



*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**

Thursday, May 10, 2018  
9:00 AM to 11:00 AM

One Ashburton Place  
Boston, MA 02108  
21<sup>st</sup> Floor Conference Room

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**Attendees:** Louis Gutierrez, Marylou Sudders, Gary Anderson, Rina Vertes, Nancy Turnbull, Dimitry Petion, Michael Chernew, Mark Gaunya, Roberta Herman, Elizabeth Denniston (who was sitting by designation on behalf of Secretary of Administration and Finance Michael Heffernan). Celia Wcislo arrived at 9:15 AM. Lou Malzone arrived at 9:25 AM.

The meeting was called to order at 9:00 AM.

Prior to approving the minutes, it was decided that Board agenda items would be taken up out of order, reserving the 'Affordability Schedule Vote' to later in the meeting after all Board members had arrived.

- I. Minutes:** The minutes of the February 8, 2018 meeting were unanimously approved.
- II. Executive Director's Report:** Mr. Gutierrez began the meeting recalling that the 2018 Open Enrollment (OE) period was orderly despite federal pressures and informed the Board that the Health Connector (CCA) was already preparing for Open Enrollment 2019. He noted that good faith Seal of Approval (SOA) submissions for the nongroup and small group platform were due the next day and reviewed the timeline and purpose of the SOA process. He stated that CCA would continue to keep a close eye on federal activity while crafting Massachusetts's programs and policies. Mr. Gutierrez thanked Board member and Division of Insurance (DOI) Commissioner, Gary Anderson, for the continued partnership between the two agencies. Mr. Gutierrez then reviewed the agenda

items before the Board and provided a high-level update on the Health Connector for Business (HCB) agenda item. He noted that there are early signs of adoption of the employee choice models on the Health Connector for Business platform, citing two-thirds of employees selecting one of the two choice models. He noted that brokers are more involved in the sale of HCB products than in the past and noted that the operation of cost of the new platform is lower than prior operational cost.

**III. Federal Policy and Regulatory Update:** The PowerPoint presentation “Federal Policy and Regulatory Update” was presented by Audrey Gasteier and Marissa Woltmann. Ms. Gasteier began the presentation by providing an overview of the federal policy proposals and changes in the nongroup and small group markets. She commented on the great work being conducted through partnership between DOI and CCA in response to federal activity. She noted that 2017 was a year of conspicuous efforts to repeal and replace the Affordable Care Act (ACA), and though this approach did not bear fruit, ultimately we witnessed the end of federal Cost Sharing Reduction payments (CSRs). In 2018, she stated that attempts to dismantle the ACA were less obvious and are being made through federal agency rule making (Notice of Benefit Payment and Parameters) and administrative proposals, such as those pending with regard to Association Health Plans (AHPs) and Short - Term Limited Duration (STLDs) plans.

Ms. Woltmann provided an update on the Notice of Benefit Payment and Parameters, which suggests modifications on a number of different topics annually. She stated that state flexibility was a consistent theme throughout the rule, along with the ability for a state to maintain current approaches to certain topics. She noted that future guidance from the federal government can be expected to focus on program integrity measures for Exchanges.

Ms. Gasteier then provided a review of the Executive Order issued by President Trump in October calling for the development of regulations for the sale of health insurance products across state lines. She informed the Board of the concerns that accompany the introduction of these products in Massachusetts, including the disaggregation of risk and the impacts on the members who remain in the merged market. She noted that while the two rules are thematically similar, they present different levels of policy and legal risk. She provided a more detailed review regarding the proposed AHP rule and noted that CCA submitted joint comments with DOI to the federal government on the proposed rules. In response to a question from Ms. Turnbull regarding the proposed rules and concerns relative to Massachusetts’s unique merged market in comparison to other states’ concerns, Ms. Gasteier noted that the new rule could open the door for a more diverse range of groups to band together and it will be critical that Massachusetts maintain regulatory oversight over these groups in order to continue to ensure market stability and consumer protections. Mr. Gutierrez added that with minor exception, State Exchange Directors are uniformly opposed to the AHP proposed regulations due to lack of clarity and the potential for the loss of state oversight. In response to a question from Ms. Turnbull regarding the stance of health insurance carriers, Ms. Gasteier stated that they have come out strongly against the proposed rules and it is agreed that products such as AHPs and STLDs are best regulated at the state level. Secretary Sudders noted that some

members of the business community takes a different position on these plans. Ms. Gasteier acknowledged that, noting that, for example, she was aware that the United States Chamber of Commerce is supportive of the proposal. She continued that CCA is awaiting the final rule on AHPs and it is expected to be released in the next six to eight weeks. She stated that CCA will monitor this closely to understand potential impact to market stability. She then reviewed the STLD proposed rule, which as proposed maintains the state's ability to manage such plans.

Ms. Gasteier then provided review of the potential impacts of provisions in the tax bill passed by Congress in December, including the zeroing out the federal individual mandate penalty. She noted that Massachusetts is hopeful that the state market will not experience premium increases as a result of the reduction of the federal penalty because of the state's own individual mandate, though there is a risk of confusion locally because of the national conversation. Ms. Gasteier noted that CCA has been approached by other states that are interested in implementing their own state level individual mandate and learning from the experience of Massachusetts. While Massachusetts remains fortunate to have its own individual mandate, there is still work to be done to promote awareness and education of the state's mandate. She noted that CCA will be working with sister agencies, market stakeholders, and Navigator partners to reduce potential erosion in coverage among the residents of the Commonwealth. Ms. Gasteier then informed the Board of what CCA expects to see in the future from the federal government, including two additional potential rules: the methodology for determining public charge for immigration purposes and reversal of federal guidance on transgender non-discrimination protections. Ms. Turnbull noted that state law currently protects transgender individuals, and it may be a matter of having a state campaign to raise awareness and promote existing protections.

Ms. Weislo clearly stated her disgust for the potential federal action on immigration. Secretary Sudders noted that yesterday the federal Office of Management and Budget (OMB) paused on the further development of public charge rules and will be meeting with the Office of Health and Human Services about concerns. She continued that the Baker Administration is watching this closely and is concerned about what is counted towards citizenship. She stated that immigrants are the backbone of many industries and the Governor and his cabinet will determine the best path to weigh in on the rules.

Secretary Sudders continued noting that strong protections in Massachusetts and messaging around the state individual mandate are important, but there also needs to be a conversation on the increasing costs being felt by small and mid-sized businesses. She noted that the weight is not equal across all businesses and it is important that, while we provide protections and ensure benefits for individuals, we also evaluate affordability for small businesses and better understand the pressures that small businesses are faced with.

Ms. Weislo noted that while she will not be at future meetings, it may be worthwhile to have a refresher on why Massachusetts has the small and midsize market and the significance of changing this. She commented that this could be a stabilizing factor for the small business community.

Commissioner Anderson commented on the vital collaboration between DOI and CCA and concerns that DOI has with potential changes and the impact on consumers. He noted that DOI has a mission of consumer protection regardless of the issue, and the responsibility of oversight of carriers and carrier solvency, which is a responsibility that the Division takes seriously. He noted that Massachusetts has a healthy, competitive market and we must be cautious of introducing approaches that do not suit Massachusetts or its carriers so that we do not destabilize our market.

- IV. Affordability Schedule for Calendar Year 2019 (VOTE):** The PowerPoint presentation “Affordability Schedule for Calendar Year 2019 (VOTE)” was presented by Marissa Woltmann. Ms. Woltmann began the presentation by noting that the 2019 Affordability Schedule is similar to the 2018 schedule. She reviewed the importance of the individual mandate in promoting affordability in Massachusetts and stated there will be a sharper focus on the state mandate once the \$0 federal penalty takes effect in 2019. Given the low rate of uninsurance in the state, Ms. Woltmann noted that most people do not need to use the schedule to calculate a penalty under the individual mandate. She explained that while there is not a specific figure on how many people have coverage that does not meet minimum credible coverage, it is likely small given the small number of people that are penalized each year.

Ms. Woltmann provided a review of the three changes to the Affordability Schedule for 2019, citing the slight change in dollar figures for some incomes, the minor adjustments to the couples and families schedule, and proposing an eight per cent affordability standard for unsubsidized members, a deviation from prior years’ approaches given the changes with the federal individual mandate penalty. She then reviewed the 2018 Affordability Schedule, in comparison to the 2019 Affordability Schedule, with the Board.

Ms. Woltmann reminded the members that in years past the Board would approve CCA to open up the schedule for public comments. She continued that each year CCA only received a single comment. Therefore, this year, though CCA did seek input from stakeholders, the public comment period was eliminated and the vote before the Board will be to finalize the schedule rather than send it for comment.

In response to a question from Dr. Chernew regarding the premium increase for members when they cross from 199 percent of the Federal Poverty Level (FPL) to 201 percent FPL, Ms. Woltmann confirmed that members would see a jump in monthly premium, and this is consistent with prior years.

With no additional questions, the Board voted unanimously to approve the Affordability Schedules for Individuals, Couples and Families for Calendar Year 2019.

- V. Health Care Actuarial Services Contract (VOTE):** The PowerPoint presentation “Health Care Actuarial Services Contract (VOTE)” was presented by Kari Miller. Ms. Miller began the presentation by informing the Board that the request before them today was to vote to authorize CCA to execute a contract with Viebec, a new corporation

established by former CCA actuary Edith Calvao, for health care actuarial services. Ms. Miller provided background on the history of the position and role of the actuary within CCA. She informed the Board of the extensive search to hire an actuary after Ms. Calvao relocated to Canada in 2017, but reported that CCA has been unable to find a candidate with the same expertise as Ms. Calvao. The contract will provide for a senior financial analyst as well as an actuary. Should actual costs of the contract be less than the amount set aside in the contract, CCA will be responsible only for the actual figure. In response to a question from Ms. Turnbull regarding the breakdown of the financials of the contract, Ms. Miller noted that the “allowance” is not inclusive of fringe benefits, but factors in vacation time that is not paid for, and additional support that is not anticipated by CCA at this time. In response to a question by Ms. Wcislo regarding the working relationship since the relocation of Ms. Calvao, Mr. Gutierrez commented that it has been working better than anyone could expect for a remote relationships. He noted that Ms. Calvao is diligent and always present at meetings through teleconference. In response to a question from Mr. Petion as to whether this is a long-term strategy or if a local person will be identified, Mr. Gutierrez responded that if CCA finds an individual with expertise like Ms. Calvao then we would have a permanent solution, but for the near future the intention is to engage with Viebec. Mr. Gutierrez continued that if a local candidate is as good or better, CCA would take advantage of that opportunity, but the results were not satisfactory when CCA conducted the initial search. In response to a question from Secretary Sudders regarding travel costs, Ms. Miller commented that the allowance and scenario presented does not include cost for travel. Ms. Miller noted that there are additional funds in the budget set aside and identified for Board member and employee expenses. Ms. Miller provided a more detailed review of the contract breakdown. Ms. Vertes commented that she supports this initiative as it is difficult to find expertise like Ms. Calvao’s in Massachusetts and believes it is in the best interest of CCA. Prior to the vote on the contract, Mr. Gutierrez asked Secretary Sudders if the language of the vote should be amended to address the handling of travel costs in the contract. Secretary Sudders explained the expectations of a contracted employee versus a full time state employees. She noted the responsibility of the contracting entity to cover the Board and travel for their employees, whereas by contrast contractors are paid a fair amount of money. She continued that the language of the contract was okay moving forward but CCA will need to revisit the terms of the contract if this contract comes up for approval next year.

With no further discussion, the Board, with the abstention of Secretary Sudders, voted to authorize the Health Connector to enter into a budget neutral contract with Viebec through June 30, 2019.

- VI. Health Connector for Business Update:** The PowerPoint presentation “Health Connector for Business Update” was presented by Heather Cloran and Wendy Karle. Prior to the presentation beginning, Mr. Gutierrez introduced Wendy Karle, Insurance Consultant to the Health Connector. Ms. Cloran began the presentation with a preview of the Health Connector for Business update. She noted that the choice models have been very popular among new enrollments and almost all medical insurance carriers have been on-boarded to the new platform. She reminded the Board of the operational cost savings

to CCA and outlined the conversion timeline for remaining members to be transitioned from the previous platform to the new platform. She stated that CCA is also focused on developing a growth strategy and working to increase direct sales. In response to a question from Ms. Wcislo regarding small business and broker sales, Mr. Gutierrez responded that the percentage of broker sales are increasing, but Tufts Premier's decision to not join the platform for 2018 has led members to transition off of the Exchange. In response to a question from Ms. Denniston regarding participation by Tufts Premier, Mr. Gutierrez replied that Tufts Premier is under the impression that participation by Tufts Direct satisfies their legal requirement to participate in the small group market. Mr. Gutierrez noted that this would be the subject of a conversation between CCA and Tufts Premier as CCA's interpretation of the law is different from that of the carrier. In response to a question from Ms. Wcislo regarding CCA's response to Tufts Premier, Mr. Gutierrez confirmed that there would be a healthy discussion between the two entities.

Dr. Chernew inquired about the differences between the Direct and Premier products offered by Tufts and what the underlying motivation may be to not want to participate on the small group platform. Mr. Gutierrez responded that Tufts Premier has a broader network. Mr. Gaunya commented on risk selection, saying that a narrow network is easier to control. In response to a question by Dr. Chernew regarding the pricing for Tufts Direct versus Tufts Premier, Ms. Vertes stated that the two plans price differently from one another and the small group pricing is also different from individual pricing. Ms. Wcislo inquired about restrictions to offering off-Exchange in the small group market if a carrier does not offer on-Exchange, and was told there are no such restrictions. Ms. Vertes noted that a carrier approach to underwriting changes based on the platform and a narrow network offers the opportunity to manage risk. In response to a question from Ms. Wcislo regarding class or racial distinction between the members of Tufts Direct versus Tufts Premier, Mr. Gutierrez noted that pricing may factor into class differentials. Ms. Turnbull added that provider networks are different between the two and therefore the communities they are located in may be very different.

Ms. Cloran then reminded the Board members of the value proposition of the Health Connector for Business platform and the predictability of cost for employers. She stated that the costs between carriers because of networks can vary up to 40 percent. In response to a question from Dr. Chernew regarding employer contribution amounts, Ms. Cloran replied that the employer sets the cost they will bear for the employee and the employee then pays the difference based on selection of plan type. Dr. Herman commented on the significant value this platform offers in administrative assistance alone. Secretary Sudders agreed, stating that employers without human resources departments don't have to worry about administering health care through this platform. Ms. Cloran commented that with the Health Connector for Business serving as the premium aggregator, and the ability for an employer to find a broker, it is employer friendly. Dr. Chernew noted that the Health Connector for Business is a publically run, private Exchange.

Ms. Karle then provided review of new sales for 2018, highlighting that new businesses enrolling with the Health Connector for Business are selecting the choice models for employee independence. She commented on the efforts of CCA to increase the

partnership with brokers and noted the increase in the percentage of brokered business on the Health Connector for Business platform. She cited the importance of retention to growth of business and reviewed the challenges unique to the Health Connector for Business, including transitioning members who are enrolled with carriers not yet on the platform. In response to a question from Ms. Denniston regarding where Tufts Premier members are ending up, Ms. Karle noted that they are not transitioning to another platform, rather are enrolling directly off market with the Tufts Premier. In response to question from Dr. Chernew regarding the offerings of Tufts Premier in the small group market off-Exchange, Mr. Gutierrez noted that investment in infrastructure to join the Health Connector for Business platform may be a deterrent for coming onto the platform. In response to Dr. Chernew's reservations regarding an administrative burden, Ms. Cloran noted that premiums in the merged market should be the same for on and off-Exchange sales. Ms. Turnbull noted that a carrier may be able to offer different products on and off-Exchange and adjust the benefits.

In response to a question from Ms. Vertes re working data to better understand how many actual members are choosing a different plan when the employer selects a choice model, Ms. Karle noted that CCA will follow up with that information.

Ms. Cloran then provided an overview of the distribution channels that the Health Connector for Business has been using to conduct outreach and build strategic partnerships. She noted that the Health Connector for Business will be targeting four counties because of the heavy concentration of small businesses in those counties and targeting businesses that have challenges navigating the small group market. Ms. Cloran acknowledged that change on the horizon and the importance of the Health Connector for Business being a trustworthy resource. She noted that the Health Connector for Business is learning from the past and enhancing the small group platform to address the lessons learned.

In response to a question from Ms. Wcislo regarding where the Health Connector for Business sees enrollment in two years, Mr. Gutierrez responded that there is a range of forecasts and unforeseen obstacles have dampened enrollment figures but provided an estimation of where enrollment may be in two years. Ms. Turnbull commented that it would be helpful to understand how the Health Connector for Business will measure objectives and goals, such as affordability, gaining market traction, ability to spread costs, or innovation, so that updates can be measured against goals. Dr. Herman commented that she is supportive of this effort and sees enormous potential in the platform, and would like to set realistic timeline and rigorous goals, possibly five or ten years in the future, so that there is a chance to see the platform blossom, and do so sustainably. Ms. Turnbull added, that it remains important to pay attention to any unintended consequences of the market, citing her concerns for the return of list billing.

The formal portion of the meeting adjourned at 10:32 AM.

Respectfully submitted,

Erin E. Ryan