



*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

Thursday, November 13, 2008

9:00 AM – 11:00 AM

One Ashburton Place, 21<sup>st</sup> Floor Conference Room  
Boston, MA 02108

---

**Attendees:** Leslie Kirwan, Jon Kingsdale, Rick Lord, Celia Wcislo, Dolores Mitchell, Nancy Turnbull, Jonathan Gruber, Louis Malzone, Ian Duncan, Nonnie Burns, and Melissa Shannon (attending on behalf of Thomas Dehner). Thomas Dehner absent.

Meeting was brought to order at 9:07 AM. Secretary Kirwan noted that Melissa Shannon would be attending today's meeting on behalf of Thomas Dehner.

- 1. Minutes:** Minutes of the October 17<sup>th</sup> Annual Board Meeting and of the October 17<sup>th</sup> regular Board Meeting were accepted by unanimous vote.
- 2. Executive Director's Report:** Jon Kingsdale praised the successful transition to the new Commonwealth Care (CommCare) customer service/billing vendor, Perot Systems. Improvements are already being realized and the contract will reduce Connector costs in the first year by 30%. In addition to the vendor transition, members will now be billed during the month of coverage rather than 45 days in advance. A full update on Perot Systems will be provided in January. Mr. Kingsdale explained that Connector staff is working with MassHealth on process improvements. He noted that CommCare members being redetermined will continue to have 45 days to return the proper documentation before being disenrolled. Mr. Kingsdale commended BMC HealthNet and Network Health for their hard work to earn licensure from the Division of Insurance (DOI). Mr. Kingsdale reviewed the financial and programmatic impact of an employer-sponsored insurance (ESI) "Buy-In" for CommCare to grant access to individuals under 300% of the Federal Poverty Level who cannot afford ESI. A pilot could be run in Fiscal Year 2010. Celia Wcislo asked if Mr. Kingsdale had a recommendation for the Board with respect to an ESI program. Mr. Kingsdale said that he recommended not going forward with an ESI program at this time both because the Connector, with the new Commonwealth Care vendor just coming on board, cannot make such a program operational and because the program would cost more at a time when there is financial pressure on the Commonwealth. Ms. Wcislo expressed support for keeping this on the agenda for FY10.
- 3. Presentation on MMCO Contracts Procurement:** Mr. Kingsdale explained that Patrick Holland would be providing an overview of the MMCO contract procurement process, adding that Board input is a critical component in determining this process. Mr. Holland thanked the Connector's Finance Team for their hard work. He reviewed topics to be covered during the next three Board meetings, as well as the procurement timeline. The December 11<sup>th</sup> meeting will be an opportunity for Connector staff to

<sup>th</sup>. A final vote for approval of the FY10 MMCO contracts is scheduled for March. Mr. Holland explained that the MMCO profit margins from the Calendar Year 2007 and the 2007 extension period through June 2008 are good. Most carriers saw a slight surplus. Changes have been proposed for CY09 and CY10 to help normalize selection issues and the carriers are happy with these changes. Some Board members asked for clarification as to which plan type is causing the problems. Mr. Holland explained that it varies by carrier. Nancy Turnbull asked if the Connector expected to see similar results in FY09. Mr. Holland stated that it is still early, but the expectation is that there will be a smoothing out of the profit margins.

Mr. Holland provided an overview of the FY10 procurement model, which is designed to be both fair and reasonable. Ms. Turnbull asked if the Connector was trying to encourage new bids. Mr. Holland answered that it is and Ms. Turnbull expressed her approval. Dolores Mitchell reminded those in attendance that the Connector must remain aware of how its programs affect other interested parties. Jonathan Gruber noted the need to distinguish between malicious bidding practices and lower prices achieved through a competitive bid process. Mr. Holland explained that, in order to minimize unintended negative consequences of highly variable bidding strategies, a single capitation rate will be set by the Connector. Nonnie Burnes asked if the carriers are aware of the switch to one rate cell. Mr. Holland responded that Connector staff wanted to first bring the proposed change to the Board. Ms. Mitchell requested further explanation of how risk was being calculated for health status. Mr. Holland explained that the score would be age/gender based for individuals in the program up to six months and claims-based for individuals in the program seven months or more. Mr. Holland reviewed the strategies for competitive bidding, explaining that the Connector is still evaluating various options for achieving a lower bid. Mr. Gruber and Ms. Turnbull inquired about the feasibility of encouraging individuals in Plan Type I to enroll in the lowest cost plan to help reduce overall cost. Ms. Turnbull added that the vulnerability of this population must be kept in mind. Jamie Katz responded that Connector staff can evaluate the possibility of implementing incentives and/or disincentives. Mr. Duncan asked if members can be enrolled into the lowest cost plan following redetermination. Mr. Holland stated that members are re-enrolled into their previous plan, but Connector staff can look into auto-assigning them into the lowest cost plan. Mr. Gruber asked if the administrative cost could be lowered by excluding costs such as marketing and commissions that are applicable to commercial plans but not the MMCOs. Mr. Holland stated that the Connector is currently working on adjusting the calculation and may be able to trim administrative costs. Mr. Gruber asked that a rigorous, inflation-based indexing process be established to determine co-pay levels.

Mr. Holland discussed the capitation rate development process, emphasizing that all figures used in the presentation are for illustrative purposes only. He explained that medical trend is a holistic number composed of many factors. Ms. Wcislo asked how redeterminations will impact medical trend. Mr. Holland responded that they will increase it. Ms. Burnes asked about the possibility of using incentives to reduce costs. Mr. Holland explained that the trend was lowered in prior years by moving individuals into managed care programs and cost/quality incentives may have a similar effect. Secretary Kirwan noted that the procurement process has improved with experience and this approach will benefit all stakeholders. She added that the sustainability of the program depends on balancing costs.

**4. Minimum Creditable Coverage Waivers & Outreach:** Jamie Katz and Bob Carey came before the Board to provide an overview of Minimum Creditable Coverage (MCC) determinations and appeals as well as the MCC outreach campaign. Mr. Katz explained that the Connector website will be the primary resource for information on MCC. Most plans will be self-certified by carrier actuaries or employers. Ms. Wcislo asked if the policy holder would face a penalty should a plan that a carrier or employer had self-certified was then found to not actually meet all MCC requirements. Mr. Katz explained that the appeals unit would address this, but an individual buying a self-certified plan on good faith would not be penalized. Mr. Gruber asked how an individual will know if his/her health plan is compliant. Mr. Katz responded that the Schedule 1099 HC will indicate compliance. An individual that does not have a plan meeting MCC standards will not receive a Schedule 1099 HC. Rick Lord

asked if any Massachusetts insurance companies were selling noncompliant plans. Mr. Carey responded that carriers are not shutting down plans that do not meet all MCC requirements, but they are reaching out to current enrollees and those plans are not being sold to new members. The Connector cannot prevent carriers from selling plans that do not meet MCC standards. Mr. Katz clarified that the term “determination” is used to describe the process which a carrier must undergo in order to obtain MCC compliance certification from the Connector, while the term “appeal” is used to describe the process for an individual to prove s/he was unable to purchase health insurance due to a hardship. Since most tax payers will not begin the appeals process until tax time, the Connector is concentrating its efforts on preparing the systems necessary to handle determinations. Questions are already being received by Connector staff seeking clarification and assistance, but the Connector is asking that carriers refrain from seeking MCC certification until the applications are in place. An outreach campaign is underway and a letter will be distributed to Massachusetts employers within a week of today’s meeting. Carriers have been extremely helpful with messaging. Mr. Lord thanked the Connector for making the process open and inclusive of employers. Ms. Turnbull and Ms. Wcislo requested that Connector staff use all available resources, such as community based organizations, advocates, and outreach grantees, to ensure the public is well informed. Ms. Turnbull asked when the Department of Revenue would have data regarding 2007 appeals. Secretary Kirwan stated that DOR is working on that.

Meeting was adjourned at 10:55 AM.

Respectfully submitted,  
Nicole Iannuzzi