



Connecticut's Health Insurance Marketplace

Overview of Sustainability Options

March 6, 2013

Overview

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- Membership Projection
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- Revenue Options
- Recommendations
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Executive Summary

- Self-Sustainability requirement as of 1/1/2015
- Hypothetical scenarios
- Estimated annual operating costs may range from \$25 million to \$30 million; believed to be less than similar exchanges
- Includes increased known costs combined with actual experience and clarified projections
- Membership estimates refined
 - 3 Scenarios: High, Moderate, Low
- 3 primary revenue sources
 - Market assessment
 - User fee
 - Medicaid cost recovery
- Secondary revenue sources not included in scenarios
- Requesting approval of recommendations

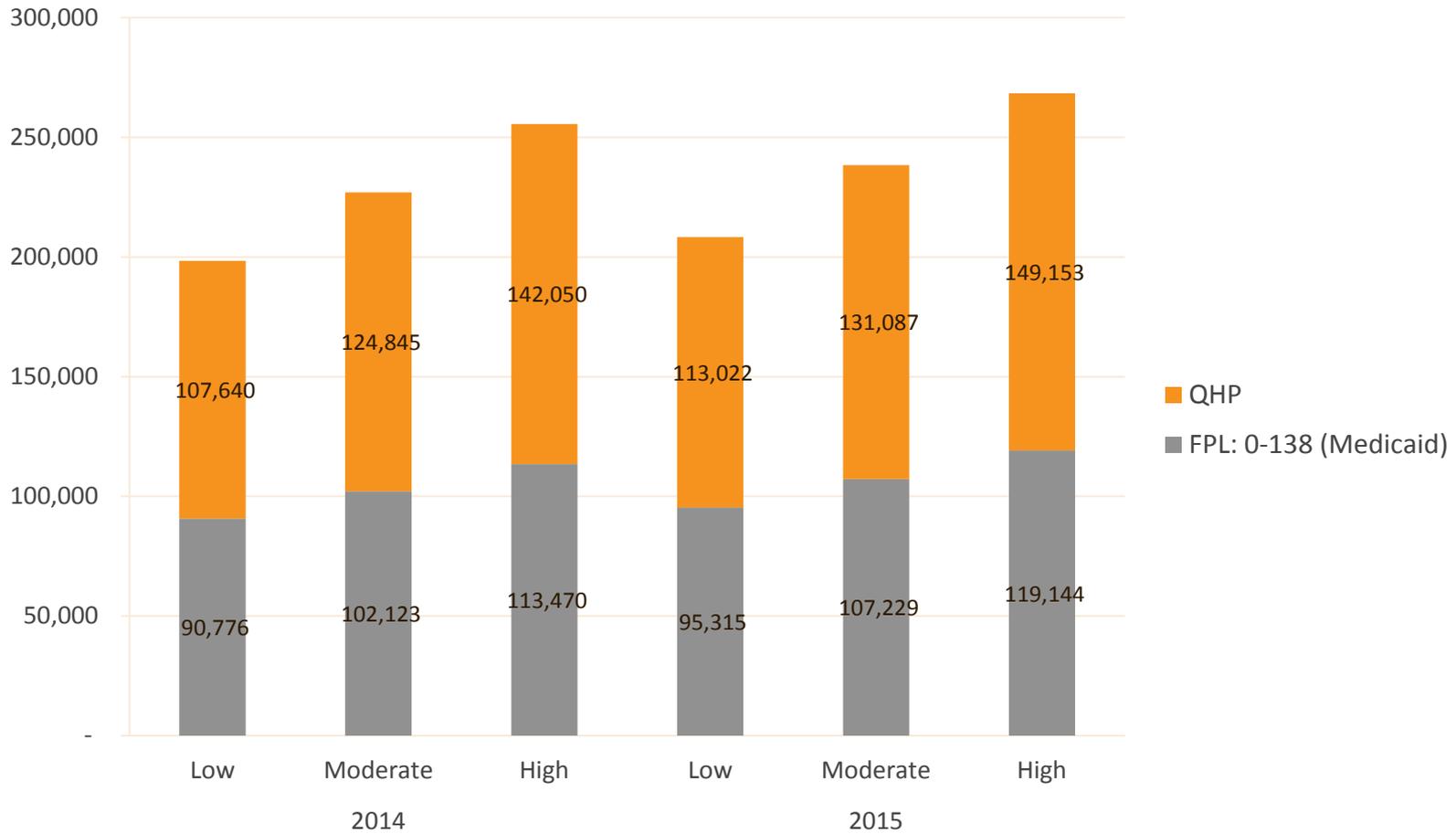
Acquiring Operating Funding

- Policy for acquiring operating funding enumerates 3 approaches:
 - Market assessments
 - User fees
 - Other actions including advertising, cost recovery and other endeavors consistent with the purpose of the Exchange
- Both the Patient Protection and Affordable Care Act and the Connecticut enabling legislation for the Exchange contemplate user fees and market assessments
- Connecticut stipulates charging these to health carriers that are **“capable of offering a qualified health plan through the exchange”**
- The market assessment would be based on the entire small group and non-group market

Revenue Requirement

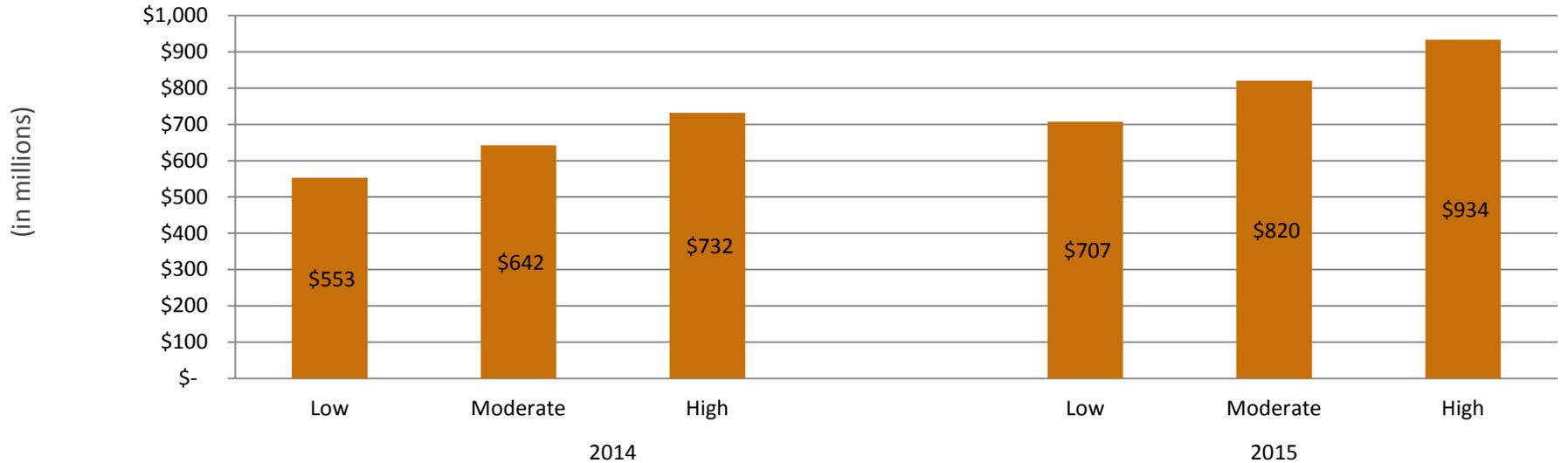
	2014			2015		
	Low	Moderate	High	Low	Moderate	High
Total Costs	\$ 22,165,667	\$ 22,754,629	\$ 23,343,591	\$ 22,189,670	\$ 22,954,087	\$ 23,718,488
Capital Investments	\$ 1,750,000	\$ 1,750,000	\$ 1,750,000	\$ 1,795,000	\$ 1,795,000	\$ 1,795,000
Total Revenue Required	\$ 23,915,667	\$ 24,504,629	\$ 25,093,591	\$ 23,984,670	\$ 24,749,087	\$ 25,513,488
PMPM	\$ 21.61	\$ 19.07	\$ 17.15	\$ 18.65	\$ 16.59	\$ 15.03

Membership Projection



QHP Premium

Total Premium Revenue
(in millions)



	Low	Moderate	High	Low	Moderate	High
Membership	107,640	124,845	142,050	113,022	131,087	149,153
Net Member months	1,106,583	1,284,806	1,463,029	1,286,026	1,491,666	1,697,307
Total Premium Revenue \$	553,291,506	\$642,402,945	\$731,514,383	\$ 707,314,033	\$ 820,416,412	\$933,518,791
Premium PMPM \$	500	\$ 500	\$ 500	\$ 550	\$ 550	\$ 550

Revenue Options

	2014			2015		
	Low	Moderate	High	Low	Moderate	High
Membership	107,640	124,845	142,050	113,022	131,087	149,153
Total Premium Revenue	\$ 553,291,506	\$ 642,402,945	\$ 731,514,383	\$ 707,314,033	\$ 820,416,412	\$ 933,518,791
Medicaid Cost Recovery	\$ 2,024,732	\$ 2,123,189	\$ 2,221,645	\$ 2,400,636	\$ 2,536,518	\$ 2,672,401

Scenarios: All include consideration of Medicaid

User Fee only	3.96%	3.48%	3.13%	3.05%	2.71%	2.45%
*Market Assessment only	0.7%	0.7%	0.8%	0.7%	0.7%	0.8%
	\$ 21,890,935	\$ 22,381,441	\$ 22,871,946	\$ 21,584,034	\$ 22,212,570	\$ 22,841,087
User Fee and Market Assessment						
User Fee 1%	\$ 5,532,915	\$ 6,424,029	\$ 7,315,144	\$ 7,073,140	\$ 8,204,164	\$ 9,335,188
Market Assessment	\$ 16,358,020	\$ 15,957,411	\$ 15,556,802	\$ 14,510,894	\$ 14,008,405	\$ 13,505,900
	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
	\$ 21,890,935	\$ 22,381,441	\$ 22,871,946	\$ 21,584,034	\$ 22,212,570	\$ 22,841,087

*Small Group and non Group Market Premium (~\$3 B)

Recommendations

- Access Health CT recommends approval of the “Policy: Acquiring Operating Funding”. It provides a broad basis for achieving financial sustainability.
- Access Health CT recommends approval of using the market assessment option together with Medicaid cost recovery and other opportunities that may arise. The market assessment provides :
 - Pricing competitiveness outside the Exchange
 - Less impact on cost to members
 - Consistency with the purposes of the Exchange

Other Sustainability Assumptions

- Sources not considered:
 - Advertising Revenue
 - Reserve funds accumulated during grant period
 - Providing other states exchange capabilities
 - All Payer Claim Database (APCD)