



The Commonwealth of Massachusetts
Commonwealth Health Insurance Connector Authority
100 City Hall Plaza, 6th floor
Boston, MA 02108

DEVAL PATRICK
Governor

TIM MURRAY
Lieutenant Governor

GLEN SHOR
Board Chair

JEAN YANG
Executive Director

Board of the Commonwealth Health Insurance Connector Authority

Minutes

Thursday, February 28, 2013
9:00 AM to 12:00 PM
One Ashburton Place
Boston, MA 02108
21st Floor Conference Room

Attendees: Glen Shor, Jean Yang, Nancy Turnbull, George Gonser, Louis Malzone, Celia Wcislo, Ian Duncan, Joseph Murphy and Dolores Mitchell. Robin Callahan attended in place of Julian Harris. Jonathan Gruber and Andres Lopez were absent.

The meeting was called to order at 9:06 AM.

- I. Minutes:** The minutes of the February 28, 2013 meeting were approved by unanimous vote.

Secretary Shor started the meeting by discussing the Connector Strategic Plan-in-Brief, which is an opportunity to feature the Connector (CCA) alongside other government agencies within the purview of the Executive Office of Administration and Finance. He also discussed the agenda item regarding a vote on regulations being transferred to CCA as part of Chapter 224 of the Acts of 2012 (Chapter 224) from what was formerly the Division of Health Care Finance and Policy (DHCFP). Secretary Shor explained that CCA will be doing a mechanical adoption of these regulations, and when putting the regulations out for comment is not meant to invite policy discussion, which will be done at a subsequent time. Finally, he discussed Fair Share, a program which may be eliminated pursuant to proposed legislation, which is among the many reasons there will be no policy discussion regarding this technical transfer of legislation.

- II. Executive Director's Report:** Jean Yang thanked the Board and everyone on the team after enduring a long and productive Board meeting on February 28th regarding the 2014 Seal of Approval (SoA) process for Qualified Health plans (QHPs) and Qualified Dental Plans (QDPs). She reported that CCA did release the Request for Proposals (RFP) for QHPs and QDPs as well as requests for renewal for Commonwealth Care's five MCOs on schedule. She was happy to report that there was representation from every health plan CCA currently works with at the QHP bidder's conference and CCA also had the pleasure of meeting new faces at the QDP bidder's conference. Ms. Yang then provided a preview of the agenda items for the March

Board meeting, including an update on the planning and development of the Navigator program as well as an update on the subconnector RFR.

III. Customer Service and Business Operations Procurement (VOTE): The PowerPoint Presentation “Customer Service & Business Operations (VOTE)” was used by Roni Mansur, Deputy Director and Chief Operating Officer; Jen Bullock, Director of Customer Service and Operations and Daniel Apicella, Director of Finance during this agenda item. Ms. Bullock began the presentation by providing background information and reminding the Board of the RFP released on November 16, 2012 to procure a single Customer Service & Business Operations vendor. She emphasized that this is part of ACA-compliance because having a single vendor is best for a single integrated program for both the subsidized and unsubsidized populations. Ms. Bullock further discussed the functions that this vendor would need to provide which would go above and beyond those required today. She explained that the Exchange will require a high-performing, technology-driven, flexible and scalable vendor and that CCA has no margin for error in meeting the customer service needs of its members. Ms. Bullock then displayed the procurement timeline, showing the dates during which each step occurred throughout the procurement process. Ms. Bullock explained that the contract term resulting from the RFP would begin on February 28, 2013 and would be effective through June 30, 2016 with CCA’s option to extend the contract for three additional one-year terms.

Ms. Bullock then described the Procurement Management Team (PMT) which was composed of a cross-functional group of CCA staff. She explained that the PMT evaluated all components of the bidders’ response including the written proposal, oral presentation and site visit. She further explained that the price response and Best and Final Offer (BAFO) were evaluated by the finance team independent of the programmatic evaluation. Ms. Bullock then laid out the predefined scoring framework used during the procurement, going through the details of each step in turn.

Mr. Apicella discussed the evaluation of the price proposals received, which were looked at independently of the other evaluations. Mr. Apicella discussed the evaluation of the proposals based on various phases of the contract. He added that CCA asked for capabilities with the flexible and standard operating models as well as rate information. CCA then allowed bidders to come in and lower their offer at the end of the process. Mr. Apicella showed the price response summary highlighting the Per-Member Per-Month (PMPM) cost for ongoing operations.

Ms. Bullock presented the overall scoring results, announcing Dell as the top scoring bidder. Ms. Bullock explained in detail why Dell came out as the top bidder and would be the best candidate to fulfill the role as customer service and business operations vendor for CCA. Ms. Wcislo asked whether Dell has multiple language capabilities to which Ms. Bullock answered yes. Ms. Turnbull asked whether Dell works with any other exchanges. Mr. Mansur replied that he did not know of any other contracts, but that it is something CCA will follow. Mr. Duncan acknowledged that the presentation was thoughtful and helpful and asked what would happen with SBSB’s relationship with CCA. Mr. Mansur explained that CCA has a contract with SBSB until the end of the year and that CCA will work through a transition plan with them to determine the administration of customer service.

Secretary Shor emphasized that this procurement was a very big deal for CCA, as providing superior Customer Service is essential to CCA’s success. He discussed the ease with which people will be able to shop for health insurance on CCA’s website and how a great customer services vendor will assist with that process. He stressed that CCA will be running an

extraordinarily efficient operation tied to financial goals for sustainability. He congratulated the Connector for running a top-notch, rigorous procurement as a major milestone in transitioning to Connector 2.0. Ms. Yang then thanked Secretary Shor for his hand in this process. Ms. Mitchell asked whether CCA could ensure within the contract that no leading management people would leave the Massachusetts exchange to work elsewhere. Mr. Mansur explained that Ed DeAngelo, CCA's General Counsel, stated that CCA has the right to refuse any changes to named key personnel. The Board voted unanimously to approve that the Executive Director to enter into a contract, subject to final agreement on terms, with Dell Marketing LP, for the period from September 1, 2013 through December 31, 2016, with three 12-month options to extend, to provide customer services and business operations.

IV. Risk Adjustment Update and 3R Consultant Contract Extension (VOTE): The PowerPoint presentation "Risk Adjustment Update and 3R Consultant Contract Extension (VOTE)" was used by Daniel Apicella, Director of Finance, during this agenda item. Mr. Apicella began his presentation by providing the Board with background information on the "3Rs", three premium stabilization programs for the small and non-group health insurance market that must go into effect in 2014 pursuant to the ACA. Mr. Apicella explained that in July 2012 state legislation passed authorizing CCA as the agency to administer the market-wide risk adjustment program in the Commonwealth. Mr. Apicella described the inter-agency work group involving various government agencies that developed recommendations on the Commonwealth's preferred approach to 3R implementation. In addition, Mr. Apicella stated, CCA entered into a contract with Milliman to act as a 3R consultant which was paid for entirely with federal grant money.

Mr. Apicella then reintroduced risk adjustment as both a concept and a model as well as the key advantages in pursuing a state-specific program. He explained that CCA used the federal methodology as framework, but also incorporated the experience of the Massachusetts market to better tailor the model to the Commonwealth. Mr. Apicella then described the All-Payer Claims Database (APCD) in more detail. Ms. Mitchell asked where CCA was getting data on the merged market. Mr. Apicella answered that this data comes from APCD data. Ms. Turnbull asked what an edge server is. Ms. Yang explained that this is a server that is separately established from the carrier server that sits outside of the carrier data environment. Further, she explained, the federal executive Office of Health and Human Services (HHS) will remotely go into that server to file the data for risk adjustment so there will be no physical data transfer from issuers to HHS. Mr. Duncan asked why dental claims were listed. Mr. Apicella explained that while dental claims are not subject to risk adjustment they will be in the APCD. Mr. Apicella described the APCD further, saying that it is the leading APCD in the country and that CCA is working closely with the Center for Health Information and Analysis (CHIA) who have prioritized this project. Ms. Turnbull noted that there have been delays with the APCD and asked what impact this would have on risk adjustment. Mr. Apicella stated that CCA is constantly doing risk analysis and does not envision any problems at this point. Secretary Shor pointed out that Massachusetts is still a national leader because setting up an APCD is very challenging and what has been achieved to date is truly remarkable.

Mr. Apicella then discussed conversations between CCA and CCIIO on the proposed methodology. Ms. Turnbull asked whether there was any concern from CCIIO to which Ms. Yang answered that there had been no concerns expressed during any of the several conversations CCA had with them. Mr. Apicella then presented the implementation timeline for Massachusetts-specific risk adjustment. Ms. Wcislo asked whether we should be implementing state based risk adjustment. Ms. Yang explained that risk adjustment is a very significant component of the future market as it stabilizes premiums and allows carriers to price aggressively because underlying risk is neutralized. Further, Ms. Yang stated, CCA has

engaged with the market very closely throughout this process and received overwhelming support to pursue a state based approach.

Mr. Apicella then presented the proposed contract extension and work order with Milliman, emphasizing their superior work for CCA and credibility in the market. Ms. Turnbull asked how much risk could be transferred. Mr. Apicella explained that this would depend on the issuer and currently, in Commonwealth Care, it is roughly three percent of premiums, however, this will look different in the future. Ms. Yang added that when Milliman did the first phase of work, the high level estimate was two to three percent. Mr. Duncan asked whether a high variance in rates would cause a pushback from carriers. Mr. Apicella stated that CCA will provide quarterly reporting and will do a simulation in advance of the rating for this year. Ms. Yang explained that CCA released the technical specification to carriers so that they can model this approach for themselves. Mr. Duncan thanked CCA for being involved in the process and endorsed the work they have done with Milliman. The Board voted unanimously to authorize the Executive Director to enter into an agreement with Milliman, Inc. through December 31, 2013 to perform risk adjustment services.

V. Chapter 224 Omnibus Regulations Transfer (VOTE): The PowerPoint presentation “Chapter 224 Regulations Transfer (VOTE)” was used by Edward DeAngelo, General Counsel and Merritt Dattel McGowan, Assistant General Counsel during this agenda item. Mr. DeAngelo began the presentation by providing a background on Chapter 224 legislation for the Board, describing the transfer of responsibility to CCA over certain programs and policies that were currently under the purview of what was formerly known as DHCFC, now known as CHIA. Mr. DeAngelo explained that all changes to the regulations are technical, including renumbering of internal cross-references and substitution of CCA’s name in place of DHCFC throughout the regulations. The four programs being transferred to CCA, Mr. DeAngelo noted, are the Student Health Insurance Program, the Health Insurance Responsibility Disclosure, the Employer Surcharge for State Funded Health Costs and the Employer Fair Share Contribution. He then gave a high level overview of each program. Mr. DeAngelo proposed draft regulations to the Board, in order to effectuate the Legislature’s intended transfer, to repeal the current regulations and promulgate regulations under the new statutory authority. Mr. DeAngelo presented a timeline to the Board for the regulations transfer. Ms. Turnbull asked what the reporting and data collection responsibilities were. Mr. DeAngelo stated that CHIA has agreed to collect data and perform reporting through June 2013. Ms. Turnbull then asked about issues pertaining to recently released federal rules concerning students and advanced premium tax credits, which she and Mr. DeAngelo agreed to discuss offline. The Board voted unanimously to approve the issuance of amendments to the regulations in draft form for public hearing and comment.

VI. Dell Contract Extension (VOTE): The PowerPoint presentation “Commonwealth Care Customer Service Center Extension (VOTE)” was used by Ed DeAngelo, General Counsel, for this agenda item. Mr. DeAngelo explained that this contract extension will get CCA through the last six months of Commonwealth Care through January 2014. He explained that while the program ends in December 2013, some additional outreach will have to be done into January 2014. The Board voted unanimously to authorize the Executive Director to enter into an agreement with Dell Marketing LP extending the existing contract through January 31, 2014, to perform customer services for Commonwealth Care.

The meeting was adjourned at 10:31 AM.

Respectfully submitted,

