



The Commonwealth of Massachusetts
Commonwealth Health Insurance Connector Authority
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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, July 11, 2019
9:00 AM to 11:00 AM

50 Milk Street, 8th Floor
Boston, MA 02109

Attendees: Louis Gutierrez, Marylou Sudders, Michael Chernew, Roberta Herman, Rina Vertes, Dimitry Petion, Mark Gaunya, Lou Malzone, John Stephan, and Kevin Beagan (who was sitting by designation on behalf of Commissioner of the Division of Insurance, Gary Anderson). Nancy Turnbull joined by telephone.

The meeting was called to order at 9:03 AM.

- I. Minutes:** The minutes of the April 11, 2019 meeting were unanimously approved.
- II. Executive Director's Report:** Mr. Gutierrez began the meeting by providing an overview of the agenda items before the Board. He shared information regarding the preliminary results of the Health Connector's Conditional Seal of Approval (SOA) process, anticipating a very stable product shelf for plan year 2020. Next, Mr. Gutierrez shared information regarding the Customer Experience Procurement Project (CXPP) which is well underway with staff focused on implementation efforts with Softheon, Inc., the Health Connector's new enrollment and billing system vendor, and the final stages of the customer service vendor procurement. Mr. Gutierrez briefly described votes before the Board during the meeting including a vote on DC Health Benefit Exchange Authority contract which currently supports the Health Connector for Business (HCB) platform. HCB staff members will return to the Board in September with a fuller examination of the small group market. Before beginning staff presentations, Mr. Gutierrez briefly noted recent changes to the federal policy landscape that pose serious risks to the state and nation's health care system going forward. Mr. Gutierrez closed his remarks by announcing the Health Connector's Special Enrollment Period for residents who purchased SimpleHealth coverage. The

company is alleged to have deceptively sold health insurance nationally that did not cover services, and left thousands of people without coverage. Approximately 50 Massachusetts residents had purchased SimpleHealth plans, and now have the opportunity to enroll in Health Connector coverage through the end of the year. Mr. Gutierrez emphasized that all of the Health Connector's plans meet state standards for coverage. Mr. Malzone requested additional information regarding whether people who enrolled in SimpleHealth scam plans would face individual mandate penalties for the months they had SimpleHealth coverage. Mr. Beagan noted that the Massachusetts Division of Insurance (DOI) plans to deploy strong communications make Massachusetts residents aware of their health care coverage options and how and why to look out for scam or deceptively marketed health care products.

III. Conditional Award of the 2020 Seal of Approval (VOTE): The "Conditional Award of the 2020 Seal of Approval (VOTE)" PowerPoint was presented by Ms. Heather Cloran DiLorenzo. Ms. DiLorenzo began by noting that a vote from the Board to authorize the Health Connector's Conditional SOA will allow staff to consider proposed plans for sale through the Health Connector for the 2020 benefit year. While describing an overview of Qualified Health Plan (QHPs) submissions, Ms. DiLorenzo noted that the Health Connector's product shelf for 2020 is very stable compared to 2019. In 2020, ConnectorCare carriers will continue to "load" their Silver tier non-group plans with an additional percentage of premium to offset the loss of federal cost-sharing reductions, an approach employed since Plan Year (PY) 2018. She highlighted that nine medical carriers responded to the 2020 Seal of Approval (SOA), submitting a total of 56 non-group QHPs and 69 small group QHPs. The higher count of small group plans is due to the availability of HSA plans and PPO plans on the small group platform. When discussing new, closing, and frozen plans, Ms. DiLorenzo highlighted the closing of Health New England's (HNE) non-standard Bronze offering, whose members will be mapped into HNE's standard bronze plan at time of renewal. Ms. DiLorenzo also informed the Board of the Health Connector's decision to discontinue frozen plans in 2020 because of their administrative burden. This decision will not present any member disruption since there were no frozen plans in 2019. In a question regarding plan designs, Ms. Turnbull requested additional information regarding the PY2020 Tier 3 prescription drug benefit as compared to the PY2019 plan design. Next, Ms. DiLorenzo provided an overview of Qualified Dental Plan (QDP) submissions, stating the proposed 2020 dental shelf is very stable and unchanged from 2019. She ended her presentation by offering information regarding next steps in the SOA process and noting that the final SOA award would incorporate additional data and analysis around premiums and information regarding ConnectorCare plans. All current ConnectorCare carriers anticipate participating in the program and there are no bare counties in 2020. With no additional questions or discussion, the Board unanimously voted to allow the 2020 Conditional SOA to enable consideration of all recommended standardized and non-standardized QHPs and QDPs proposed by 12 carriers.

IV. Policy Updates: Ms. Audrey Gasteier presented information and analysis regarding the federal policy landscape. Ms. Gasteier began her presentation by discussing the implications of the federal administration's final rule on Health Reimbursement Arrangements (HRAs). She explained that the final rule may prevent employees whose employers offer HRA coverage that is integrated with individual health coverage from

receiving federal Advance Premium Tax Credits (APTCs) on-Exchange. In response to a question from Dr. Chernew, Ms. Gasteier further explained the final rule's interplay with the affordability calculation for APTCs. Mr. Beagan relayed the DOI's intention to conduct listening sessions and outreach beginning in September 2019 to reduce consumer confusion around HRAs. In response to a question from Mr. Gaunya regarding the impact of the rule on the Massachusetts merged market, Ms. Gasteier stated that the wide array of parties participating in the merged market may be impacted by shifts in risk, but it is important to remember that the merged market is very large and stable.

Next, Ms. Gasteier described the potential impact of federally proposed changes to the interpretation of the Affordable Care Act's Section 1557, the law's primary anti-discrimination provision, seeking to roll back explicit protections against discrimination on the basis of gender identity and in other ways, as well, including for residents with Limited English Proficiency (LEP). In response to information about the prohibition of gender discrimination in Massachusetts state law, Mr. Beagan further explained guidance put forth by the DOI prohibiting health insurance carriers from discrimination on the basis of gender identity or gender dysphoria. He stated that federal guidance will not take away from state guidance and shared the DOI's plan to create additional consumer materials. In response to a question from Ms. Turnbull regarding prior instances of discrimination seen by the DOI, Mr. Beagan explained that the most prominent discrimination issues were related to the scope of services offered by health plans rather than wholesale exclusion. For example, in the past, the DOI focused on appropriate care for transgender individuals who saw inconsistencies in the services available from health plans. Secretary Sudders reminded the Board that the Commonwealth enjoys strong protections in this area and asked that Navigators, assisters, and other partners working with Health Connector members were clear regarding the protections and supports for LGBTQ and LEP populations in Open Enrollment messaging despite federally-proposed ACA Section 1557 regulations changes.

Ms. Gasteier continued her presentation with information regarding a proposed rule from the US Department of Homeland Security (DHS) which would dramatically alter DHS's approach to public charge determinations by widening the criteria for what could be used to deny visas or green cards to certain categories of immigrants including non-cash health and social service benefits. Ms. Gasteier also noted the Health Connector's close coordination with ethnic media outlets and Navigator partners on messaging to address confusion and fear among immigrant communities. She also shared information regarding the *Texas v. U.S.* lawsuit which challenges the entirety of the ACA's constitutionality, centering on an argument related to the removal of the federal individual mandate penalty. Noting the immense implications of the lawsuit, Ms. Gasteier explained the federal financing exposure that would be most acute to the Health Connector, primarily through the removal of hundreds of millions of dollars' worth of federal subsidies that currently help Health Connector members afford their health plans.

Ms. Gasteier concluded her presentation with analysis of other federal actions, activities in other states, other legal challenges related to the ACA, and anticipated future rule-making on program integrity. She emphasized the Health Connector's plan to help preserve the

approaches to health coverage that have proven successful in Massachusetts. Secretary Sudders added that the Governor’s administration is prioritizing active review of proposed federal rules or bulletins that may undermine health access in the state.

- V. Update on Health Connector for Business and DC Health Benefit Exchange Authority Contract (VOTE):** The “Update on Health Connector for Business and DC Health Benefit Exchange Authority Contract (VOTE)” PowerPoint was presented by Ms. DiLorenzo and Ms. Gasteier. To begin the presentation, Ms. Gasteier provided background information regarding the Health Connector for Business (HCB) and its goal to bring the Health Connector’s competitive Exchange model to small employers by connecting them to the full Massachusetts carrier marketplace. Next, Ms. DiLorenzo provided information about the current status of HCB including membership growth, increasing market interest among a variety of market segments, industries, and regions, and a highly-engaged broker community. Ms. DiLorenzo presented detailed information regarding year to date new sales by carrier, plan offering, and broker status along with new group participation by county. She also highlighted that most new HCB sales in 2019 are from “microgroups” with 1-5 employees. Historically, this small group market segment is least likely to offer coverage. Mr. Gaunya recognized the work done by HCB, noting strong praise feedback from the broker community. With no additional questions or discussion, the Board unanimously voted to authorize the Health Connector to enter an amendment with DC Health Benefit Exchange Authority (DCHBX) to support the HCB platform for the remainder of fiscal year 2020 for an estimated amount of \$3,642,266.
- VI. Financial Audit Services Contract (VOTE):** Ms. Kari Miller presented information regarding the Health Connector’s financial audit contract with KPMG, the Health Connector’s audit partner. Ms. Miller described a three-year agreement negotiated by KPMG and the Health Connector that will result in lower annual costs and stability. With no questions or discussion, the Board unanimously voted to authorize the Health Connector to extend the contract with KPMG to perform financial auditing services for Fiscal Years 2019, 2020 and 2021 in an amount not to exceed \$300,000.
- VII. Health Care Actuarial Services Contract (VOTE):** Ms. Miller presented the “Health Care Actuarial Services Contract (VOTE)” PowerPoint seeking approval from the Board to extend a contract for healthcare actuarial and financial analytic services with Viebec through June 30, 2020 for an amount not to exceed \$308,341. Viebec was established in 2018 by the Health Connector’s former Chief Actuary (Ms. Edith Boucher Calvao) who provides actuarial services for the ConnectorCare program and the Seal of Approval process. In response to a question from Mr. Petion regarding the Health Connector’s plan to bring actuarial services in-house, Mr. Gutierrez stated that the Health Connector will re-open the search for an in-house Chief Actuary next fiscal year. With no further questions or discussion, the Board unanimously voted to authorize the Health Connector to extend the contract with Viebec for healthcare actuarial and other financial analytic services through June 30, 2020.
- VIII. Health Connector Administrative Finance Update (VOTE):** Ms. Miller and Ms. Nupur Gupta presented a review of the Health Connector’s Fiscal Year (FY) 2019 administrative

budget year-end projection and the FY2020 administrative budget recommendation for a vote. Ms. Miller began the presentation by providing contextual information regarding the Health Connector's administrative budget and sharing historical data around per member per month administrative costs. Next, Ms. Gupta provided a summary of FY2019 administrative budget highlighting the \$1.6 million improvement in the FY2019 net position as compared to the May 2019 estimate, primarily driven by HIX operations and maintenance estimates relayed by EOHHS and EOTSS. She also shared information regarding the Health Connector's FY2019 projected enrollment, which is five percent higher compared to budget. Ms. Gupta ended the presentation by explaining how the FY2020 budget reflects CXPP implementation activities and initial ongoing costs (beginning in June 2020) for enrollment and billing and contact center contracts, reflective of contractual amounts or estimates based on bidder responses. She also shared information regarding the Health Connector's FY2020 enrollment projections. With no questions or discussion, the Board unanimously voted to approve the proposed FY2020 administrative budget recommendation.

- IX. Customer Experience Procurement Project (CXPP) Project Status Update and Report-Out:** Ms. Vicki Coates, Mr. Michael Piantanida, and Ms. Miller presented a status update regarding CXPP. Mr. Piantanida began the presentation by providing an overview of the procurement strategy, highlighting the termination of the technology vendor RFR as well as the noticing vendor RFR. Mr. Piantanida shared information specific to the enrollment and premium billing system implementation sharing updates on key milestones with Softheon, Inc. After the finalization of the Business Requirements document (which occurred on June 19, 2019), Softheon, Inc. will develop a Functional Specifications document to be reviewed and finalized by August 23, 2019. Next, Ms. Coates provided information regarding the status of the active contact center procurement for which a total of six bidders submitted proposals. Ms. Coates noted that the contact center procurement is currently under internal evaluation by the Strategic Scoring Team and in preparation for a presentation to the Board scheduled for August 19, 2019 of an Apparent Successful Bidder. In response to a question from Secretary Sudders regarding keeping a vendor's "A-Team" engaged in a large project like CXPP, Ms. Coates explained that the procurement strategy involved resume review and in-person meetings with key vendor staff members engaged in the implementation phase as well as in on-going maintenance. Ms. Coates continued her presentation by describing the optional services being considered in the contact center procurement including walk-in centers, mailroom services, and an HCB call center. Ms. Miller provided information regarding the total implementation costs for CXPP which are currently estimated at approximately \$22 million through FY2021. This estimate accounts for enrollment and premium billing and member portal contracts and contact center bidder responses. Ms. Coates concluded the presentation by sharing a timeline for CXPP implementation with a specific focus on the operational readiness period. In response to a question from Secretary Sudders, Ms. Coates specified that functionality will be tested on an on-going basis and the operational readiness period will be used for final stress testing.

With no further comments, the Board agreed to adjourn the meeting through vote.

The meeting adjourned at 10:28 AM.

Respectfully submitted,

Nikhita Thaper