



*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, September 8, 2016  
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:** Roberta Herman, Daniel Judson, Louis Gutierrez, Nancy Turnbull, Mark Gaunya, Celia Wcislo, Louis Malzone, Michael Chernew, Marylou Sudders, Rina Vertes, Kristen Lepore, Dimitry Petion

The meeting was called to order at 9:05 AM.

- I. Minutes:** The minutes of the July 7, 2016 meeting were unanimously approved.
- II. Executive Director's Report:** Mr. Gutierrez began the meeting by discussing the recent major systems release for the Health Insurance Exchange/Integrated Eligibility System (HIX/IES). He stated that, following the release, important business processes for Open Enrollment commenced, including data-checking for redeterminations. He added that the Health Connector began sending preliminary eligibility notices to members this week. He recognized the efforts of HIX, Health Connector, MassHealth and vendor staff, noting that work has been virtually continuous and deserving of ongoing recognition. Mr. Gutierrez then displayed a timeline of Open Enrollment activities and reviewed several significant business events. He underscored the importance of having a competitive product shelf this year and stated that certain carriers have created price increases that will be difficult for members to afford, but added that competitive rates are still available to ConnectorCare members. He noted that, in Massachusetts, we have a market with a variety of carriers, unlike many of other states' marketplaces. He stated that the Health Connector currently

has its highest membership since implementation of the Affordable Care Act (ACA), with over 230,000 total members, 180,000 of which are in ConnectorCare. He stated that premium rate differentials among carriers will create a higher need for member shopping than ever before and that clear communications will be key to this year's Open Enrollment. He added that members will be encouraged to review plan options and use the provider search and plan comparison tools to make educated decisions when deciding on a new plan. Mr. Gutierrez then discussed premium smoothing. He stated that, due to the magnitude of price differentials, an inability and aversion to subsidize non-competitive pricing, and the Health Connector's desire to create price competition, it is necessary to reduce premium smoothing from the same level in prior years. He explained that large membership and rate differentials would create an extraordinary cost of continued smoothing and would reward behavior in the market that is not competitive. He added that, in working with the Administration, in the context of mitigating 2017 rate impacts, the Health Connector will create a plan for offsetting a modest set of enrollee premiums for 2017. Mr. Gutierrez summarized the remaining agenda topics to be covered at the meeting, stating that the Health Connector's outreach team will review its outreach plan in detail. He added that the Health Connector recently met with Archipelago and is genuinely excited for Archipelago's community outreach plan in areas with high levels of uninsured residents.

- III. Final Award of 2017 Seal of Approval (VOTE):** The PowerPoint presentation "Final Award of 2017 Seal of Approval (VOTE)" was presented by Ashley Hague, Brian Schuetz, Heather Cloran and Edith Boucher Calvao. Ms. Hague began by stating that this is the presentation of the final Seal of Approval (SOA) for plan year 2017, which occurs after health and dental insurance carriers file rates with the Division of Insurance (DOI), allowing the Health Connector to evaluate its product shelf and develop the ConnectorCare program. Ms. Cloran then provided an overview of the final SOA. She stated that, due to rising premium costs for certain carriers, many renewing members will experience high rate increases this year. However, she added that most members with large rate increases will be able to find a lower-cost plan from a different carrier if they choose and emphasized the importance of comparison shopping this year. She summarized the SOA timeline and requirements. She discussed the Health Connector's approach for the 2017 SOA, stating that the Health Connector aimed to improve the consumer experience by simplifying the product shelf and improving the ability to make "apples-to-apples" comparisons when shopping for a new plan. Ms. Cloran then summarized the 2017 SOA results, stating that unsubsidized and Advance Premium Tax Credit-only (APTC) members will see significant rate increases, while ConnectorCare rates generally remain competitive, but with significant variation among carriers. She then reviewed the recommendation for the 2017 Qualified Dental Plan (QDP) SOA and stated that the Health Connector accepted Guardian's late submission for SOA consideration and recommends that Guardian be approved for the 2017 SOA. In response to a question from Ms. Wcislo, Ms. Cloran replied that Guardian is a national insurance carrier with many ancillary products. She reviewed the proposed QDP plan shelf and premiums and stated that, on average, non-group QDP members will experience a 7.3 percent decrease in premiums in 2017. She added that more than 99 percent of dental members will be renewed into their same plan in 2017.

Next, Mr. Schuetz reviewed the Health Connector's proposed 2017 Qualified Health Plan (QHP) shelf. He stated that 10 medical carriers submitted a total of 62 QHPs for the non-group and small group shelves and noted the number of standardized and non-standardized plan submissions. He reviewed the proposed QHP shelf by metallic tier. Next, Mr. Schuetz reviewed the unsubsidized and APTC-only premium increases, stating that, overall, these members will experience a 19 percent rate increase in 2017. He noted that, when excluding Neighborhood Health Plan (NHP) and Harvard Pilgrim Health Care (HPHC), the increase drops to 6.6 percent. Ms. Turnbull commented that NHP has a financial report which, in the most recent year, stated NHP had an 85 percent Medical Loss Ratio (MLR) on individual insurance. Therefore, she stated, she does not understand NHP's rate increase. Mr. Chernew stated that it is important to understand the reason for the increase and noted that the increase could be related to risk adjustment, but also noted that it is difficult to understand how risk adjustment would create these differences. He remarked that it is odd to see a 20 percent increase when the underlying increase across the state is 6 percent. Mr. Gutierrez stated that risk adjustment is one reason NHP offered as contributing to large premium increases but noted that the rate differential is still extraordinary. In response to a question from Ms. Wcislo, Ms. Hague answered that the rate increases shown in the presentation only apply to the Health Connector member experience, although the rates apply to the entire outside market. In other words, she stated, the rates discussed here are the member-facing rate changes rather than the product rate change. For example, she stated, the Health Connector's population is aging, which will impact rates. She added that a carrier could have closed a product on the Exchange, resulting in members being mapped differently than in the outside market. In response to a question from Ms. Herman, Ms. Hague replied that the premium change models represent what members will experience if they do not shop for a new plan in 2017. She added that, at the end of October, members will receive notices with their 2017 premium and if they decide to shop, the premium increases may change.

Mr. Schuetz then reviewed unsubsidized and APTC-only premium increases by carrier, including the membership share of each carrier. Mr. Chernew stated that it would be useful to see not only premium increase but also level of premium. In response to a question from Mr. Chernew, Mr. Schuetz explained that the premium changes modeled in the presentation reflect increases before subsidies. He added that APTC is nuanced for members so it is not included in the modeling, but noted that it will be included in ConnectorCare modeling. Mr. Schuetz showed a chart illustrating the spread of possible premiums for a 42-year-old unsubsidized member. In response to a question from Mr. Chernew regarding network changes, Mr. Schuetz replied that Fallon included additional providers in the Metro West area. Mr. Schuetz added that two HPHC products on narrower networks are no longer being offered on the Exchange and stated that those members are being mapped to a plan with a broader network at a higher cost. He noted that these plans do not represent a significant number of members. In response to a question from Ms. Wcislo, Secretary Sudders confirmed that 70 percent of unsubsidized and APTC-only members will experience an increase between \$10 and \$200 if they renew into their same plan and do not shop for a new plan. Ms. Turnbull commented that, while premium is an important component when selecting a plan, provider network is also important and plans with differing provider networks cannot be claimed to be identical. Mr. Chernew remarked that,

although NHP's MLR was 85 percent, it is difficult to know what is happening without knowing the underlying medical expense. Ms. Turnbull underscored the significance of switching carriers when provider network is taken into account. Secretary Sudders stated that the Health Connector has acknowledged that shopping will need to be well-supported in the upcoming Open Enrollment period. Ms. Wcislo requested further information on actual premiums and percent changes.

Next, Ms. Hague provided an overview of the ConnectorCare program. Ms. Wcislo asked if, before the ACA, premium subsidies were all funded by the Commonwealth. Ms. Hague confirmed that that is correct with the qualification that, prior to the ACA, the Health Connector did not pay a commercial premium but rather a capitated rate with 50-percent federal matching. She added that, currently, the Health Connector receives federal matching for state wrap funding. Mr. Schuetz then reviewed recommended carriers by region across Massachusetts. In response to a question from Secretary Sudders, Mr. Schuetz confirmed that all regions have carrier choice except the Islands, because hospital availability there is limited and the only carrier offered is NHP. Ms. Hague then discussed underlying Silver tier premium changes for the ConnectorCare program. Mr. Chernew discussed co-pays and co-insurance and noted that he is not in favor of co-insurance. Ms. Hague noted that the ConnectorCare program insulates members from co-insurance because ConnectorCare plans have no co-insurance and no deductibles. Ms. Wcislo remarked that Health New England is the second-lowest-cost carrier in region A3 but noted that members could experience a potentially significant premium increase because there are only three carriers available in Western Massachusetts. Secretary Sudders added that, similarly, there is not a lot of competition for Medicaid carriers in Western Massachusetts. Mr. Gutierrez clarified that the vote before the Board will be for plans to be offered on the Health Connector's shelf for 2017. He recommended that the vote for the product shelf take place, with a full discussion of enrollee contributions to follow. The Board voted unanimously to award the 2017 final Seal of Approval to all recommended standardized and non-standardized QHPs and QDPs proposed by the following carriers: Altus Dental, Blue Cross Blue Shield of MA, Boston Medical Center HealthNet Plan, CeltiCare Health, Delta Dental of MA, Fallon Health, Guardian, Harvard Pilgrim Health Care, Health New England, Minuteman Health, Neighborhood Health Plan, Tufts Health Plan – Direct and Tufts Health Plan – Premier.

Mr. Gutierrez then proceeded with the enrollee contribution discussion. He stated that Health Connector staff have carefully reviewed a range of options and that the size of membership and rate differentials make smoothing more difficult than in previous years. He stated that smoothing would come to an amount of \$51 million gross, and \$35 million net, for 2017. He added that these numbers are inconceivable for the state's budget. As a result, he stated, staff discussed a range of options and are proposing a plan for smoothing in which rate differentials are small and competition is high at the lower end of the cost spectrum. He stated that the Health Connector worked with the Administration to develop this plan and that he and Health Connector staff believe it is the best possible solution under the circumstances. He noted that some view smoothing as encouraging negative pricing behavior and added that price transparency and competition are important. Ms. Wcislo stated that, historically, the Health Connector modeled ConnectorCare after Medicaid by

creating Plan Type 1 for individuals in the same income cohort as those eligible for Medicaid. She added that those plans were made available for \$0 for continuity with Medicaid and that, for individuals in the next income cohorts, the Health Connector smoothed premiums to attempt to insulate members from changes in carrier premiums year over year.

Ms. Hague introduced possible smoothing options for 2017. Mr. Gaunya stated that smoothing is not an accurate term and that it is instead cross-subsidization. He stated that it ignores the underlying problem, which is the underlying utilization of care, and that rates are driven 50 percent by the unit cost of actual care, 35 percent by utilization and 15 percent by provider mix. Ms. Turnbull remarked that the Board was not provided sufficient time or information to make a decision on smoothing at this time. She stated that the proposal is a dramatic departure from what has been done in the past and is a regressive plan. She stated that smoothing has always been more significant for lowest-income members and that, with 50 percent of Plan Type 1 members covered by NHP, they will go from paying \$0 in premiums to \$50-\$165 a month. She expressed frustration that the Board did not receive information regarding how many members would be subject to different levels of premium increases. She stated that this will be extraordinarily disruptive for members, the Health Connector and health plans and asked what volume of Health Connector membership would be affected such that they would need to switch plans due to this change in program structure. She noted that such members may need to change Primary Care Providers without knowing about continuity of care availability. She stated that the Health Connector will have a very challenging Open Enrollment following a year of operational stability and expressed concern about educating members and supporting them when they are angry or confused. She added that it will be necessary to discuss member transition with health plans that will receive new members from higher-cost plans. She stated that she opposes the proposal for process reasons and that the Board was not provided sufficient time to review materials. Mr. Gutierrez apologized for the lateness of materials and stated that the financial considerations are such that the Health Connector is working in real-time to develop a recommendation. Secretary Sudders echoed Mr. Gutierrez's remarks and stated that the materials were distributed as early as possible given the circumstances. In response to a question from Mr. Chernew, Mr. Gutierrez reviewed several smoothing options. He stated that one choice is smoothing at historical levels, which is gross \$51 million and net \$35 million. Another option, he stated, is smoothing at half the historical level, which is net \$17 million. He stated that smoothing by plan type was considered, but this option, particularly if used only for Plan Type 1, is also very expensive. The two financially conceivable options, he stated, are to smooth all Second Lowest Cost Silver Plans, or to smooth premium differentials of less than \$35 per month. Ms. Hague added that the Health Connector recommends investing in carriers that are trying to compete, leading to the recommendation of setting a dollar threshold for smoothing. Ms. Herman commented on the importance of giving individuals as many choices as possible if they are disrupted. Ms. Wcislo emphasized the problem Plan Type 1 members will face because 50 percent of Plan Type 1 members are covered by NHP and NHP has the highest rate increase. Secretary Sudders commented that NHP chose to submit those rates and added that while it is important for people to have comprehensive coverage and access to care, it is not the Commonwealth's role to subsidize the commercial market. She stated that \$53

million for smoothing is not fiscally possible and that it will be necessary to make difficult choices. Ms. Wcislo stated that, if the Board had been given time to discuss alternatives, it could have considered possible solutions. Ms. Herman noted that she is surprised that there was no suggestion to prevent NHP from participating. Ms. Wcislo replied that smoothing is about individuals and that NHP should remain in the ConnectorCare program. Mr. Gutierrez stated that the funding available for smoothing as proposed would be \$4.2 million gross, \$2.4 million net, to cover the rate differential. In response to a question from Ms. Herman, Ms. Calvao answered that the cost of smoothing in 2016 was over \$20 million. Mr. Petion thanked Health Connector staff for their work on this issue and emphasized the impact that reduced smoothing will have on the population served by the Health Connector. He noted that it would be helpful to gather more information on the impact this will have on affected populations. In response to a question from Mr. Malzone, Mr. Gutierrez stated that one element of the rate increase is risk adjustment, while another is pricing issues that are being corrected this year. Mr. Judson stated that risk adjustment is something that affects carriers in every state and is relatively unpredictable year to year. He stated that another issue is that risk corridors were not fully funded and added that reinsurance was fully funded, but both will sunset in 2016. Another factor impacting rates, he stated, is increased utilization in Quarter 4 and Quarter 1 from individuals who may have previously delayed seeking medical care. He noted that rising pharmacy prices are extreme. He stated that rates are reviewed on a quarterly basis and that ultimately the goal is to accomplish outcomes of affordability and availability. Mr. Chernew shared his skepticism that rate increases are caused by risk adjustment because, if that were the case, all plans would have shown significant increases. He commented that NHP could have received more funding from reinsurance. He agreed with Mr. Judson's comment about pharmacy prices but noted that rising drug costs should also affect every plan. He stated that the differential change is difficult to explain given national trends.

Next, Ms. Hague discussed planned communications to members to encourage comparison shopping. In response to a question from Ms. Wcislo regarding the number of members affected by the NHP ConnectorCare rate increase that would therefore be expected to switch plans, Ms. Calvao answered that about 24 percent of ConnectorCare members in NHP will experience a significant rate increase, which does not include other rate increases from other carriers which could also trigger a member to switch plans. In anticipation, she added, the Health Connector is preparing for increased shopping rather than stability. In response to a question from Mr. Chernew, Ms. Hague stated that NHP is the only carrier in the ConnectorCare program that covers Partners HealthCare physicians. She remarked on the need to educate members about other provider systems and noted the difficulty of communicating this to members. Ms. Wcislo expressed her discomfort with the situation and stated that members will be angry. Ms. Vertes echoed Ms. Wcislo's discomfort but stated that the Health Connector is forced into a difficult situation because of the intentional actions of NHP. She stated that rates are both a function of future cost and starting cost and that underestimated costs could be contributing to the high rate increase. She added that she does not support the state subsidizing a correction in pricing for NHP. Secretary Sudders acknowledged the short notice given to the Board on this issue and stated that she does not believe smoothing requires a Board vote. She stated that it is necessary to mitigate disruption and promote choice and affordability but stated that the rates are the reality of

the Massachusetts health insurance market. She added that Health Connector staff have worked tirelessly and will support members with assertive communications. In response to a question from Mr. Petion, Mr. Schuetz stated that the Health Connector is working with its provider search vendor to expand the number and type of providers included in the tool.

- IV. Outreach Strategy for Open Enrollment 2017:** The PowerPoint presentation “Outreach Strategy for Open Enrollment 2017” was presented by Audrey Gasteier, Jason Lefferts, Beth Riportella and Sarah Buonopane. Ms. Gasteier provided an overview of the Health Connector’s outreach strategy for the 2016-2017 Open Enrollment period, stating that the Health Connector selected three target populations on which to focus its outreach efforts. She stated that the three populations are Latinos, individuals at risk of losing Employer-Sponsored Insurance (ESI) and new Massachusetts residents. She stated that Latinos are more likely than other ethnic groups to be uninsured and that the Latino share of the Massachusetts population is growing. In response to a question from Mr. Petion, Ms. Gasteier replied that, according to the survey conducted by the Center for Health Information and Analysis and the Urban Institute, approximately 25 percent of the uninsured are Latino individuals. She then reviewed ways in which the Health Connector plans to reach Latino residents. Next, Ms. Gasteier discussed individuals losing ESI, particularly in the context of a changing labor market of increasing part-time or contract-based work. She discussed outreach to new residents of the Commonwealth and underscored the need to support them in the life transition they are likely experiencing. She discussed the Health Connector’s continued partnership with the Department of Revenue (DOR), stating that the DOR will again send a letter, on behalf of the Health Connector, to individuals who indicated they are uninsured on their tax filings. Next, Mr. Lefferts and Ms. Riportella discussed the Health Connector’s “Hidden Gems” tour, a day-long media event across the Commonwealth on October 25<sup>th</sup>. Ms. Buonopane then reviewed the selected organizations for the 2016-2018 Navigator program. In response to a question from Secretary Sudders, Ms. Buonopane answered that Navigator grantees are located in towns with high rates of uninsured individuals and that location was part of the selection scoring criteria. She displayed a map showing all enrollment assisters in the Commonwealth. In response to a question from Mr. Petion, Ms. Gasteier stated that the Health Connector works closely with Community Health Centers (CHCs), walk-in centers, and the Massachusetts League of Community Health Centers to stay apprised of their health fair events. Mr. Gutierrez added that the Health Connector will review its involvement in annual health fairs. Secretary Sudders stated that the focus for the upcoming Open Enrollment period will be on outreach, enrollment and member communication due to the market shift.

The meeting was adjourned at 11:05 AM.

Respectfully submitted,  
Maria H. Joy