



Quality is Our Bottom Line

**Insurance Committee Public Hearing
Thursday, January 31, 2013**

Connecticut Association of Health Plans

**Testimony in Opposition to
SB 596 An Act Concerning the Duties of the Connecticut Health Insurance Exchange**

The Connecticut Association of Health Plan respectfully urges the Committee's rejection of SB 596 AAC the Duties of the Connecticut Health Insurance Exchange which seeks to enact full "active purchaser" legislation requiring that the Exchange negotiate premiums with health insurers.

Connecticut is host to a very competitive health insurance market. Five major carriers, including Anthem, Aetna, Cigna, ConnectiCare and United, all have robust membership and a significant presence here in the state. Wellcare, Harvard Pilgrim, and the Connecticut Medical Society's Healthy CT Co-Op have also made deep inroads into the landscape. All told the insurance industry represents over 30,000 jobs.

Implementation of the Affordable Care Act (ACA) is well underway in Connecticut. Exchange staff has embarked on an aggressive, ambitious, and challenging implementation schedule that has cast Connecticut into the forefront as a national leader in the development of a new and innovative marketplace.

Connecticut's health insurance carriers have been pleased to be at the table with policy makers, exchange staff, providers, advocates, consumers and other stakeholders as we all struggle to make the Exchange a viable and successful venture that fulfills the vision of health care reform. While we may agree to disagree on various design and/or technical aspects moving forward, we share the state's commitment to the ideals behind the ACA.

"Active Purchaser" can be defined in many different ways and in fact the process currently underway incorporates many such underlying concepts such as requiring carriers to be designated as QHPs, Qualified Health Plans, and thereby meet certain specific criteria as outlined in the application process. Furthermore, QHPs will be required to offer specific "standard" plans within the various metal tiers established under the ACA.

Having said that, we believe that the legislation before you seeks to implement "active purchaser" in the strictest sense via selective contracting, limiting the number of carriers participating in the Exchange and/or specifically regulating the premiums they charge. There are both practical and legal concerns with this approach. As mentioned above Connecticut has a robust market and a number of carriers have already filed letters of intent to operate on the

Exchange. Competition amongst those carriers will not only incentivize carriers to offer the lowest premiums possible, but it will also stimulate innovation and quality as carriers seek to attract members based upon what they can offer that's new and different. The "standard" plans recently developed by the Exchange will allow for easy comparison shopping for those consumers interested in a super streamlined and simplified process. However, those consumers interested in shopping for the carrier and design that best meets their individual and/or business needs may want the broadest choice possible which is what's afforded under the current model envisioned.

In addition with a "go live" date of October 1, 2013, certainty of process is paramount. Shifting sands will only further complicate implementation efforts possibly compromising the ability to get a program up and running by January 1, 2014 and making carriers wary of the state's process. Carriers are already beginning to operationalize their internal systems with the functionality needed to interface with the state systems. Testing of those functions will need to be underway shortly if we want a smooth and timely transition.

With respect to the legal implications, we would submit that allowing the Exchange Board to set rates, for which they're not currently staffed accordingly nor resourced appropriately, could compromise the role of the Department of Insurance as the industry's regulator and add new cost and bureaucracy to an already stressed delivery system.

These are uncertain times. We, the carriers, the Exchange staff, the providers and other stakeholders and policy makers, are all being forced to make certain assumptions about what the uptake in the Exchange will be by what populations, how many people will choose paying the individual mandate fine v. enrolling, what the risk profile will be of the members participating, whether the provider infrastructure will be sufficient to support the additional influx of patients and what new guidance may resonate from the federal government. What the state needs to be successful at this juncture is a steady, uninterrupted implementation course.

We urge your rejection of SB 596.