



STATE OF CONNECTICUT
LIEUTENANT GOVERNOR NANCY WYMAN

Health Insurance Exchange
Board of Directors Regular Meeting
Legislative Office Building
300 Capitol Avenue, Room 2C, Hartford, CT

Thursday, May 17, 2012
Meeting Minutes

Members Present: Lieutenant Governor Nancy Wyman, Chair; Jeannette DeJesús, Vice Chair, Office of Health Reform & Innovation; Grant Ritter; Bob Tessier; Vicki Veltri, Office of the Healthcare Advocate; Cee Cee Woods; Michael Devine; Mary Fox; Anne Melissa Dowling, Connecticut Insurance Department (CID); Mickey Herbert; Bob Scalettar; Commissioner Roderick Bremby, Department of Social Services (DSS)

Members Absent: Commissioner Jewel Mullen, Department of Public Health (DPH); Secretary Benjamin Barnes, Office of Policy and Management (OPM)

Other Participants: Tia Cintron, Health Insurance Exchange (HIX); Bob Carey, RL Consulting; Chris Knopf, Mintz & Hoke; Kathy Morelli, Mintz & Hoke; Su Strawderman, Mintz & Hoke; Paul Hencoski, KPMG; Roger Albritton, KPMG; Patrick Holland, Wakeley Consulting Group; Raul Lorenzo, Bauza Associates

The meeting of the Health Insurance Exchange Board of Directors was called to order at 9:04 a.m.

I. Call to Order and Introductions

Lt. Governor Wyman opened the meeting at 9:04 am.

II. Public Comment

The following individuals provided public comment:

Kevin Galvin, Small Business for a Healthy Connecticut
Mary Ann Purtill, UCC HC Ministry Team

III. Review and Approval of Minutes

Lt. Governor Wyman made a motion to accept the meeting minutes from the special board meeting on April 16th. Motion was seconded by Vicki Veltri. **Motion passed unanimously.**

Lt. Governor Wyman made a motion to accept the meeting minutes from the regularly scheduled board meeting on April 19th. Motion was seconded by Vicki Veltri. **Motion passed unanimously.**

IV. Exchange Update

Tia Cintron introduced two new staff members at the Exchange: Julie Lyons, Director of Policy and Plan Management, and Virginia Lamb, General Counsel. Ms. Cintron gave a brief description of their backgrounds, and mentioned that Jason Madrak would soon assume the position of Director of Consumer Outreach and Marketing.

Ms. Cintron announced that CCIIO had released a new blueprint for Exchange development, as well as guidance on creating partnership and federally-facilitated exchanges. Ms. Cintron also noted that Washington had recently received its Level Two grant funding award in the amount of \$128 million. Lt. Governor Wyman asked if it was known how many states would host federally-facilitated exchanges. Paul Hencoski (KPMG) reported that about 6 states had indicated their intentions but no one had officially declared yet.

a. Gate Review

Ms. Cintron reported that some of the Exchange staff would be attending a system-wide meeting in Washington DC sponsored by CCIIO the week of May 21st. Following that three day event, several staff will remain in DC for Connecticut's scheduled federal Gate Review on the 24th and 25th. The Exchange has submitted a long list of documents as source material for the review, and will be providing in-depth progress reports on all aspects of Exchange development. Mary Fox asked whether it was possible to see the documents before staff went to the Federal review, or if any Board members would be present at the Gate review. Ms. Cintron indicated that while the Gate Review is considered an internal working meeting, all documents presented will also be provided to the Board.

b. RFI

Bob Carey reported that the Exchange will hold a vendor fair the week of May 28th. The fair will provide vendors an opportunity to demonstrate their capabilities. KPMG has been assisting with the analysis of the vendor proposals. Ms. Cintron noted that the Board should have received the list of vendors presenting at the fair.

V. Advisory Committees Update

Ms. Cintron provided a status update on advisory committee activities, noting that the four committees met individually on Monday and Tuesday of this week to discuss Guiding Principles, committee expectations and recommendations to the Board. She then introduced the four Board co-chairs who provided more detailed updates.

a. Small Employer Health Options Program (SHOP) Committee: Grant Ritter

Mr. Ritter explained that because the Connecticut Business & Industry Association (CBIA) already offers a SHOP exchange, discussion is needed on whether the Exchange's offering will enhance or diminish competition in the state. Discussion is also needed on whether the richer plans and tax subsidies available through the Exchange will essentially make CBIA's effort obsolete, since 50% of the plans currently offered through CBIA are below the Bronze level. Mr. Ritter recommended adding more small employers to his committee as well as proactive recruitment of small employers and expressed concern that small employers might discount themselves from potential membership.

Mr. Tessier asked how the SHOP advisory committee would go about determining whether the Exchange should expand its definition of "small employer" from 50 or fewer employees to 100 or fewer employees and when that change might or should occur. Mr. Ritter stated that it was an issue of timing. If the SHOP exchange is opened up to larger employers too soon, the focus of policy and development efforts may shift to these more medium-sized companies as opposed to those businesses with 25 or fewer employees. Bob

Carey noted that the issue of the Basic Health Program will be addressed as part of the work group, and that the issue of expanding coverage, plans, and/or small employer networks will not only be secondary to issues such as access and affordability, but will go beyond the Exchange to impact the broader market. Mr. Carey cautioned that extracting the risk of those who cannot participate in the small employer market and putting it into the individual market could have a significant impact on rates and premiums. While expanding the pool for small employers may be inevitable, there needs to be a thorough examination of the potential impact on the open market of their addition under the Exchange. Mr. Carey noted that the Exchange is working with the CT Insurance Department (CID) to analyze actual coverage data. This information will be presented to the SHOP advisory committee for consideration.

b. Brokers, Agents and Navigators Committee: Mickey Herbert

Mr. Herbert provided a brief update explaining that there had been a healthy debate about the role of Navigators in the Exchange, primarily centered on the distinction between providing “information” and/or “assistance”. The committee also discussed the Final Rule from CMS, and the potential for funding shortfalls for the Navigator program due to lack of continued federal funding. He noted that KPMG gave a helpful presentation on the state’s current capabilities with consumer assistance programs.

c. Health Plan Benefits & Qualifications Committee: Anne Melissa Dowling

Ms. Dowling reported productive discussions, noting the need for additional working sessions. It is expected that the Health Plan Benefits advisory committee will need until July to define Essential Health Benefits (EHB). Given the interest around this topic and its impact on future decisions over the next two months, the Benefits Committee plans to work closely with the Consumer Outreach Advisory committee to ensure broad consumer representation. Ms. Dowling noted that this determination will lay the foundation for much of the committee’s future work.

d. Consumer Experience and Outreach Committee: Vicki Veltri

Ms. Veltri provided a brief update on the Consumer advisory committee’s recent work, which included discussion of EHBs. Ms. Veltri noted the plan to consult with the Health Plan Benefits & Qualifications Committee in a joint meeting. Ms. Veltri reported that KPMG gave a presentation on consumer assistance with an emphasis on call center capabilities. Ms. Veltri also invited consumers to attend the advisory committee meetings to provide comment.

VI. Exchange Employee Benefits

Mr. Carey recapped the fringe and health benefits package proposed for Exchange employees noting that this proposal was developed working with the benefits consultants from Willis. A summary of that proposal was previously provided Board members. Recommendations were benchmarked against the state employee program and the programs available at the state’s other quasi public agencies to provide Exchange employees benefits substantially comparable with respect to health coverage, sick leave, life insurance and long term disability. Proposed health coverage is through the state’s group health program with Exchange employees paying the same premium contribution as state employees until such time as the Exchange’s Shop becomes operational. Proposed sick leave is 15 days per year, no pay out on leaving; life insurance is 100% of salary up to a maximum of \$85,000 per employee with 30% of the premium paid by the Exchange. The Exchange will also arrange for long term disability coverage, but payment for the disability premium will be the employee’s responsibility.

Mr. Carey noted that because HB 50-13 did not pass, legislative action is still required to allow the Exchange to purchase health coverage for its employees from the state’s group health program. It is hoped that this action will occur before July 1, 2012.

The Board then discussed how best to provide health coverage for its employees in the interim until such time as the Legislature acts and the SHOP is operational under the Exchange. A motion was made and seconded that until such time as the Exchange has established a program that makes qualified health plans available to small employers (SHOP), the Exchange will purchase coverage for its employees from the state's group health insurance program with Exchange employees paying the same premium contribution as state employees. **Motion passed unanimously.**

A motion was made and seconded that until such time as the Exchange's employees qualify for coverage under the state's group health insurance program, the Exchange will compensate its employees for the costs of their coverage (either individually purchased or through Cobra) in an amount not to exceed the state's share of the monthly premium for comparable coverage. **Motion passed unanimously.**

A motion was made and seconded that employees receive 15 days of sick leave per year which can be carried over throughout their employment and at the employee's option pooled for the benefit of other employees, but cannot be paid out when the employee leaves. **Motion passed unanimously.**

The Board then discussed a retirement program for Exchange employees. Mr. Carey noted that Exchange employees cannot participate in the state's program and proposed establishment of a defined contribution plan (401K) with the Exchange matching 50 percent of the employee's contribution up to 6 percent of the employee's salary. Motion made and seconded to adopt the defined contribution plan, life insurance and disability coverage as proposed. **Motion passed unanimously.**

VII. Establish Subcommittee: Audit, Finance, Human Resources

Pursuant to Section 3 and Section 4 of Public Act No. 11-53 and Exchange By-laws, the Exchange has (3) standing committees: Audit, Finance and Human Resources of the Board. The Lt. Governor recommended the following committee membership:

- Audit Committee: Grant Ritter, Cee Cee Woods
- Finance Committee: Deputy Commissioner Anne Melissa Dowling, Secretary Barnes, Commissioner Bremby, Vicki Veltri
- Human Resources Committee: Mickey Herbert has volunteered to serve, in addition to the existing Personnel Committee

On motion made by Lt. Governor Wyman and seconded, the proposed committee membership passed unanimously.

VIII. Mintz & Hoke Update

Chris Knopf updated the Board on the Consumer Outreach & Education Program including timelines for the completion of deliverable tasks, the "bridging" campaign and market exploration. As part of the "bridging" campaign, Mintz & Hoke is developing a sitelet to function as an interim website for the Exchange. The sitelet will also provide a mobile-friendly platform for an e-newsletter. Mintz & Hoke is also preparing a preliminary mailing campaign to alert stakeholders of the email newsletter and sitelet launch, as well as conducting several in-person and web-based forums for input from stakeholders, Board members, Advisory Committee members, and members of the public. You may view the presentation slideshow [here](#).

Kathy Morelli highlighted the sitelet's user-friendly functions and the opportunities for stakeholders or members of the public to sign up to receive newsletters and e-alerts, or participate in the outreach forums. Su Strawderman presented the most recent draft of the postcards and newsletter for the "bridging"

campaign, highlighting the mobile-friendly format and the ability of Mintz & Hoke to track: how many emails are opened; and, whether people click the links contained therein. These tracking tools will be used to determine when additional mailings are required and any required modifications to the approach to stakeholder outreach.

Mr. Knopf explained that Mintz & Hoke has nearly finished its audience mapping phase, with assistance from the Connecticut Economic Resource Center (CERC). He emphasized the need to now focus outreach efforts at the town-level and go deeper into primary consumer research with community-level advisers. Mr. Knopf also introduced Raul Lorenzo from Bauza Associates. Mintz & Hoke is partnering with Bauza Associates a full-service marketing agency which specializes in transcending general market brands to the Hispanic and multicultural markets. Partnering with Bauza Associates will help ensure that the Exchange's consumer outreach campaign is both culturally relevant and sensitive to the different communities in Connecticut. Bauza Associates is not just translating materials on the back-end, but has been included from the beginning of the outreach process to create culturally and linguistically relevant materials. Bauza Associates has also helped with the recruitment and interviewing process for focus groups and intercepts as well as created Spanish language forms and discussion guides for those outreach interactions.

Following the primary consumer research phase, Mintz & Hoke will be conducting inexpensive advertisement outreach on the internet. This is intended to target rural areas that would be difficult to reach through mall intercepts and focus groups. To date, the webinars for stakeholders and interested members of the public have generated a lot of positive feedback and will be continued. Early takeaways are that consumers are confused by the name of the Exchange and do not have a positive reaction to the word "insurance". There is also a negative public perception of the government's ability to provide healthcare and many individuals distrust the current healthcare system. The Exchange's plan design seems to provide so many choices that it confuses or paralyzes consumers and many consumers are concerned about "access", which could mean physical or monetary access to care. The sitelet will use a translator function to accommodate different language groups and include a Frequently Asked Questions (FAQs) section to address consumer concerns including the upcoming Supreme Court decision and various coverage questions.

IX. KPMG Update

Paul Hencoski from KPMG provided an overview and status update of the technical assistance project. KPMG has organized its work under two work streams: (1) Business Process and IT Requirements and (2) Assessment of existing conditions & the strategy for leveraging existing capabilities. Mr. Hencoski introduced Rob Mitchell, who has worked with other states addressing these same issues, and Patrick Holland, who was the Chief Financial Officer at the Massachusetts Health Connector. Mr. Holland has also worked with KPMG in several other states. Mr. Hencoski gave a more in-depth progress update, and then turned over the presentation to Mr. Holland for an update on budget development. You may access their presentation [here](#).

X. Level Two Grant: Budget Approach Overview

Mr. Holland provided an in-depth update of the approach for budgeting Level 1 Supplemental grant and Level Two Implementation grant funding. He explained the complexities of CT Exchange funding as it approaches January 2014 and the need for generating revenue to support operational costs. Mr. Holland emphasized that the decisions made now regarding office space, website design, etc. will have significant impact on the bottom line when the Exchange goes live. One of the key determinants of financial viability will be the number of individuals who will enroll in the Exchange and the timing of their enrollment. Lt.

Governor Wyman asked if there is a guideline Connecticut could follow in terms of projecting startup costs, citing the Massachusetts experience. Mr. Holland noted that while the total startup cost for Massachusetts were around \$30 million with some additional running costs, Connecticut faces new Medicaid rules and Navigator costs. The new federal guidelines and Connecticut specific data will need to be factored in.

Dr. Scalettar asked Mr. Holland to address Washington's Level Two grant award and the gap between requested and received funds for Rhode Island's Level Two grant. What areas of funding were reduced the most and was the Exchange considering its budget and grant request in light of those awards? Mr. Holland explained that the biggest targets seemed to be IT startup and reuse of technology within the applicant state, noting that the state's budget for IT will be closely examined. Mr. Hencoski stated that he met with CMS recently and they seemed to be concerned most with the projected timelines for implementation and the level of reuse. Because of this emphasis, KPMG has consistently targeted areas for reuse within the state or region and is also exploring opportunities for Connecticut to share services with other states including premium billing functions.

Commissioner Bremby stated that Louis Polzella from the Department of Social Services is working with KPMG and the Exchange to make sure IT functions and systems are thoroughly explored for reuse. He further noted that CMS will provide assistance and support to states that work to reuse IT components and modules. Michael Devine asked whether there are opportunities within the state to outsource these functions, thereby reducing personnel costs and raising revenue by hosting functions through Exchange IT. Mr. Hencoski replied that with respect to premium billing/collecting, call centers, and SHOP there is a lot of potential for collaboration. Our short-term goals should be focusing on reducing costs, with long-term goal of generating revenue.

XI. Executive Session to discuss Personnel Matters

Lt. Governor Wyman made a motion to not go into executive session to discuss personnel matters. Motion was seconded by Vicki Veltri. **Motion passed unanimously.**

XII. Adjournment

Lt. Governor Wyman made a motion to adjourn the meeting. Michael Devine seconded the motion. **Motion passed unanimously.** The meeting was adjourned at 11:44 am.

*As approved by the Board
on June 21, 2012*

The next Board meeting will take place on June 21, 2012 at 9:00 a.m. at the Legislative Office Building