



*The Commonwealth of Massachusetts  
Commonwealth Health Insurance Connector Authority  
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**Testimony of Louis Gutierrez,  
Executive Director of the Massachusetts Health Connector  
To the Energy and Commerce Committee  
Subcommittee on Oversight and Investigations  
September 29, 2015**

Chairman Murphy, Ranking Member DeGette and members of the Subcommittee, good morning. Thank you for the opportunity to provide you with information on the Commonwealth Health Insurance Connector Authority. My name is Louis Gutierrez, and I have served as the Executive Director of the Health Connector since February of this year, following the election of Massachusetts Governor Charlie Baker.

My own background has involved a career in information technology management positions, having served as state Chief Information Officer under Governors Weld, Cellucci and Romney in Massachusetts; and as Senior Vice President and Chief Information Officer for Harvard Pilgrim Healthcare, which became the top-ranked health plan in the country under the leadership of then-CEO Charlie Baker.

As the new state administration took office this year, Massachusetts was part-way through a second attempt to create a health insurance eligibility and enrollment system to enable Affordable Care Act access to our residents.

While a proficient eligibility determination front-end was completed for the 2015 Open Enrollment, a range of back-office enrollment functions remained under development, and much of this year has been devoted to stabilizing operations and completing the system foundations to support Massachusetts' state-based Marketplace for the Affordable Care Act.

Upon taking office, the Baker Administration moved quickly to effect several substantial changes in approach to the Connector Authority:

- First, it altered the governance structure, placing its Secretary for Health and Human Services as chair of the Health Connector Board of Directors. The Secretary for Health and Human Services also oversees the state's Medicaid organization, and this change reflects the importance of successful coordination between the Exchange and the state Medicaid agency;
- Second, it replaced executive management at the Health Connector, hiring a new Executive Director with experience in large-scale systems implementations, and a new Chief Operating Officer, a woman distinguished in Massachusetts payer operations;
- Third, it appointed the most successful information technology program management lead in state government to lead the combined Health Insurance Exchange/Integrated Eligibility Systems implementation effort;
- Fourth, because the Health Insurance Exchange and Integrated Eligibility initiative is shared between the Health Connector and the state's Medicaid organization, it re-established a formal governance structure for the project, led by the state Medicaid agency, the Health Connector, and the state's central Information Technology Division;
- Fifth, it undertook a six-week intensive examination of operational processes, to assess the state of Health Connector operations, and to lay a path for resolving existing problems; and
- Finally, it completed the process for transferring individuals from temporary coverage – where they had been placed in 2014 – to appropriate placement in either Qualified Health Plans or Medicaid.

As a result of these efforts, the Health Connector is better situated to continue improvements to the customer experience, and service the needs of the residents of Massachusetts.

At this time, Massachusetts remains one of five states with less than five percent uninsured; specifically 3.7 percent.<sup>1</sup> We have approximately 175,000 Qualified Health Plan enrollees, and 40,000 Qualified Dental Plan enrollees. And we have significantly expanded customer service for this fall's Open Enrollment period, with 200 additional customer service hours, including later evenings and both Saturdays and Sundays; four additional walk-in centers; and new access to online customer self-service so that users may update their applications and make changes to their accounts without needing to call the call center.

In addition, we are well positioned for the future. With multiple sources of revenue supporting our Marketplace, from Issuer administrative fees to a dedicated cigarette tax revenue targeted at supporting the Health Connector and its programs, among others, we have diverse and committed state and payer funding sources. We have also had clean independent financial audits – receiving an unqualified opinion in our annual standard financial audit since Fiscal Year 2013, and three solid A-133 federal grants audits completed by independent auditors (Fiscal Years 2012 through 2014) without any material deficiencies.

Massachusetts believes that states need flexibility to continue to innovate in Health Care reform and meet local needs. We could not continue to provide Massachusetts-specific benefits to low-income populations without the flexibility of a state Marketplace. For example, in Massachusetts, because we operate our own Marketplace, we are able to layer on additional state subsidies to individuals eligible for tax credits earning at or below 300 percent of the Federal Poverty Level. This unique program, called ConnectorCare, offers policies with affordable premiums and co-pays, and no deductibles. Only those issuers offering among the lowest-priced Silver plans are selected to be able to offer these additional subsidies. As a result, our ConnectorCare-selected Silver tier has seen rate decreases this year, and for the population those plans cover, the rate decrease for 2016 will be 2.1 percent (weighted average premium). This means that, not only will many of our subsidized members see lower premium costs next year, but so will our unsubsidized members who purchase on the Silver tier. Furthermore, because this program keeps premiums on the Silver tier down, we are able to reduce the cost to the Federal Government to support the tax credit and cost sharing reduction program, as the premium values these subsidies are calculated from are kept competitively priced and relatively low.

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<sup>1</sup> Skopec, Laura, Sharon K. Long, Susan Sherr, David Dutwin and Kathy Landgale. Center for Health Information and Analysis. "Findings from the 2014 Massachusetts Health Insurance Survey" May 2015.

This program is just one example of the flexibility that operating a state-based Marketplace affords a state. There are surely other designs that will lead to greater innovation. For these reasons, we support the availability of state innovation waivers so that we can continue to enhance our market and improve access to coverage. For example, to protect premium rates for our individuals and small businesses, we desire the ability to recognize local market conditions in the definition of small-business size, allowing us to preserve our single risk pool for individuals and businesses up to 50 and protect the stability of our market. Going forward, there are potentially more seamless ways to integrate Medicaid and Exchange eligibility and subsidies, which offer potential for efficiency and better management of state and federal subsidies. For these and many other reasons, it remains important that states be offered the chance to make this law work better for everyone. Massachusetts remains committed to making sure that those who need health insurance can obtain it both now and in the future, and the Baker Administration is committed to continued efforts to make health care more accessible and affordable to our residents, with a state based marketplace as one component of that strategy.

Thank you for your time and for the opportunity to testify today.