



*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

April 3, 2007

2:00 p.m. – 5:00 p.m.

One Ashburton Place

Boston, MA 02108

21st Floor Conference Room

Attendees: Leslie Kirwan, Jon Kingsdale, Rick Lord, Celia Weislo, Bruce Butler, Dolores Mitchell, Charles Joffe-Halpern, Jonathan Gruber, Louis Malzone, Tom Dehner, and Nonnie Burnes.

- I. **Minutes:** Minutes approved.
- II. **Executive Director's Report:** Mr. Kingsdale reminded the board of the approaching anniversary of health care reform and that the purpose of today's meeting was to provide staff guidance for drafting the affordability schedule. Mr. Kingsdale also reviewed the Commonwealth Choice Market Segments; Individual Subscribers, Young Adult Plan, Individual Employees with Sec. 125 plans, and Small Employer Groups (≤ 50 employees). The Young Adults Plan will not be offered on a pre-tax basis. Mr. Kingsdale added that the board should remember that all these decisions can be revisited.
- III. **Operations Report:** Mr. Butler requested a template that detailed what needs to be ready by May 1st for a successful launch of Commonwealth Choice. Rosemarie Day said staff was at work on such a document. The Connector is still out with AIM conducting informational sessions for employers. Work also continues on coordinated mailings with the Department of Revenue and the GIC about the Connector. The board requested copies of these letters. Sec. Kirwan thought it would be helpful to provide those in the legislature a one page document they could give constituents about Connector programs.

Melissa Boudreault updated the board on Commonwealth Care. Staff is very pleased just under 63,000 people have enrolled in Commonwealth Care and that there have been 6,000 new enrollees in Plan Types 2, 3, and 4. This is a 150% increase from the previous month. The board requested more information on why many of the enrollees in Plan Type 2, 3, and 4 come from outside of Greater Boston. Ms. Boudreault reviewed the age distribution of enrollees across the plans and the board level program deliverables. Mr. Kingsdale added that July would be the deadline for any major changes the board would like to make to the program. Ms. Boudreault relayed to the board some stories of people whose lives have been helped by Commonwealth Care. Elsa Mendez, a Commonwealth Care member,

spoke to the board about her experience in the program. Ms. Mendez had only occasionally been on insurance which made treatment for her seizures difficult. Now that she has Commonwealth Care coverage through Fallon Community Health Plan she can regularly see a PCP, meet with a neurologist, and receive the medications she needs to treat her seizures. Sec. Kirwan remarked that this is an important anecdote for those who do not see the benefit of insurance.

- IV. **Affordability:** Sec. Kirwan reminded the board that no decisions on affordability would be made today, but rather this is just a discussion on the concepts surrounding the issue. Mr. Kingsdale reminded the board of the main concepts behind universal obligation such as transitioning patients from episodic care to preventative care, supporting people rather than institutions, and creating a credible risk pool. All this promotes the shared responsibility principle behind health reform. The affordability schedule would be based on income. It would be too complicated to account for other household spending in the schedule, but this would be taken into account for appeals.

In order to completely illustrate the task of deciding affordability Mr. Kingsdale invited Christine Barber from Community Catalyst Inc. and Jonathan Gruber to present their viewpoints on affordability. Christine Barber presented to the board her analysis on affordability using research on existing public programs, current spending on healthcare, household budgets, “take-up” rates and price sensitivity, and public opinion research. Her research indicated that at 600% FPL and above people can afford total health care costs at about 8.5% of income. It is important to also think of this in the terms of what is unaffordable. For people under 300% FPL, who can only afford nominal amounts of toward health care, no penalties should be imposed. For people just above 300% FPL the lower-bound of the affordability scale should be set at 4% of income. Ms. Barber also felt that the board should adopt a conservative affordability schedule, so as to adequately reflect changes that may happen in year one. Sec. Kirwan added that the board should not try to exempt people from a good program. Mr. Kingsdale said he expects to be more aggressive in years two and three. Some board members expressed their desire to move from percent of FPL to real numbers.

Jonathan Gruber presented to the board two approaches to assessing affordability; the family budget approach and the voluntary enrollment approach. Mr. Gruber shared that one issue he encountered was making a judgment on what is defined as a necessity and that sometimes health care isn't considered a necessity. It is his feeling that it remains unclear whether we should account for out-of-pocket spending in considering affordability as individuals face even more out-of-pocket costs without insurance than with insurance. Economists tend to like an enrollment based approach, which means individuals can afford insurance if they buy it voluntarily. Mr. Gruber reviewed data on who turns down employer offered insurance. He found that enrollment remains high among low-wage workers even at higher premium levels. The board thought it would be helpful to know more about what percentage of income premiums were for this group and what the age distribution was of those turning down employer sponsored care. Mr. Malzone hoped the board would keep an open mind and remember that they have an opportunity to help those who are struggling economically.

In order to implement affordability there must be a coordinated communication, enforcement, and administrative effort. Mr. Kingsdale remarked on the importance of prospective communication. He also talked about the profound enforcement and administrative feasibility issues surrounding affordability. One issue of particular complexity is coordinating our standards to those at DOR in order to properly enforce the

mandate. The Connector recommends that there be a few broad income brackets, that there be a broad mandate for the upper income brackets, that there be a progressive sliding scale for lower income brackets, that enforcement be flexible in order to take into account individual circumstances, and that participation in Commonwealth Care be mandatory. The board requested to see a copy of the DOR postcard being mailed to tax filers in May. There was a brief discussion about the effect of broad exemptions on the CMS waiver renewal, the Uncompensated Care Pool, and premium prices. Sec. Kirwan thanked everyone for sharing their concerns and viewpoints in this very informative session. There being no further business for the board, the meeting was adjourned.

Respectfully Submitted,
Kerry Connolly