that hCentive provides a plug-and-play model, which allows for integration with Dell and that this will not require heavy development work.

Mr. Santelli then discussed the FFM option, noting that this is a proven scalable HIX and has been through one open enrollment period already. Thus, from a technology perspective, this is the least risky option as well as the lowest cost option for selling standard QHPs. He noted, however, that this is the least customizable solution as it has to support many other states but that the Commonwealth is working closely with the federal government to discuss these challenges. Mr. Santelli further noted that Optum has worked closely on the FFM and has knowledge of what it would require for Massachusetts to use this system for the Fall. Ms. Iselin explained that the state has conversations with Marilyn Tavenner of the Centers for Medicare and Medicaid Services (CMS) and her team members on a regular basis to discuss how Massachusetts could successfully migrate to the FFM. Ms. Turnbull noted that a dual track strategy involves a lot of work for health plans. Ms. Iselin replied, saying that Optum and CCA will work to create a team among the health plans to ensure that they are working closely with the team. Ms. Yang further stated that, immediately following the Board meeting, there was going to be a leadership meeting with the carriers and that they would be engaging closely with them on areas where there is the greatest impact such as plan management. Ms. Iselin explained that a state-based model would be preferable for the carriers in Massachusetts and that this was different than in a state like Oregon where plans preferred the FFM because the carriers were national carriers with 95 percent of their Marketplace membership enrolled through the FFM.

Ms. Yang reviewed the necessary areas of support from CMS. Among those areas are the wrap program, plan management and billing and enrollment. She stated that in order to use hCentive, the Commonwealth will have to get the base product established and then add on any enhancements, such as state wrap and billing and enrollment interfaces while leaving adequate time for system testing. She also noted that in pursuing the dual track strategy the team would align work to maximize time and resources. Ms. Yang clarified that the goal is to have hCentive in parity with FFM functionality when the viability of this option is evaluated in the summer. In response to a question regarding wrap functionality on hCentive from Ms. Weislo, Ms. Yang explained that this could consist of static shopping pages of ConnectorCare plans to which an eligible applicant could be directed. She noted that a basic experience such as this one would be a short-term solution with an integrated solution envisioned for the long-term. Ms. Iselin then provided an overview of the solution envisioned for Medicaid, leveraging the existing HIX/IES rules engine for MAGI determinations.

Ms. Iselin then discussed vendor engagement and provided a contract overview, noting that Optum would serve as the systems integrator for the project and would contract with the state's Information Technology Division (ITD). She stated that the contract was being negotiated to have elements of financial risk, a best practice in information technology (IT) contracts and a requirement of CMS for all states. She explained that

hCentive would serve as a subcontractor to Optum and that this procurement was done pursuant to state emergency procurement rules under Massachusetts law. Ms. Iselin discussed the benefits of managing revenue and vendors in one place as ITD would be managing the project while CCA would provide oversight and guidance. Ms. Mitchell noted that the level of involvement of the CCA Board, which has entailed answering many questions and digging into many details, has been extraordinary. She stated that the Board has advised, provided options and has performed the Board's role appropriately to affirm or not to affirm this recommendation.

Mr. Santelli then presented the project timeline. He stated that the goal is to set up QHP functionality and then have ample time for testing, adding any enhancements in later months. Ms. Iselin explained that Optum would also support work required to migrate to the FFM for one year if that were the system to be used for this open enrollment and that the FFM would only be used for one year, with hCentive as the long-term solution.

Ms. Iselin also noted that the team structure would be different going forward. She stated that there is an FFM track, an hCentive track and a Medicaid track and that Maydad Cohen, Deputy Chief of Staff from the Governor's Office, will be taking over as Special Assistant for Project Delivery overseeing all work tracks. Ms. Iselin said that Mr. Cohen has been working on this project for a long time and that the transition would be seamless. Ms. Wcislo asked whether the same individuals would manage the various streams. Ms. Yang explained that Roni Mansur from CCA is managing the hCentive track and Ashley Hague from CCA is managing the FFM track. Ms. Iselin then provided an overview of overall cost projections for the project in 2014-2015. Ms. Iselin explained that the state needs to continue to manage the current system while also pursuing the new system to support current enrollees as well as create the rules for Medicaid MAGI eligibility. Mr. Jakious asked what was the scope of the new project compared to the original scope of the HIX/IES project. Mrs. Iselin stated that the \$120 million is right in line with the original cost projection but now it is split over three work streams. Ms. Iselin added that the Commonwealth is pursuing extensions for the Commonwealth Care and temporary Medicaid programs through the end of the calendar year.

Ms. Turnbull thanked Ms. Iselin and Mr. Santelli for their presentation, stating that she believes this to be a responsible path forward and noted her preference to keep a State-based Marketplace model to keep Massachusetts' unique programs. Mr. Gruber stated that he sees this as a solid plan to ensure the same problems will not persist and requested that uncertainty be resolved and work for insurers be minimized to the extent possible. Mr. Duncan stated that while he is troubled about the expense, he sees no other alternative and supports the plan forward for this reason. In response to a concern raised by Mr. Duncan, Ms. Iselin then discussed an article in the Boston Globe noting Optum's relationship with hCentive. Ms. Iselin explained that Optum disclosed this relationship when the Commonwealth was looking for the best product that could be used for November 2014 and that hCentive did not arise as an option for several weeks during this search. It became apparent, however, after extensive conversations with

other State-based Marketplaces and, more importantly, their vendors, that hCentive was head and shoulders above the other options. Furthermore, two years ago, hCentive was part of a competitive procurement when CGI was procured and, while they were not a good choice then, they emerged as the best choice for November 2014. Ms. Iselin stated that the general counsel of ITD had reviewed the contract, is comfortable with the emergency procurement and does not see any conflicts arising from the hCentive and Optum relationship. Secretary Shor echoed the sentiment that the state used transparency and due diligence in choosing this vendor and would not rely solely on Optum to make such a decision. Mr. Gonser expressed concern over federal funding and the impact on members and health plans. Secretary Shor thanked the Board for their continued oversight and guidance and noted that every question that has been asked has been tough, fair and appropriate given the circumstances. He stated that the dual track plan best positions the Commonwealth to get the federal funding that is needed and the Board would continually be informed of any further federal funding requests. Mr. Jakious thanked the team for their due diligence and noted his appreciation for the many stakeholders who have been patient, flexible and committed. He stated that without a plan B, a plan A cannot succeed and echoed support for the dual track path. Ms. Mitchell stated that this conversation only strengthened her belief that the Board should vote in order to show support for Ms. Yang, Mr. Cohen and Ms. Iselin in their discussions with CMS. Ms. Mitchell then moved that the Board endorse staff recommendation for a dual track strategy to pursue implementation of hCentive and temporary migration to the FFM for the Fall of 2014. There were ten votes in favor and Mr. Gonser was against. Secretary Shor noted that this was a difficult decision and that hesitation is understandable.

- V. **Health Connector Operations and Project Management (VOTE):** The PowerPoint presentation, “Health Connector Operations and Project Management (VOTE)” was presented by Edward DeAngelo and Jen Bullock. Mr. DeAngelo began the presentation by providing background information on CCA’s relationship with Dell and Deloitte. Mr. DeAngelo then noted the need for Deloitte’s continued project management support for CCA and provided they key contract renewal terms. Mr. Gruber asked what the maximum cost would be for this contract. Mr. DeAngelo explained that the first quarter has not yet been priced out but the highest cost in a fiscal year was \$6 million; he noted, however, that the upcoming engagement will not be for an entire fiscal year, because services under work orders were expected to end at the end of calendar year 2014. Ms. Bullock then discussed the five work orders for Dell including, telephonic retention, 820 files, a dental contingency solution, plan selection workarounds and call center staffing. She noted that most of these were required due to IT system issues. The Board then voted unanimously to authorize the Executive Director to renew the Deloitte Consulting, LLP project management agreement for the period from July 1, 2014 through June 30, 2015, with services to be determined by short-term work orders during that period. In addition, the Board voted unanimously to authorize the Executive Director to execute five work orders with Dell Marketing, L.P., as described.

**VI. 2015 Qualified Health and Dental Plan Seal of Approval Part II – Issuer Administrative Fees:** The PowerPoint presentation, “2015 Qualified Health and Dental Plan Seal of Approval Part II – Issuer Administrative Fee” was presented by Sarah Bushold. Ms. Bushold began her presentation by explaining that administrative fees had been suspended in 2014 due to enhanced federal funding and to provide carriers additional financial flexibility. She stated, however, that after 2014 administrative fees would be imposed. She provided an overview of the revenue model considerations, noting long-term funding mechanisms for CCA, aside from state support. In addition, Ms. Bushold explained that the fee for 2015 is more competitive than the previous Commonwealth Care fee as well as other State-based Marketplace fees. Ms. Bushold then presented the final recommendation for administrative fees noting that these were based on a state-based solution and could be revisited.

The meeting was adjourned at 12:15 PM.

Respectfully submitted,  
Rebekah D. Diamond