



STATE OF CONNECTICUT
INSURANCE DEPARTMENT

FTR

Testimony of the Connecticut Insurance Department

Before
The Insurance and Real Estate Committee

February 8, 2011

SB 318—An Act Concerning Health Insurance Rate Increase Requests

The Connecticut Insurance Department would like to offer the following general comment regarding SB 318—An Act Concerning Health Insurance Rate Increase Requests. As this bill is developed and considered by the Committee, the Department believes it may be helpful to provide the Committee with a brief summary of the Department's current authority concerning health insurance rate increase requests.

The Connecticut Insurance Department is the only state agency which has been designated in law by the General Assembly to have authority over commercial insurance products. Rate review varies by product as shown below:

Individual Health Plans: Under its statutory authority, the Insurance Department reviews requests for increases on all individual health plans. By law, these health insurance rate increases must be approved by the Insurance Department before an insurance company may increase their prices to their customers.

Small Employer Plans (1 – 50 Employees): The Insurance Department reviews health insurance rates used in calculating small employer plan rates offered through HMO plans. These rates may be adjusted based on the specific employer's geographical area and group size, as well as the age, gender and family size of the individual employees.

Large Employer Plans (50+ Employees): The Insurance Department reviews health insurance rates for HMO plans available to large employers (50+ employees). These rates may be modified by the insurance company to adjust for the actual claims experience for the specific employer's group plan.

The Connecticut Insurance Department has no authority to review group rate increase requests for products sold by indemnity insurance companies, such as non-HMO or PPO products. In addition, employer groups that self-insure their plans are not subject to Insurance Department oversight, but rather are regulated by the Federal Departments of Labor, Health and Human Services and Treasury. Further, insured plans written outside the State of Connecticut are also not under the Connecticut Insurance Department's authority.