



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

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Board Chair

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Lieutenant Governor

LOUIS GUTIERREZ
Executive Director

Board of the Commonwealth Health Insurance Connector Authority

Minutes

Thursday, February 23, 2017
10:30 AM to 12:30 AM

One Ashburton Place
Boston, MA 02108
21st Floor Conference Room

Attendees: Louis Gutierrez, Marylou Sudders, Nancy Turnbull, Gary Anderson, Dimitry Petion, Michael Chernew, Celia Wcislo. Louis Malzone and Roberta Herman arrived at 10:40 a.m. Lauren Peters (who was sitting by designation on behalf of Secretary Kristen Lepore) arrived at 10:50 a.m. Mark Gaunya and Rina Vertes participated via telephone from remote locations due to geographic distance.

The meeting was called to order at 10:34 a.m.

- I. Minutes:** The minutes of the January 12, 2017 meeting were unanimously approved.
- II. Executive Director's Report:** Mr. Gutierrez began the meeting by thanking the members of the Board for their flexibility in rescheduling from the original February 9th Board meeting that was rescheduled on account of the weather. He welcomed Gary Anderson who will be sitting on the Board in place of outgoing Commissioner of the Division of Insurance, Dan Judson. He acknowledged the substantial and time sensitive agenda which is before the Board and the reason that the meeting needed to be rescheduled. With this in mind, Mr. Gutierrez suggested that the March Board meeting be tabled, taking into consideration that it is scheduled to occur in two weeks. He noted Open Enrollment is now closed and operations remained stable even with increased member and applicant volume. He made members aware of a gracious letter the Massachusetts Association of Health Plans (MAHP) wrote to the Health Connector (CCA) in February recognizing the success of

Open Enrollment, copies of which had been distributed to Board members. In light of this letter he recognized the contributions of the entire community, the Administration, the Board members, health plans, MassHealth, community assisters and all individuals who continue to ensure that CCA contributes to the mission of Massachusetts health care reform.

Mr. Gutierrez then outlined the agenda before the Board, beginning with a presentation on Open Enrollment. He shared that as of figure available that week, CCA had reached an all-time membership high, an Affordable Care Act (ACA) era high with March enrollment surpassing 252,000 members, which was also a pre-Medicaid expansion era high mark; he noted the possibility for downward adjustment with the processing of March delinquencies. He noted that CCA will continue to focus on engaging members who still have the opportunity to switch plans for lower cost plans during the Special Enrollment Period (SEP) that will come to a close in the end of February, as well as tracking premium payment delinquency rates among members. He explained further that considering the significant changes in premiums, eligibility and the increase in membership during this Open Enrollment period, CCA is witnessing larger than normal delinquency rates, though delinquency does not always mean termination. He noted that last month CCA sent all requisite tax documents to its members. He further reviewed the agenda noting the vote before the Board to issue a public comment period for the Affordability Schedule as well as a vote regarding decision support tools, including a formulary look up tool for Open Enrollment 2018 and other features that will make it easier for shoppers to navigate and select the plan that is best for them. Lastly, he informed the Board that there would be a discussion surrounding a new Health Connector for Business platform to be launched later this year and that CCA would be recommending a partnership with the D.C. Health Benefits Exchange (DCHBX). He commented that the new platform will make it easier for small businesses to offer employees health plan options and easier for employees to manage plan options. Mr. Gutierrez stressed that this decision was not made lightly and CCA came to this decision after three procurements to find an appropriate partner. He noted that the proposals obtained in the previous procurements were not affordable or were unable to deliver systems that CCA sought. He explained that small business exchanges are required by Federal law to offer an Employee Choice model, that Massachusetts state law requires CCA to sell to the small group market and that market conditions prompt an investment in this area. In closing, he noted personnel adjustments within CCA, stating that Vicki Coates, in addition to serving as Chief Operating Officer, will also be Deputy Executive Director and that Audrey Gasteier was named Chief Policy Officer. He asked the Board Members if there were any questions and upon receiving none, introduced Rebekah Diamond to provide an Open Enrollment recap.

- III. Open Enrollment Update:** The PowerPoint presentation “2017 Open Enrollment Update” was presented by Rebekah Diamond, Marissa Woltmann and Nelson Teixeira. Ms. Diamond began the presentation with an overview of Open Enrollment 2017 that she deemed successful, with modest increase in membership, a lot of activity, and overall stability from an operational and technical perspective. She noted the highlights include record high Qualified Health Plan (QHP) enrollments and a high percentage of members retained. She continued that the number of new members who enrolled in health care

coverage through the Connector during the 2017 Open Enrollment period has significantly outpaced last year's enrollments. She reviewed a historical graph of CCA enrollment levels and noted that non-group enrollment membership is steadily climbing towards the highest point in membership and has since surpassed that mark since completion of the chart. Ms. Wcislo commented that it appears as though the Advance Premium Tax Credit (APTC) and QHP unsubsidized population is growing, and Ms. Diamond confirmed that because of eligibility redeterminations there is a larger population of APTC and unsubsidized members and that movement between programs continues to occur. Ms. Diamond then discussed the significant number of members shopping in comparison to years past and a large number of members actively switching plans. She continued that members responded to communications, which resulted in a lot of activity even if members did not switch plans. Ms. Diamond explained that CCA has a particular interest in the disparity between program types and retention rates of members. She commented that though it may be expected that lower plan types may have more attrition in membership due to premium increases and plan changes, data thus far had not indicated this, and in general there was no great disparity between plan types and retention rates.

Ms. Woltmann then provided a deeper analysis of plan shopping that occurred during Open Enrollment 2017, noting the high retention rate of overall membership and specifically ConnectorCare members. Directing the Board's attention to a chart that displayed the percentage of ConnectorCare Enrollees switching plans by 2016 carrier, Ms. Woltmann explained that switching carriers was a new activity and a trend that continued with members switching carriers at higher rates as contribution requirements increased. She noted that lower Plan Type members who may represent more price sensitive consumers also switched carriers at higher rates. She explained that an increase in switching occurred again among members who are receiving APTC-only as they are likely to be lower income than unsubsidized members and less likely to be able to continue with higher premium carriers. Ms. Woltmann then provided an overview of zero dollar premium paying members, members that are still eligible for zero dollar premiums but pay a premium, and members that are no longer eligible.

Ms. Turnbull asked to be reminded of the percentage of members paying a zero dollar premium in Plan Type 1 (PT1) and Plan Type 2A (PT2A) last year and were enrolled in plans where the premium increased, recalling that it may have been 50 percent. She continued, indicating her strong interest in understanding where these members, who would be faced with a premium after not previously having one, landed. In response to Ms. Turnbull, Ms. Woltmann replied that she would be able to follow up with her with those numbers, as the information is available; however the numbers from each relevant category would need to be combined. Ms. Turnbull said there was a distinction between members who moved plans voluntarily and more vulnerable members who may have switched plans because of unaffordable premiums or lost coverage altogether. Ms. Woltmann replied that some may be among those who had been paying zero dollars in December but who are now paying a premium because they either passively renewed or actively switched to a premium plan; there were about 8,500 members in that group. Ms. Turnbull thanked Ms. Woltmann for that data and commented that she is interested in seeing a segmentation of people known to have a premium because of the elimination of premium smoothing, the

impact that this elimination is having on them and if outreach efforts were able to keep them in coverage. Ms. Diamond added that CCA continues to track individuals who are ConnectorCare eligible and delinquent in payments and those individuals are being sent additional communications because they can still switch plans. Ms. Diamond commented that in general there was not a large disparity among ConnectorCare carriers regarding loss of membership; for example there has not been a major drop in February enrollment for Neighborhood Health Plan (NHP), though it still needs to be tracked for members who may be disenrolled due to nonpayment. Secretary Sudders suggested the data be segmented once additional information regarding attrition rates is available, which may not be for the next month or two. Ms. Turnbull noted that she would like to know how many members are in a precarious status, and would find it surprising if there were not differential trends among carriers. Mr. Chernew commented that down the road it would be interesting to see how care patterns change when members switch plans, which may require them to switch physicians, though he acknowledged there may be no good mechanism to track this. Ms. Woltmann returned to the analysis of renewing members and the changes in their premiums providing details on members plan types, carriers and how premiums were impacted.

Mr. Teixeira then discussed call center activity, noting that CCA received over 100,000 more calls than in the previous Open Enrollment. He stated that despite the increase, the call center performed well and maintained expected service and customer satisfaction levels. Ms. Turnbull lauded this report. Mr. Chernew agreed, and then inquired how much of the success in growth is coming from uninsured population versus eligibility factors, possibly because they are not offered employee sponsored insurance and if the increase is strictly because CCA is the place to go. Subsequently, Mr. Chernew remarked that if membership went down, it could be also considered a success depending on what is happening and where people are going, and the importance of understanding the overall picture. Mr. Teixeira responded that CCA intends to provide a deep analysis of membership at a future Board meeting. Secretary Sudders commented that the numbers are impressive and that she would like CCA to share the numbers that demonstrate how successful their outreach approach was this year in penetrating the uninsured population at a future Board Meeting, as the approach differed from previous years.

In response to Ms. Wcislo's interest in knowing about the language capabilities of individuals in certain communities where outreach efforts appear to have improved, Mr. Gutierrez replied that there were 80-90 percent increases in new enrollees within the targeted communities where CCA staff led an in-depth, on the ground, multilingual outreach effort and that more details will be presented to the Board in April. Dr. Herman congratulated the presenters and noted that it appears as though the metrics have improved, not just held steady. In response to a question from Dr. Herman regarding if such improvements happened on budget or if more operational staff was hired, Mr. Teixeira confirmed that since late summer's staffing increases, no additional staff members have been added or needed.

Ms. Turnbull then commented that she is excited by the increase in high rates of previously uninsured population becoming insured and would appreciate the opportunity to see a macro perspective in relation to what is going on in context with MassHealth budgetary

concerns. She further noted that ConnectorCare membership has increased to historic levels, and that with a lot of members becoming MassHealth eligible, and with market stability, it would be helpful to get a general sense of the state of health insurance in the Commonwealth. Secretary Sudders then referred Ms. Turnbull and any interested parties to the Executive Office of Health and Human Services presentation on their website that shows the trends in the insurance market, noting that it is a public document and that a series of Frequently Asked Questions will be added later. In response to a question from Ms. Weislo relative to whether we are seeing an overall pattern in market dynamics, Secretary Sudders offered to speak with any interested member outside of the Board meeting regarding the overall health insurance conversation but with the lengthy agenda before the Board it was critical that members stay on topic. Secretary Sudders returned to the topic of Open Enrollment recalling the anticipatory anxiety that was present prior to Open Enrollment and the amount of shopping expected; she recognized that the operations staff and the call center performed well by any metric. She noted that as Secretary she often hears when there are issues and complaints, but she hardly ever had to call CCA staff on constituent cases. She reiterated that there has been a lot of conversation regarding the penetration into neighborhoods with high rates of uninsured and the success of the outreach deserves to be reported to the Board, including the outreach and migration of high premium members and defaulting, seeing the entire story would be beneficial. The Secretary congratulated the staff and Board members.

- IV. Group Market Exchange (VOTE):** The PowerPoint presentation “GROUP MARKET EXCHANGE (VOTE)” was presented by Vicki Coates, Jason Hetherington, Audrey Gasteier and Emily Brice. Ms. Gasteier began the presentation by informing the Board that before them was a proposal for a new Group Market Exchange (GME) platform and the presentation would include a discussion relative to the context of the platform in the market, the policy perspective, the selection process, finances and operation, project plan and ultimately seek the approval of the Board through a vote. She noted that state and federal law requires CCA to sell health insurance in both the non-group and small group market, and that the ACA requires Exchanges to sell small group coverage inclusive of an Employee Choice model. She then provided a brief overview of ways to offer employees choice in coverage, and stated that such models would provide value to small employers in Massachusetts. She concluded that for a number of reasons, including that this option is financially sustainable and encourages competition in the small group market, the recommendation to enter into a partnership for a new GME platform was coming before the Board. Ms. Gasteier noted that there is an expectation by consumers for choice of individual health plans in all markets except in the small group market. She noted that the small group market is least likely to see choice for individuals and referenced a Health Policy Commission (HPC) survey of employers in Massachusetts which found smaller employers have less access to providing choice in health plans to their employees. She cited reasons why small employers do not offer choice and noted that larger employers do not face these same obstacles. In response to a question from Ms. Turnbull relative to the definition of plan from the data presented, Ms. Gasteier replied that it can mean carrier, as typically small business would not offer access to more than one carrier, that plan can also be within a carrier, as it is unlikely that an employer can offer an array of options to an employee and that it can mean a number of things to different employers, the exact

definition being unclear. She then provided a deeper analysis of the market citing research conducted among small business employers in the Commonwealth, both CCA members and non-members. She continued that the Board appreciates the value of shopping, understands that shoppers expect choice and that CCA is always working to bring a curated shopping experience to members. She stated that the GME platform will provide employers with a degree of choice to offer their employees while offering tools to assist in navigating those options available to employees. She explained that the sole source option, i.e., one plan, one carrier, which is currently offered on the SHOP platform, will continue to be available, but employers will also have the option of offering levels of choice by carrier or metallic tier.

Ms. Gasteier noted that the CCA non-group market shelf is evidence that individuals shop differently within an Exchange because of access to decision support services, competition among products and the transparency to compare products within a platform. She informed the Board that the number of covered lives in the small group market has declined over the years, and that the new GME platform will present choice, administrative simplicity and a new value proposition to employers that have shed coverage due to labor dynamics. She explained that according to market segments, micro-groups with under five employees, may be compelled to utilize the platform due to the administrative simplicity and the absence of existing purchasing arrangements. Ms. Gasteier noted that between now and 2019, it is expected there may be an additional 2,500 new lives added to small group coverage. In response to a question from Ms. Turnbull as to whether other states have been successful in implementing the Employee Choice model and the platform used, Ms. Gasteier explained that the platform selected by CCA and before the Board has had success in this space. Ms. Wcislo commented that it would be interesting to know if the decline in the number of lives covered on the small group market reflects a permanent shift. She continued, inquiring if this could be a result of fewer jobs available and if that may impact long-term solutions. In response to a question from Ms. Turnbull, Ms. Gasteier explained that small group is defined as at least two employees given the ACA crowd-out of sole proprietors from the small group Exchange market. She continued that she is not sure whether this policy change accounts for much of the reduction in membership.

Ms. Gasteier then turned the presentation over to Mr. Hetherington who informed the Board that the recommendation today is the result of a third procurement effort in the small group space. He noted that the two previous procurements received commercial responses and no responses met the technical, operative or financial needs of CCA. He continued that with the lack of feasible responses, the third procurement specifically targeted State-based Marketplaces (SBMs), a vision for a partnership that would allow for Massachusetts to share systems and operations. Mr. Hetherington noted that in the previous procurements SBMs were not able or willing to respond and therefore a new questionnaire approach was developed to target SBMs during the third procurement. He explained that SBMs were asked to provide information on their operations, current market and exchanges. He continued that once the questionnaire was returned the process proceeded just like every other procurement, with scoring and guidance provided by the legal and financial teams. He noted that the responses for this procurement were excellent and of high quality, and that both bidders had high scores. He continued that the bidders paid great attention to

detail in their responses and engagement with the SBMs has been remarkable. In response to a question from Secretary Sudders regarding how many responses were received during this procurement process, Mr. Hetherington replied that two had been received. He stated that D. C. Health Benefits Exchange (DCHBX) was selected because their platform includes all capabilities that Massachusetts requires and is the largest SBM in the country with roughly 60,000 employees covered. He commented that DCHBX has been incredibly successful, and has continued to expand and grow, and rely on strong relationships with the broker community. He explained that the platform includes a tool to select a broker if an employer comes to the site without one. In response to a question from Ms. Turnbull regarding whether DCHBX benefits from legislative advantages, Mr. Hetherington responded that it is the only source for small group coverage in D.C. Ms. Turnbull commented that it is important to note that D.C. benefits from a legislative advantage as being the preferred and only option for D.C. businesses and therefore the Board must understand that it will not be possible to replicate that model in Massachusetts. Dr. Herman said the Connector must identify a breakeven point and how much it needs to grow in order for the platform to be viable. Ms. Turnbull remarked that it appears as though DCHBX has a great platform, and that the Massachusetts platform has not worked well here, but that is a different question from how many lives the Connector can or needs to serve on the platform. Mr. Hetherington responded to the previous concerns, recognizing that CCA will benefit from the scale of DCHBX, because their high membership will make the costs to CCA lower. Ms. Turnbull noted that CCA will benefit from the monopoly, and Secretary Sudders suggested CCA will benefit from DCHBX's proven success.

Mr. Hetherington continued that the platform will need slight modifications to meet the needs of CCA, including the ability to support list billing and composite ratings and additional customizations to support CCA carriers. He then explained that the project will be funded by a \$5.5 million Center for Medicare & Medicaid Services (CMS) grant which will fund the implementation of the project. He directed the members to the presentation where a table illustrated the costs associated with operations. He noted that based on current enrollment projections and previous years, the new platform will break even in year two, 2019.

Mr. Hetherington stated that an important piece of this project is carrier engagement, with carriers working with CCA to ensure success. He shared that though conversations with carriers have been ongoing, there would be an all-carrier kick off meeting on the day following the Board meeting. In response to a question from Dr. Herman regarding the growth assumptions for membership, Mr. Gutierrez responded that if only 2,000 additional members are attracted, which is a conservative threshold, CCA will break even. In response to a question from Mr. Petion as to whether the increased membership will be coming from the broker community, Mr. Gutierrez replied DCHBX considers the brokers a key to their success and there is an automatic broker referral tool on the site should an employer like one. He continued that CCA wants to replicate the portion of the small business approach for Massachusetts brokers, providing tools to work with brokers while also attracting micro-businesses which are not broker connected, providing the option to make selections themselves. Mr. Hetherington commented that 90 percent of DCHBX is brokered and the

platform is meant to be broker friendly, employers are able to engage quickly with a broker and CCA believes that this tool will enhance broker engagement in Massachusetts.

Mr. Gaunya offered his praise for CCA staff's effort to find a creative solution and he appreciates the inclusion of the broker community as this moves forward. He reiterated however, the mandate within DC, and that businesses have no other choice and so it is hard to calculate success, though the platform is doing what it should do. He continued that he would like to identify the problem that is trying to be solved, asking if the problem is offering choice. He noted that fellow Board member, Mr. Malzone, often discourages too much choice, as choice doesn't always mean a better experience. He stated that the ACA is going to be repealed and replaced and that while there are state requirements, Massachusetts and the country have a rising health care cost problem and premiums are a reflection of health care costs. He continued that we may need and want choice in the small group market, but we should be looking to lower costs. He elaborated that health care is the second biggest cost for employers, but health care costs grows most quickly with 10-12 percent annual growth. He acknowledged a serious migration of individuals going into MassHealth and stated that they are not necessarily leaking from the small group market but from larger chains. He continued to express his opposition to the proposal, recognizing two strong, local players, Small Business Service Bureau and Health Services Administrators, who have served the small group market, have made substantial technology investments in order to meet the needs of CCA and will be impacted by the move to an out of state platform. Mr. Gaunya then commented on the simplicity of the offerings of the platform, comparing it to the Cafeteria Plan model with 2017 technology that can help administer the plans, but the carriers ultimately decide how many plans are available. He noted that if CCA is trying to solve the problem of choice, why not ask carriers to provide more choice. He concluded that he believes that this platform will increase complexity, duplicate administrative needs, and disaggregate risk.

Ms. Coates continued with the presentation summarizing the highlights of the DCHBX platform which will allow the CCA to create an intuitive platform for brokers, employers and employees. She noted that DCHBX relies upon the continuous involvement of brokers in order to update the features and continuous involvement is critical to replicate success here. She stated that the platform will allow CCA to offer a range of products and has the ability to support more volume, which is a key factor in Massachusetts. Ms. Coates reviewed the implementation timeline, stating that all carriers are expected to be on boarded for January 1, 2018 sales, though some may be ready for new sales as soon as August 15, 2017 and renewals for October 1, 2017.

In response to a comment by Mr. Chernew clarifying previous comments by Mr. Gaunya as to whether offering employee choice was required by law, Secretary Sudders and Ms. Coates confirmed that this is a requirement. Mr. Chernew then continued stating that the software offered by DCHBX appears to be of high quality and fiscally advantageous, and questioned whether a better product has been found. Ms. Coates confirmed that over three procurement processes no better platform has been found. Mr. Chernew emphasized the problem in need of solving, noting that though rising health care prices are a great concern, it is not the issue that is before the Board. Mr. Chernew stated that the problem the Board

is trying to solve is how to offer the best Exchange possible at the most fiscally responsible price. Ms. Turnbull stated that in suggesting that carriers already offer Cafeteria products, Mr. Gaunya was not only overlooking the fact that this is not an acceptable solution, but also that the Exchange will allow for employers or employees to pick between different carriers and compare them side by side, which at the moment there is no option for. Ms. Turnbull pointed out that the needs and desires of employees are different and that this network may be the best way of offering options to address those differences.

In response to a question from Ms. Turnbull regarding Employee Choice and the use of list billing versus composite billing and the capacity of DCHBX to implement composite rating on the platform, Mr. Gutierrez replied that CCA will work with DCHBX to implement sole source using composite rating as it may be an option people continue to select over time. He noted that previous attempts going to the Massachusetts market with regard to list billing were not handled well, but CCA has been working with the Division of Insurance (DOI) in how list billing is formulated and addressed. In response to a follow up question from Ms. Turnbull as to whether this platform will move Massachusetts away from composite rating to list billing, Mr. Gutierrez stated that the platform will be able to support both and that composite rating is needed for sole source and list billing for choice. Ms. Turnbull stated that she supports the platform but that she has policy concerns with regard to list billing and would like to discuss that further.

Dr. Herman commented that in general the approach is to provide for capability and options, employers will not be forced to use or not use brokers, and as we don't know how the market will evolve there is great opportunity to be flexible. She then commented on the fact that at the moment, each year, the small group platform is losing money, and the Board should be compelled to not lose money. Mr. Gutierrez responded that from a sustainability standpoint, it is hard to imagine continuing on the current path losing three million dollars a year. Secretary Sudders added that the other option breaks even in year two.

Ms. Coates continued with the presentation noting that the platform comes with decision support tools, which will help employers and employees navigate more choice. She stated that the memorandum of understanding (MOU) with DCHBX is for a term of three years, with the option for two additional one-year extensions and the option to terminate at any time. She noted, as had been discussed, that the expectation is to break even within two years, that the platform offers a full range of services and will help with customer experience. Ms. Coates stated that the product has open source code, which means that CCA can take the product if and when the MOU is terminated. Ms. Coates stated that the next item was for the Board to vote to authorize the Executive Director to enter into agreement with DCHBX for the implementation and ongoing operations of a new Group Market Exchange platform. Secretary Sudders called for an open discussion by the Board on the GME vote; she acknowledged the contributions from Mr. Gaunya and asked Ms. Vertes, who was connected via telephone if she would like to add to the conversation. Ms. Vertes noted that she struggles with the decision and though she will support the Board she questions if there is a market, or a need for this service. She continued that choice in the small group market may not be a value add but a source of confusion, and is not convinced of the value that this product will bring or whether it will be embraced by the market. She

continued in saying she hopes that CCA can learn from lessons of the past several years when the current platform has not been able to get off the ground and improve in future ventures.

Mr. Petion stated that as a small business owner, choice is paramount in making decisions. He recognized that this may not be perfect, but the opportunity to look at what is available based on need is important, and as a small business owner he strongly supports the possibility of having a tool that small business owners can use, with a broker, or on their own, to advance the needs of employees. Ms. Wcislo commented that she will vote for this and asked whether there was potential to open the product to larger employers. She recalled years ago when state-run mental health centers wanted to join the Group Insurance Commission (GIC) to provide their employees options without administrative burden, and wondered if the GME platform was something that could someday be an option for other groups. Mr. Petion commented that having access to the code to have a platform to build on is of great value. In response to Ms. Wcislo's comment relative to adaptability of platform for future markets, Dr. Herman noted that the GIC will be watching this project with interest, but that today's vote must be focused on the merits that this platform will offer CCA. She commented that she would advise that a reasonable milestone be established to allow for active evaluation of the implementation and success of the platform. Ms. Peters then responded to previous comments made by Mr. Gaunya and Mr. Petion relative to small businesses not having the capacity and resources to educate employees and provide options, as often small business owners are the presidents, general counsel and human resources directors of their businesses. She noted that this platform will allow business owners to have an advantage and a forum to shop and provide affordable innovative products. Secretary Sudders added that this measure is consistent with the Governor's insurance market reforms to improve access to employer sponsored coverage and to provide more affordable products for the small group market. Ms. Turnbull supported Secretary Sudders' comments and believes this is a thoughtful proposal that needs to be pursued, but cautioned that successful platforms in other states have a market advantage and brokers and carriers are often resistant to these products, so CCA must provide the tools to promote competition and make insurance more affordable for businesses. The Board voted to carry the motion ten to one with one no vote from Mr. Gaunya.

- V. Proposed Affordability Schedule for Calendar Year 2018 (VOTE):** The PowerPoint presentation "Proposed Affordability Schedule for Calendar Year 2018 (VOTE)" was presented by Marissa Woltmann. Ms. Woltmann began by providing a brief overview of the presentation, noting that the 2018 affordability schedule has modest differences from the 2017 schedule. She stated that under state law Chapter 58, individuals are required to enroll in affordable health insurance coverage if it is available or face penalties. She noted that the ACA requires similar enrollment in affordable coverage in order to avoid penalty, but added that both policies were crafted separately from one another and exist independently of each other. She continued that the primary purpose of the affordability schedule is to determine whether an individual needs to pay a penalty because coverage available to them was too expensive. She added that the affordability schedule does not require employers to offer affordable plans. Though not required, Ms. Woltmann

continued, CCA does align subsidized premiums with the affordability schedule so that people who are eligible to enroll in ConnectorCare can enroll in affordable coverage and will face a penalty if they do not. She reiterated that the state schedule does not impact if an individual will receive a federal penalty as they operate on different schedules. Next, Ms. Woltmann explained that a resident would use the affordability schedule when filing their taxes, if their insurance did not meet the minimum credible coverage (MCC), they could then check to see if their income allows them an exemption to the penalty on affordability grounds. She noted that this is a small group of individuals as Massachusetts enjoys high coverage rates and most of individuals are insured in MCC plans. She continued to explain that over the last five years, in response to the federal mandate the affordability schedule has evolved and the Board has adopted many changes, including capping the maximum contribution rate at eight percent income and utilizing percentage of income based standards rather than a fixed dollar amount standards. She noted that the Board has also explored ways to reflect cost-sharing reductions and indexing affordability standards though those changes were not made. Next, Ms. Woltmann discussed the 2018 approach and affordability schedule modifications, citing an update in federal poverty standards as published by US Department of Health and Human Services and noted minor technical adjustments that were needed to preserve affordability across family sizes and progressivity across the schedule, noting that the maximum contribution slightly decreased for the 400 percent bracket to match the federal affordability standard. She concluded that the updated Federal Poverty Level (FPL) guidelines resulted in a one dollar increase in premium amounts considered affordable for members in the 150-250 percent bracket, and reviewed the changes across plan types. She recommended that the Board vote to authorize the issuance of a public comment period for the proposed Calendar Year 2018 Affordability Schedule. The Board voted unanimously to open a public comment period for the proposed Calendar Year 2018 Affordability Schedule.

- VI. Decision Support Procurement (VOTE):** The PowerPoint presentation “Decision Support Procurement (VOTE)” was presented by Emily Brice and Kevin McDevitt. Ms. Brice began the presentation by informing the Board that CCA is seeking approval to enter into two agreements with distinct vendors to procure decision support tools that will enhance the CCA shopping experience. The first, a formulary search tool by Consumers’ Checkbook (Checkbook), a current CCA vendor, would be available for Open Enrollment 2018 and a total cost calculator tool, available through a new vendor, PicWell, Inc. (PicWell), which would be integrated into the non-group exchange for Open Enrollment 2019. Ms. Brice provided information from a member survey which revealed that CCA members are interested in the availability of tools to assist in selecting plans and providing them with a better understanding of the overall cost of health care plans they select. Ms. Brice commented that these tools can assist members in understanding total cost of health care at the outset and essentially increase use of services. In response to a question from Ms. Wcislo regarding delayed care due to cost, Ms. Brice confirmed that 26 percent of unsubsidized members and 14 percent of subsidized members surveyed reported delaying care due to costs. Ms. Brice then compared the tools being used in peer Exchanges to those available through CCA. Secretary Sudders noted that CCA can only improve. Ms. Brice agreed and highlighted that CCA currently offers a provider search tool; however, at this time members leave the platform and carry their information over while using the tool. She

continued that this spring the tool will be integrated into the platform, CCA expects a seamless transition for members and the platform will be greatly improved once it is streamlined. Ms. Wcislo commented that the cost calculator is a great tool and that a previous Board member, Jonathan Gruber, has lauded this in the past. In response to a question by Mr. Petion regarding the availability of the proposed tools on the DCHBX platform and how this relates to the procurement, Ms. Brice noted that the DCHBX platform does include tools from Checkbook, however these procurements would be for the non-group platform. Ms. Brice continued that the PicWell cost calculator is an excellent price and offers a best in class decision support tool, it is a wonderful opportunity for a total cost calculator which appears to be different from other vendors in the market.

Mr. McDevitt then outlined the procurement process that included review of several tools and ultimately the decision that acquiring both PicWell and Checkbook would be ideal. He continued that waiting to implement the total cost calculator for Open Enrollment 2019 would give CCA more time to provide the best approach. Mr. Gutierrez added that CCA is strategically casting the second tool as an option to proceed in light of potential changes on the horizon. Mr. McDevitt noted the importance of that distinction and stated that both of these vendors are within the allotted budget.

He continued by stating that Checkbook is a known vendor that has been working in the field for three decades. He noted that CCA has great confidence in the vendor and believes that integrating this tool into the shopping platform will add value to the shopping experience and enhance consumer choice. Mr. McDevitt then reviewed portions of the tool with members. In response to a question from Ms. Turnbull as to whether the tool will say what tier a medication is on, Mr. McDevitt said that it is the intention for the tool to provide that information. In response to a question from Mr. Petion regarding the customer shopping experience, Mr. McDevitt responded that the customer will fill out the eligibility application, receive a QHP determination and before shopping will be asked to walk through a decision support services “wizard”. He continued that the consumer can then enter their provider, the facilities they want covered and any prescriptions they want covered, and that all member selections will then be reflected on the shopping page. Mr. Petion responded that though the tool and intentions are good it may be misleading given the current environment where prescriptions may change tiers regularly and asked how CCA can ensure consumers have the most up-to-date information. Secretary Sudders commented that this tool provides a snapshot in time to the member and Ms. Brice replied that there will be disclaimer language similar to the provider search tool, encouraging consumers to check back frequently. She expects that the tool will be updated regularly and that there has not been an issue like this with the provider search tool, noting that provider networks also change somewhat regularly.

In response to a question from Ms. Peters regarding additional interest in the utilization of various tools in other Exchanges, Ms. Brice replied that she can provide additional information regarding the use of these tools in other states. Mr. McDevitt elaborated that the existing provider search tool on CCA platform encounters significant volume. Ms. Brice added that the provider search tool, following enhancements, experienced nearly twice as much use during this past Open Enrollment as compared to the previous Open

Enrollment. Dr. Herman commented that the tools are terrific but they are only as good as their maintenance and stressed that it is essential that updating requirements are part of the service agreements and processes. Mr. McDevitt agreed and reviewed the work order which would be added under the existing Master Service Agreement (MSA) for the formulary search tool. He stated that the first year will be \$110,000, which is a good expectation for year one with an option for five additional one-year extensions. In response to a question from Ms. Turnbull regarding Dr. Herman's comment on frequency of update, Ms. Brice responded that updates will be a part of the conversations that they enter into with the carriers. Ms. Turnbull then asked if the tool can be used to browse plans anonymously, to which Ms. Brice replied that it can be. Ms. Turnbull commented that these tools are also very helpful for researchers who, upon using them, have discovered patterns and formulary structures that suggest certain consumers are discouraged from enrolling in certain plans.

Mr. McDevitt then informed the Board of the details of the PicWell total cost calculator tool, explaining that the tool is the best in class and the company has experience in the Medicare and commercial markets. He stated that the algorithm used by the tool is impressive and PicWell is always improving and feeding data into the algorithm. He noted that it is believed that the tool will bring exceptional value to the Exchange and will be a leading tool used in Exchanges. He then provided an overview of the member experience, a member can put in basic information; a collection of medications, doctors, hospitals, facilities. He continued that an interesting part of the tool was the risk preference which allows a consumer to indicate what approach they may take from a risk standpoint, helping consumers understand their tolerance for large medical expenses. He displayed how the results would be shown on the website and noted that results would need to be tailored to fit Massachusetts specifically. In response to a question from Ms. Wcislo regarding the ability for costs not taken into consideration to be displayed in the deductible, for example if you are having a baby, Ms. Brice responded that in the interest of time the entirety of the product was not used but there are a number of questions asked, including medical usage. She continued that existing claim data is used, such as information from the formulary and provider search tool so that an accurate premium picture is provided. Mr. McDevitt added that though conversations need to be entered into in greater depth, it is expected that the eligibility determination will be passed off of hCentive, the eligibility vendor, so that pertinent data will be included. In response to Ms. Turnbull's interest in knowing more about PicWell, Ms. Brice responded that PicWell is a newer company started by an economist who is interested in how to provide a total cost calculator that is based in data, previously operating in the Medicare and commercial space. She noted that CCA will be the first State Based Exchange that PicWell works with which is not a decision that CCA takes lightly and it is reflected in the structure of the agreement. She explained that PicWell is interested in growing and working with CCA to understand all implications of the State Based Marketplace (SBM) and for that reason were able to come in with a competitive bid. Mr. Chernew then added additional details about the founders of the company and their use of machine learning algorithms to run spending models rather than regression based models, which the founders believe gives flexible functional form in coming up with their spending predictions compared to other models. Mr. McDevitt then continued with the contract details, which gives CCA an option not an obligation to contract with PicWell

with work starting in fall 2017 to bring the tool to market for Open Enrollment 2019. He continued with the expected costs for the first year and each additional year for the next five years, which is an exceptional value compared to other bidders. In response to a question from Mr. Petion regarding the safety of consumer data and ensuring that the vendor does not monetize on consumer information Mr. McDevitt noted that legal counsel is working to make sure that those issues are addressed. In response to a question from Ms. Turnbull regarding the privacy of a customer searching for HIV drugs and the ability for anything to be linked back to them, Ms. Brice ensured that all decision support vendors CCA partners with are HIPPA compliant and do not retain member information. In response to a question from Ms. Wcislo regarding how many prescriptions can be put into the calculator, Mr. McDevitt replied that currently you can enter at least 10 prescriptions and that this is being discussed with the vendor to increase that number. Mr. McDevitt then recommend that the Board move to vote on the two vendors. Secretary Sudders directed the Board to separate the votes, as one is to enter into a contract while the second is an option to enter into a contract. Mr. Gutierrez provided further clarification on the second item, stating it is more like a contract with the option to get out of. Noting the difference between the two, Secretary Sudders asked the Board to vote to authorize the Executive Director to enter into a contract with Checkbook for the procurement of a formulary search tool, which the Board voted unanimously to approve. The Board then took up the measure to authorize the Executive Director with the option to enter into a contract with PicWell for a total cost calculator tool. Prior to the vote of the Board, Secretary Sudders cautioned CCA staff to be aware of the viability of the tool and cognizant of the newness of the tool and company in the SBM space throughout this process, the Board then voted unanimously to approve the measure.

- VII. Health Connector Programmatic Audit (VOTE):** The PowerPoint presentation “Health Connector Programmatic Audit (VOTE)” was presented by Chad Fame and Ed DeAngelo. Mr. DeAngelo began by informing the Board that CCA is requesting approval to begin a work order with KPMG to conduct a programmatic audit for Fiscal Year 2016 (FY16). Since the inception of CCA, Mr. DeAngelo noted, annual fiscal audits have been conducted, also by KPMG. He highlighted the differences between the programmatic audit which focuses on compliance and eligibility processes as compared to the fiscal audit which focuses on the financial components. Mr. Fame stated that the programmatic audit is required under the ACA and that KPMG has provided their scope of work and a not to exceed estimate of costs at \$325,000. Mr. DeAngelo added that CCA previously did a competitive multi-year procurement with KPMG. In response to a question from Mr. Malzone regarding what was paid to KPMG last year, Mr. DeAngelo noted that it was less but that it was only for six months in order to transition programmatic audits from calendar year to fiscal year. Mr. DeAngelo also noted that rates have increased. In response to a question from Ms. Wcislo regarding the hours of work for the audit and the respective cost, Mr. DeAngelo replied that there will be multiple people completing the work, focusing on various areas of the audit. He added that all of the work will be completed by June 30, 2017 and that it should begin in the near future. Mr. DeAngelo then requested the Board vote to authorize the contract with KPMG which was approved unanimously by the Board.

Prior to adjourning, Secretary Sudders asked that the letter from MAHP be entered into the formal record of the minutes and be attached to the minutes so that it is able to be referenced with ease in the future.

The meeting adjourned at 12:24 PM.

Respectfully submitted,

Erin E. Ryan

Encl. Letter from Massachusetts Association of Health Plans to the Health Connector dated 02/08/2017



February 8, 2017

Louis Gutierrez, Executive Director
Commonwealth Health Insurance Connector Authority
100 City Hall Plaza, 6th Floor
Boston, MA 02108

Dear Executive Director Gutierrez:

On behalf of the Massachusetts Association of Health Plans, our 17 member health plans that provide coverage to more than 2.6 million Massachusetts residents, and our Board of Directors, we would like to congratulate you on a successful open enrollment. With more than 250,000 individuals enrolled in medical coverage for this year, and an additional 68,000 members receiving dental coverage, this accomplishment is commendable.

Most importantly, the commitment and dedication of you and your staff to ensuring that the Commonwealth was prepared for an unprecedented number of health plans members enrolling and renewing coverage through the Health Connector for the 2018 plan year has been extraordinary. We would like to extend our sincere gratitude to you and the Health Connector staff who committed themselves to working long hours over an extended period in order to achieve this success. Your leadership and obligation to encourage transparency, through regular meetings and conference calls, has facilitated a strong collaborative partnership between the Health Connector staff and the health plans operating in the Commonwealth. We appreciate your team's willingness to hear the concerns of our member plans, accept feedback, and address issues without delay to incorporate practical recommendations and develop potential solutions in advance. This positive environment has fostered constant communication amongst stakeholders, which in turn continues to benefit the consumer experience.

Again, thank you for your leadership and congratulations on an excellent marketplace experience. We continue to share your enthusiasm for extending coverage opportunities to all interested state residents and remain supportive of your administration's commitment to the highest level of service to the insured individuals, families, and small businesses in our state.

Sincerely,

Lora Pellegrini