



*The Commonwealth of Massachusetts  
Commonwealth Health Insurance Connector Authority  
100 City Hall Plaza  
Boston, MA 02108*

CHARLES BAKER  
Governor

MARYLOU SUDDERS  
Board Chair

KARYN POLITO  
Lieutenant Governor

LOUIS GUTIERREZ  
Executive Director

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

**Minutes**

Tuesday, May 16, 2017  
3:30 PM to 5:00 PM

State House  
24 Beacon Street,  
Conference Room  
Boston, MA 02113

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**Attendees, Members:** Marylou Sudders, Dimitry Petion, Celia Wcislo, Lauren Peters (who was sitting by designation on behalf of Secretary Kristen Lepore), Louis Gutierrez, and Rina Vertes participated via telephone and joined at 3:30 PM.

The meeting was called to order at 3:05 PM.

- I. Minutes:** The minutes of the November 22, 2016 meeting unanimously approved.
- II. Health Connector Administrative Finance Update:** The PowerPoint presentation “Health Connector Administrative Finance Update” was presented by Kari Miller, Edith Calvao, and Nupur Gupta. Ms. Miller began the presentation noting the uncertainty of continued federal cost-sharing reduction (CSR) payments and highlighted the significant impact that the elimination of federal CSR payments would have on the market. In response to a question from Ms. Wcislo regarding carrier impact, Ms. Miller stated that at this point of the year the cost of carrier impact is \$115 million. She continued with an overview of the presentation highlighting changes in the budget since the subcommittee last met. She reviewed the historical administrative per member per month (PMPM) cost which had decreased by 14 percent due to additional membership and moderate decrease in expenses. In response to a question from Ms. Wcislo, Ms. Miller confirmed that the Health Connector (CCA) had bounced back from federal grants. Ms. Miller then provided

a comparison between CCA and other state based marketplaces. She pointed out that CCA is very competitive despite offering a full suite of services. Ms. Wcislo noted that the larger states are close in PMPM cost to CCA. Ms. Miller continued to explain the comparisons and provided caveats and assumptions that went into the comparison.

Ms. Gupta then began review of the fiscal year 2017 administrative budget. She reviewed the summary, noting that CCA is projecting \$4.6 million net loss, which is an improvement of \$3.7 million. She explained the factors that contributed to the improvement. She noted the higher than average premiums for ConnectorCare compared to the November projections and stated that 60 percent fewer members are enrolled in Neighborhood Health Plan, though it was expected that fewer members would remain enrolled with the carrier. She continued stating that there was a \$2.6 million decrease in the operation budget as a result of HIX O&M timing, a \$0.6 million decrease in personnel and \$0.4million in reduced spending on outreach as a result of timing. There was then review of the fiscal year 2018 (FY18) administrative budget which reflects a \$2.7 million loss primarily attributed to higher than anticipated HIX operations and maintenance costs. In response to a question from Ms. Wcislo, Ms. Calvao confirmed that time clocks would be running on a monthly basis. There was then review of FY18 administrative revenue assumptions and expenses. Mr. Gutierrez emphasized that if CSRs were not funded for FY18, the FY18 assumptions would have to change as a result. Following additional review of FY18 assumptions and uncertainties the subcommittee approved, at 4:30 PM to have the budget go to the Health Connector Board of Directors for approval.

**III. Health Connector Program Budget Update:** The PowerPoint presentation “Health Connector Program Budget Update” was presented by Kari Miller and Edith Calvao. The presentation began with a review of the fiscal year 2017 (FY17) program budget. In response to a question from Ms. Wcislo regarding the figures presented, Ms. Miller stated that the numbers displayed in black represent positive values, whereas numbers displayed in red represent negative values, which contribute to the net position of the ConnectorCare programmatic budget. The net variance in State Premium Wrap and State CSR for the AWSS (Aliens with Special Status) population was attributed to increased enrollments in this population compared to the November 2016 projection. The decrease in State Premium Wrap and State CSR for the Non-AWSS population was attributed to overall membership projections, which decreased compared to November 2016 projections. An update of the FY17 program budget noted that program expenses decreased very slightly since the January 2017 projections. The presentation continued with review of the FY17 ConnectorCare enrollment projections, which were updated to reflect eligibility redeterminations. Ms. Wcislo noted the gap between enrollment projections made in November 2016 compared to current numbers and projections, which was driven by improvements to the eligibility redetermination process.

There was then review of the FY18 program budget, citing program budget estimations as of November 2016, January 2017, and May 2017. The change in net program costs between November 2016 and May 2017 was a favorable \$1.6 million decrease in cost, which can be attributed to lower membership projections. While reviewing FY18 ConnectorCare Enrollment projections it was noted that enrollment projections are flattening. The presentation continued with review of the spending and revenues of the CommonwealthCare Trust Fund and concluded with additional comments regarding potential revenue from Federal Financial Participation (FFP).

**IV. Meet with Fiscal Year 2016 Auditor:** The next portion of the meeting “Meet with Fiscal Year 2016 Auditor” was led by KPMG auditor Shawn Warren. Senior Staff left the room prior to the beginning of the presentation. Mr. Warren then stated that there would be review of the financial audit, which reflects a clean opinion with correctly stated material. He continued to identify a deficiency that was found during this audit, which is similar to the previous year’s audit. The deficiency, he continued, is related to the SOC-1 report and the Dell installation at the Portland Street, Health Connector Walk-In Center. He discussed that at the end of fiscal year 2015 (FY15) audit, a SOC-1 was not produced to show controls were working properly. He continued that between FY15 and FY16 audit, KPMG monitored operations but the lack of a SOC-1 report was a problem. In response to a question from Ms. Wcislo as to whether Dell was the problem, Mr. Warren stated that a report from an audit firm on Dell’s testing and how well Dell is processing CCA transactions would show that. Secretary Sudders clarified that Dell needs to verify via independent audit that what they do on behalf of CCA is correct, noting that it is very important for CCA to have confidence in Dell and this report is necessary.

Mr. Warren continued that KPMG can review financials, but the report is needed for proper management. He stated that the complexity of CCA has increased and staffing has begun to reach the right levels to deal with this, adding that barring any funding issues CCA is on the right track. In response to a question from Ms. Wcislo regarding who pays for staffing increase, Mr. Warren responded that CCA would be paying for increase. Mr. Warren provided a review of documents and scope. He noted that the review does not assume pension as the state assumes this and that it is also critical to keep an eye on health care. All in all, he noted, financial statements were provided in accordance with rules and the audit represents a clean opinion.

Ms. Vertes left the meeting; the time was 4:40PM

He provided review of federal awards, noting that KPMG audited virtually all of the \$10.7 million spent, and it was all spent in compliance with appropriate regulations. He stated that there were no control weaknesses. He identified changes in federal regulations that resulted in a small liability, but did not expect that repayment would be sought for this amount. In conclusion, Mr. Warner noted the participation of all members and the early submission of the documents throughout the process.

The meeting adjourned at 4:55 PM.

Respectfully submitted,

Erin E. Ryan