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STATE OF CONNECTICUT

INSURANCE DEPARTMENT

Testimony

Insurance and Real Estate Committee

March 7, 2013

Raised Bill 6550 An Act Concerning Loss Ratio Guarantees for Individual Health Insurance Policies

Senator Crisco, Representative Megna, and members of the Insurance and Real Estate Committee, the Insurance Department thanks the Committee for raising House Bill 6550 An Act Concerning Loss Ratio Guarantee for Individual Health Insurance Policies, at the Department's request and appreciates the opportunity to provide testimony.

House Bill 6550 amends section 38a-481 of the Connecticut General Statutes by eliminating two provisions that provide an exception to the Insurance Commissioner's authority to approve rates prior to their use in the state. The first exception allows rates in the individual market to be deemed approved if not acted upon the Insurance Commissioner within thirty days. The second exception allows a carrier to start using rates when they are filed if they file such rates with a loss ratio guarantee. If the carrier does not meet such guarantee, a rebate must be paid.

House Bill 6550 will require all individual health insurance rates to be filed with the Insurance Department for prior approval. This is an important protection for individual policyholders in the state and is more consistent with the Patient Protection and Affordable Care Act (PPACA). The Insurance Department was deemed by the Department of Health and Human Services to have an effective rate review process, and will now be able to review all individual rates to ensure they are not excessive, inadequate or unfairly discriminatory prior to their use. PPACA also has set minimum loss ratios for each market segment and carriers must pay rebates if such minimums are not met.

The Connecticut Insurance Department strongly encourages the Insurance and Real Estate Committee to act favorably on House Bill 6550. Thank you.