STATE OF CONNECTICUT

INSURANCE DEPARTMENT

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Testimony of the
Connecticut Insurance Department

Before
The Insurance and Real Estate Committee

February 14th, 2012

Raised Bill No. 18—An Act Extending the Permissible Age Limit for Health Insurance Coverage of Infertility Treatment

Senator Crisco and Representative Megna, committee-co-chairs, Senator Kelly and Representative Sampson, ranking members, and Members of the Committee, the Insurance Department appreciates the opportunity to submit written testimony on Raised Bill No. 18.

Regarding any new mandates, the Department urges the Insurance and Real Estate Committee to take no action at this time, until the Department of Health and Human Services (HHS) issues definitive guidance on whether state mandates enacted in 2012 can be included in Essential Health Benefits without incurring cost to the State. We anticipate that HHS guidance will be provided in the near future.

Please refer to the attached document which outlines the Essential Health Benefit issue and associated implications related to health benefit mandates.

Connecticut Insurance Department
Overview of Essential Health Benefits
February 2012

ESSENTIAL HEALTH BENEFITS

General

Under the federal Affordable Care Act, Essential Health Benefits must be offered in each state beginning January 1, 2014, for individual and small group health insurance coverage, sold both within the Exchange and outside the Exchange. The Essential Health Benefits package is a comprehensive package of health benefits that must cover the following general categories of services:

- Ambulatory patient services
- Emergency services
- Hospitalization
- Maternity and newborn care
- Mental health and substance abuse disorder services, including behavioral health treatment
- Prescription drugs
- Rehabilitative and habilitative services and devices
- Laboratory services
- Preventive and wellness services and chronic disease management
- Pediatric services, including oral and vision care

Specific Determination by Each State of Benchmark Plan for Essential Health Benefits

Originally states had anticipated that Health and Human Services (HHS) would establish one nationwide specific package of Essential Health Benefits containing the benefits described above but in a detailed description. However, HHS issued a Bulletin on December 16, 2011 that gives each state flexibility to choose its own Essential Health Benefits package for the period January 1, 2014 through December 31, 2015 for one of the four possible options as follows:

- One of the three largest small group plans in the state;
- One of the three largest state employee health plans;
- One of the three largest federal employee health plan options;
- The largest HMO plan offered in the state's commercial market

If a category of required services is not included in the plan chosen from the benchmark plan, the benefits must be added.

Timing in Determining Connecticut Benchmark Plan

Our current understanding is that HHS needs Connecticut as well as other states to determine the benchmark plan in the 3rd quarter of 2012, for a January 1, 2014 effective date.

Any Possible Cost to the State of Connecticut

Under the Affordable Care Act, if a state requires mandated health benefits that exceed the essential health benefits, the state is responsible for the cost of any benefits in excess of the essential health benefits. This has been an issue of concern in Connecticut and other states.

This concern about cost to the state may now be eliminated, at least with respect to mandates currently in effect as of January 1, 2012.

The reason the concern about state cost for benefits may be eliminated is that a state can choose a benchmark plan from one of the 4 categories specified by HHS (rather than have HHS dictate the plan). In Connecticut, if the benchmark is chosen based on 3 of the 4 options (the small group option, the state employee plan option or the largest HMO plan option), such benchmark plan will already have the current state mandates included in the essential health benefits plan. Therefore there will not be a cost to the state for mandates currently in effect.

Only if Connecticut were to choose its benchmark based on a federal employee plan would there be a cost impact to the state because we understand that the federal employee health plan does not include all Connecticut mandates.

2012 Enacted Mandates

This is a gray area, for the moment. HHS has not stated definitively what is the cut-off date, for instance, January 1, 2012 or sometime later in 2012. A later cut-off date, such as July 1, 2012 would permit states to enact additional mandates in their 2012 legislative session, to be included in the essential health benefits without cost to the state. HHS guidance is expected soon.

2016 Rules

HHS will continue to evaluate the issue of essential health benefits and HHS may announce new rules for January 1, 2016 (but not before).

Any Cost to the Federal Government

The federal government does not pay directly for essential health benefits or for state mandates included with essential health benefits. However, the federal government will make available, effective January 1, 2014, tax credits for qualified taxpayers between 100% to 400% of the Federal Poverty Level, who purchase health insurance coverage through the Exchange. The Exchange will have in place by January 1, 2014, Navigators and producers who can help consumers with tax credit, plan selection and other Exchange issues.