STATE OF CONNECTICUT

INSURANCE DEPARTMENT

FTR

Testimony of the
Connecticut Insurance Department

Before
The Insurance and Real Estate Committee

March 1, 2012

Raised Bill No. 206—
An Act Concerning Health Insurance Coverage for Pediatric Autoimmune Neuropsychiatric Disorder Associated with Streptococcal Infections

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. 206.

The Department strongly recommends against any new mandates in 2012 due to the cost to the State. The Department of Health and Human Services (HHS) issued Frequently Asked Questions on February 17, 2012 which provide that state mandates enacted in 2012 may NOT be included in Essential Health Benefits for 2014 and 2015 and would be viewed as additional benefits that would incur cost to the State. Only state mandates already in effect on December 31, 2011 may be included in Essential Health Benefits for 2014 and 2015 without cost to the state.

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

Connecticut Insurance Department
Overview of Essential Health Benefits
February 23, 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 from 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 for the benchmark plan, benefits for such required services must be added.

Timing in Determining Connecticut Benchmark Plan

Latest information 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. The benchmark selected will be used for 2014 and 2015.

General Rule about Cost to the State

Under the Affordable Care Act, if a state requires mandated health benefits which exceed the essential health benefits, the state is responsible for the cost of any benefits in excess of the essential health benefits. This rule applies to all products sold in the Exchange.

Cost to the State of Connecticut - Mandates Enacted by December 31, 2011

HHS issued Frequently Asked Questions on February 17, 2012 which indicate that states can include mandates enacted by December 31, 2011 as part of essential health benefits without incurring any cost to the state. In Connecticut, if the benchmark plan 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 enacted by December 31, 2011 included in the essential health benefits plan. Therefore, there will not be a cost to the state related to mandates enacted by December 31, 2011.
Only if Connecticut were to choose its benchmark based on a federal employee plan would there be a cost impact to the state for Connecticut mandates enacted by December 31, 2011, because we understand that the federal employee health plan does not include all Connecticut mandates.

Cost to the State - 2012 Mandates

State mandates enacted in the 2012 legislative session may NOT be included in the essential health benefits without cost to the state. The state must defray the cost of such mandates for all individual and small group products sold through the Exchange.

2016 Rules

HHS will continue to evaluate the issue of essential health benefits and HHS may announce new rules that would apply beginning January 1, 2016.

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.