



*The Commonwealth of Massachusetts
Commonwealth Health Insurance Connector Authority
One Ashburton Place, Room 805
Boston, MA 02108*

DEVAL PATRICK
Governor

TIM MURRAY
Lieutenant Governor

LESLIE KIRWAN
Board Chair

JON M. KINGSDALE
Executive Director

Board of the Commonwealth Health Insurance Connector Authority

Minutes

February 14, 2008

9:00 AM – 12:00 PM

One Ashburton Place

Boston, MA 02108

21st Floor Conference Room

Attendees: Leslie Kirwan, Jon Kingsdale, Rick Lord, Celia Wcislo, Dolores Mitchell, Jonathan Gruber, Louis Malzone, Tom Dehner, Nonnie Burns, Nancy Turnbull, and Ian Duncan (via telephone).

- I. **Minutes:** Celia Wcislo noted that the minutes from the December 13 Board meeting did not clearly explain the appeals process. Minutes of the December 13th meeting accepted by unanimous vote.
- II. **Executive Director's Report:** Jon Kingsdale stated that Connector staff is working with health plans, agents, and actuaries to finalize the detailed design of the small group offering which is scheduled for a "soft launch" this summer. Mr. Kingsdale referred to a chart comparing the average premium for a typical uninsured individual (37-year-old Bostonian) before health care reform, on July 1, 2007, and July 1, 2008: the chart shows that Reform significantly cut premiums and increased benefits last July, and has maintained a low level of inflation since then.. A broad range of Commonwealth Choice (CommChoice) products are now available to individuals, improving both choice and affordability. Mr. Kingsdale thanked Bob Carey for his excellent work with the six providers. Mr. Kingsdale informed the Board that a vote on the CommChoice seal of approval was not necessary at today's meeting because contract discussions have yet to start, but the Connector's staff was looking for the Board's blessing on the package presented and direction to move forward to finalize contracts.
- III. **Commonwealth Choice Seal of Approval:** Bob Carey reviewed the CommChoice renewal and Seal of Approval process for the plan year beginning July 1, 2008. He noted that the Connector is still finalizing its work with the carriers. Mr. Carey provided an overview of the renewal process, objectives, and evaluation criteria. He also reviewed Connector staff recommendations for benefit changes by tier and carrier. Connector staff has been working to ensure consistent relative changes throughout the plans. Nancy Turnbull asked if the 5.1% average premium increase across all plans was weighted. Mr. Carey responded it was. Dolores Mitchell asked for clarification of the number of Gold level plans offered for 2008. Mr. Kingsdale responded that there will be six that people can

Mr. Carey stated that the Connector is going forward to finalize new plans based on these recommendations with the Board's approval. Secretary Kirwan asked for objections. She provided a summary of the discussion and numerous requests from the Board for further information, noting that this is an achievement in affordability. Mr. Duncan commended the Connector staff and Mr. Kingsdale for keeping premium increases below the market rate. Mr. Carey thanked the carriers for working with the Connector to meet the target rate.

IV. **MMCO Contracts:** Jamie Katz briefly explained that Connector staff is currently involved in vigorous and frank discussions with carriers regarding the renewal of MMCO contracts. He stated that the Connector is pleased with the process, but, at this stage of the discussion, the Connector cannot provide further information. More details will be available at the February 28th Board meeting. Mr. Dehner stated that Commonwealth Care (CommCare) is receiving undue negative attention with regards to the cost. He also noted that much remains unclear about utilization and take-up rates.

V. **Adjusting Contributions:** Secretary Kirwan noted that affordability and fairness, as well as the prevention of crowd out, are important factors in determining necessary contribution adjustments. She added that no decision will be made at this time. Today's meeting will allow Connector staff to receive the Board's input on where to go from here.

Mr. Carey provided the Board with an overview of the 2008 proposed affordability schedule to be finalized on March 20th. He noted that affordability is linked to CommCare premiums because an individual deemed CommCare eligible is also considered able to pay the premium. In drafting the affordability schedule, Connector staff reviewed employer sponsored insurance (ESI), market offerings, and what individuals are actually purchasing. The top end of the schedule was based on the top end of the 2006 median income level. Ms. Wcislo noted that changes in wages, cost of living, and the federal poverty level must also be considered. Mr. Malzone asked for data comparing wages to what individuals are charged for ESI. Mr. Carey noted that Connector staff worked to align the high end of CommCare enrollee contributions with typical ESI contributions. Ms. Wcislo asked by what percentage premiums rose. Mr. Carey responded 14%. Ms. Wcislo noted that this is a greater increase than the Connector allowed in the private market.

Ms. Wcislo asked why individuals at the higher end of the affordability schedule are not buying CommCare products more frequently. Patrick Holland responded that the Connector believes the take-up rate is strong and consistent. Melissa Boudreault added that

disenrollment is low, as is the rate of premium waiver requests, signaling that individuals can meet premiums. Ms. Turnbull expressed concern that this schedule is less progressive and that elderly individuals who fall at the higher end of the schedule are paying a greater percentage of their income. She also requested data on the savings over time as a result of premium increases. Ms. Wcislo expressed concern that costs were being shifted to low pay workers and asked what data is available on cost sharing in the private market. Mr. Carey responded that 2007 data is not yet available, but take-up rates are increasing even with rate increases. Rick Lord concurred that the mandate has increased the employee take-up rate. Ms. Turnbull noted that employer market actions are not necessarily affordable.

Mr. Holland provided those in attendance with an overview of recommendations for CommCare co-pay levels for Plan Types (PTs) II and III. He explained that the recommendations are sensitive to member issues and attempt to keep co-pays consistent with 2007 levels. Secretary Kirwan noted that this is a review and, once MMCO bids are in, the Board will have an opportunity to look at the entire package. Mr. Holland stated that today is a chance to get feedback from the Board in order to tighten the procurements. Ms. Turnbull asked how information was gathered on the “typical small group”. Mr. Carey responded that the six CommCare providers were asked for data on membership from their non-group and small group market. Ms. Mitchell asked that Connector staff review co-pay levels for generic drugs before they are finalized. Mr. Gruber expressed support for lowering generic drug co-pay levels and raising co-pays for name brand drugs. He added that it is important to evaluate how CommCare levels relate to ESI in order to better understand how to prevent crowd out and the erosion of ESI. Ms. Turnbull stated that member needs and overall fiscal savings must also be considered. Secretary Kirwan noted that, in even broader terms, sustainability is a factor as well. Ms. Wcislo asked for further data on overall cost shifts and if there are other means of maintaining affordability. Mr. Holland noted that there is between a 4.5% and 5% saving for PT III premiums. Some Board members expressed concern that there is no OOP maximum for PT III. Mr. Gruber added that he would prefer a large OOP maximum rather than none to offer members some protection. Mr. Holland stated that the Board’s requests will be presented to providers. Ms. Wcislo expressed her disappointment with the recommended changes, stating that they are too extreme. She added that she would prefer to see them remain the same as last year.

- VI. **Emergency Regulations (VOTE):** Jamie Katz came before the Board seeking approval for changes to emergency regulations 956 CMR 3.00 and 6.00. On December 13, the Board approved emergency regulations making some changes to CommCare eligibility (956 CMR 3.00) and the mandate process (956 CMR 6.00). A public hearing was held on February 4th and written comments have been received. Following the comment period, a few minor technical changes have been made. Mr. Lord requested clarification of how information will be gathered on ESI. Mr. Kingsdale responded that the Connector is looking into hiring a third party. Ms. Boudreault explained that the third party vendor would reach out to employers to make sure individuals who apply for CommCare because ESI is not available to them are not being excluded unnecessarily. Ms. Turnbull asked if the definition of “resident” was made more restrictive by the change and why “employer” was changed to “current employer”. Mr. Katz responded that both changes were improve clarity and did not make the definitions more restrictive. Changes to emergency regulations 956 CMR 3.00 and 6.00 were approved by unanimous vote.

There being no further business before the Board, the meeting was adjourned.

Respectfully submitted,
Nicole Iannuzzi