



**FINANCE SUBCOMMITTEE
CONNECTICUT HEALTH INSURANCE EXCHANGE
(ALSO KNOWN AS ACCESS HEALTH CT)**

**Special Meeting
Legislative Office Building, Room 1B
Hartford, Connecticut
Monday, August 19, 2013**

DRAFT Meeting Minutes

Members Present: Secretary Benjamin Barnes, Vicki Veltri, Commissioner Roderick L. Bremby

Members Present by Phone: Dr. Robert Scalettar

Members Absent: Ann Melissa Dowling

Other Participants:

Department of Social Services: Kathy Brenner, Michael Gilbert

Access Health CT Staff - Steven J. Sigal, Kevin Counihan, Tricia Brunton, Jeff DiGirolamo, Kelly Shane, M. Linda Phillips, Joshua Booth

Other Participants by Phone: Access Health CT Staff - Virginia Lamb

Call to Order and Introductions

- Secretary Barnes called the meeting to order at 1:03 PM, thanked all participants for attending and turned the meeting over to Steven Sigal to review the agenda.
- Members present for the meeting were Secretary Barnes, Vicki Veltri, and Commissioner Bremby. Dr. Robert Scalettar was present by phone.
- Mr. Sigal introduced himself as the Chief Financial Officer of Access Health CT. He announced that the majority of the Finance Subcommittee meeting would be spent reviewing the cost allocation between Access Health CT and the Connecticut Department of Social Services.

- Mr. Sigal acknowledged Kathy Brennan and Mike Gilbert from the Department of Social Services in attendance.

Approval of the Minutes

- Mr. Sigal asked for the approval of the June 11, 2013, meeting minutes. Ms. Veltri moved to approve the June 11, 2013, minutes and Dr. Scalettar seconded the motion. **Secretary Barnes asked for the vote and the motion passed unanimously.**

Presentation of the AHCT/DSS Cost Allocation Agreement

- Mr. Sigal observed that there were many connections between Access Health CT (AHCT) and the Department of Social Services (DSS) as they worked together towards the Affordable Care Act's (ACA) objective of "No Wrong Door" and the development of the Integrated Eligibility System (IES). Because of those goals, costs needed to be allocated between the two organizations.
- He conveyed that as the October 1, 2013, system launch approaches there is a need to recognize not only the Design Development and Implementation (DDI) costs but also Operating and Maintenance (O&M) costs between the two organizations. During the DDI phase, when the Level II application was filed, AHCT and DSS agreed to an approximately 72%-28% split of costs.
- Mr. Sigal noted that as both organizations move forward to the open enrollment process and the upcoming additional expansion of Medicaid, it is time to evolve the allocations between the two organizations to address the various aspects of O&M costs.
- Mr. Sigal reviewed the objectives of the cost allocations. He also noted that because the two organizations are so intertwined with the concepts of "No Wrong Door" and Integrated Eligibility, the allocation of costs will help to achieve those goals. Finally, he emphasized that as a State agency and a Quasi-Public agency, both organizations must meet the regulatory requirements of OMB Circular A-78.
- Mr. Sigal stated that the AHCT/DSS cost allocation is basically grounded in four (4) cost pools and is driven essentially by the user populations that will be using the services of AHCT and DSS and an allocation of servicing vendor contracts. However, as both organizations are entering into uncharted territory with Medicaid expansion and the roll-out of the Exchange under the ACA, the user populations are very uncertain.
- Mr. Sigal presented the schematic identifying the four (4) Cost Pools and gave a brief explanation of each. The current, long standing allocation of 71.47% (AHCT) and 28.53% (DSS) was for the design of AHCT infrastructure and integrated eligibility and was based on looking at the function points of what it took to build that system and what kind of functionality the system would have. As the organizations move into maintenance and operations phases, allocations are evolving to resource consumption based on the users of the service.
- Mr. Sigal briefly presented a schematic demonstrating the flow of the various Cost Pool allocations between AHCT and DSS and explained what services those allocations were comprised of.
- Dr. Scalettar asked if the assumption of a 28%/72% split for Cost Pool 2 still held and if both AHCT and DSS were comfortable with that as an appropriate and fair allocation. Mr. Sigal responded that

the allocation for the DDI phase didn't change and that the current discussion was strictly regarding moving into operating and maintaining the actual system.

- Mr. Sigal addressed User Populations explaining that the user populations consisted of Newly Eligible for all plans and the existing Medicaid/CHIP populations. He explained that both populations are moved through the Integrated Eligibility feature of the system and are assigned, in the first phases of the program, to a DSS MAGI Medicaid, or CHIP program or to a Qualified Health Plan (QHP) on AHCT. He indicated that these were the two major sources of user populations to be captured and allocated between the two organizations.
- Mr. Sigal noted that initially the Exchange had relied on the Mercer Planning Report which included a 2008-2009 Current Population Survey. Subsequently, Thomson Reuters was contracted to do a comprehensive study based on the 2010 U.S. Census and the American Community Survey. Thomson Reuters used their Insurance Coverage Estimates (ICE) tool to develop current population estimates for the State and identify population that could be eligible for the various services. The most noticeable difference was growth of the state population by approximately 700,000 people from just under three million in the Mercer report to 3.6 million in Thomson Reuters report. Mr. Sigal also reviewed the major shared service vendors to which the allocation would be applied and their allocable contract values.
- Secretary Barnes asked if the contracts were based on some kind of unit pricing or if they were a fixed price.
- Mr. DiGirolamo responded that most of the contracts were unit-based contracts with a fixed start-up cost. Ms. Brennan added that the Xerox contract was a fixed cost based on certain projections but DSS will only pay actual costs. There is a provision in the contract that if volume changes, DSS has the ability to renegotiate the contract to be more aligned with actual experience. Mr. Sigal added that most of the start-up costs for these vendors were included in the DDI costs.
- Mr. Sigal stated that the initial user population estimates for the marketplace – the portal, DSS' legacy Eligibility Management System (IMS), and the IES – were based on the expected use of online applications during the system life cycle. It has become clear, as the launch of the system approaches, that there is going to be a higher reliance on paper applications and less on the web portal. QHP applicants are expected to have more electronic capability, but because not all of the electronic capability was completed for Medicaid, it will be a more paper-based process.
- Originally when it was thought that everything would be totally connected there was a set of assumptions. New assumptions had to be developed to reflect the higher reliance on paper application processing. Following many discussions over the past several months AHCT and DSS have arrived at the estimated 60%/40% allocation for the Medicaid Redetermination paper/non-paper portion. This purports to be the most significant volume of any population that is going to be processed.
- Mr. Sigal responded to a question by Ms. Veltri regarding other contract costs such as printing and scanning. Secretary Barnes noted he understood it was difficult to encourage online enrollment because Medicaid program existing participants are all accustomed to a paper-based process and switching them over can be difficult. He asked if the paper/ non paper percentages will be the average for 2014 or is that where it will be January-February, 2014?

- Commissioner Bremby responded that it reflects an initial implementation of the Exchange and where people might come in through the portals. He also noted that this was a six-month calculation for operations of the Exchange but moving beyond the first quarter of 2014 additional capabilities of ConneCT will be brought on to drive more people to go to the online redeterminations. He noted that the 60%/40% split is a good place to start but DSS doesn't expect to end there.
- Secretary Barnes asked if that was just for the first few months. Commissioner Bremby replied in the affirmative. Mr. Sigal added that regular check-ins will be done to assess where we are and adjust as necessary. Ms. Brennan commented that they did contemplate that as well in the Xerox contract and actually built-in a reduction as the paper goes down as the Medicaid clients start to use ConneCT and AHCT. Mr. Sigal reviewed the estimates of the Medicaid Redeterminations, Medicaid Newly Eligibles, and AHCT Newly Eligibles. He stated that the Medicaid estimates were determined by the information that DSS has and, as Commissioner Bremby indicated, it is a six-month look for redeterminations that reflects the 60%/40% allocation. He explained that when all estimates are compiled, the average is a 56%/44% split. This tracks with what DSS/AHCT agreed to as a way to share operating costs until reconciliation could be completed to understand what has occurred.
- Secretary Barnes asked if the populations are individuals. Mr. Sigal responded in the affirmative. Secretary Barnes stated that he understood that the Medicaid Newly Eligibles would likely be individuals but the redeterminations are by household and he questioned whether the redeterminations were really approximately 50,000 individual files. Mr. Sigal responded that there was no adjustment. He explained that this is an estimate with many unknown variables.
- Secretary Barnes replied that he was enormously pleased that there was a plausible starting point but going forward one of the goals is to accurately reflect the utilization of resources and he doesn't know what the unit of effort is for some applications although it may be that large household applications are more complex. Mr. Sigal responded that we may end up with mixed families and we don't know how prevalent this will be. So there might be one member on a QHP, one member on Medicaid, and children on CHIP, which becomes a complex combination to process.
- Commissioner Bremby added that the children might be on CHIP, an adult might be disabled or pregnant and qualify for Medicaid, and the head of household might qualify for subsidized QHP. There are all kinds of combinations.
- Mr. Sigal summarized the cost allocations. Mr. Sigal responded to a question from Ms. Veltri about enrollees that change status from one year to the next between enrolling with a QHP vs qualifying for Medicaid in a subsequent year.
- Mr. Sigal reiterated that the first quarter reconciliation would be March 2014. There is a consensus that the March 2014 reconciliation might be very difficult for the Exchange after just finishing six months of open enrollment but a best effort will be made to identify what types of enrollment the Exchange is experiencing and we will move forward from there.
- Dr. Scalettar thanked the group for the presentation and expressed his appreciation for the work that DSS and AHCT has done. He asked if there was some mechanism to resolve any disagreement on the reconciliation. Mr. Sigal indicated there will be a provision in the Memorandum of Agreement (MOA) that addresses how unexpected issues will be resolved.

- Secretary Barnes raised a caution about the March 31st reconciliation, if DSS is responsible for a greater portion than they had budgeted this first year. The State is going to be in a mid-term budget adjustment cycle so DSS doesn't have the month of May to work it out. We need to know as early in April as possible, if there is an issue so that any amount due can be accommodated in the State budget. Dr. Scalettar indicated that that was precisely his point about disagreements.
- Mr. Sigal noted he understood and the parties will make the best efforts to avoid any issues. Mr. Sigal noted that next on the To Do list is to revise the MOA that AHCT has with DSS and monitor the results and the processes until we understand what the enrollment is.
- Secretary Barnes stated that there will be widespread interest in enrollment results especially how all the trends are going; who is coming through the door; what programs they are ending up in; and how many applications were online and how many on paper.
- Mr. Counihan followed up on Secretary Barnes comments, stating the White House made it very clear that that type of information just described is going to be a routine metric that they are looking for monthly reporting on. Mr. Sigal advised that AHCT is building that reporting process. Like everything else, it doesn't exist but it is being built.

Secretary Barnes accepted Vicki Veltri's motion to adjourn, Commissioner Bremby's second and adjourned the Finance Subcommittee meeting at 1:46PM.

Resources:

1. June 11, 2013 Meeting Minutes
2. AHCT-DSS Cost Allocation Presentation