Quality is Our Bottom Line

Insurance Committee Public Hearing
Tuesday, February 18, 2014

Connecticut Association of Health Plans

Testimony in Opposition to
SB 11 An Act Concerning The Duties of the Connecticut Health Insurance Exchange

The Connecticut Association of Health Plans respectfully urges the Committee's rejection of SB 11 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 Connections Co-Op have also made 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. In fact, just last week CT surpassed a self-imposed goal of enrolling 100,000 residents before the end of March. About 50,665 individuals are enrolled in Exchange Plans, with 71,318 joining into Medicaid.

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 implemented in Connecticut incorporates many of the underlying concepts such as requiring carriers to be designated as QHPs (Qualified Health Plans) and thereby requiring compliance with specific criteria as outlined in the application process. Furthermore, QHPs are 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 four carriers are active participants in the Exchange currently. Competition amongst those carriers will not only incent the payers 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 developed by the Exchange allow for easy comparison

280 Trumbull Street | 27th Floor | Hartford, CT 06103-3597 | 860.275.8372 | Fax 860.541.4923 | www.ctahp.com

shopping for those consumers interested in a super streamlined and simplified process. As the various Exchanges roll-out across the country, the emphasis at present should be on offering a broad array of carrier choice as opposed to limiting the options that are open to consumers.

Connecticut carriers also need a degree of certainty in order to best operationalize the goals of Access Health. Now that the Exchange is up and running, the focus should be on addressing the challenges and fine-tuning the process. Shifting sands complicate these efforts and compromise the ability of the health plans to make long term investments. In addition, ongoing systematic changes make other carriers wary of joining in the future. This should be a time to let the dust settle.

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 for, or resourced appropriately to do, 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. Access Health staff, the carriers, the providers and other stakeholders and policy makers, are all anxiously waiting to see what the first year of full operation will bring. In order to be successful and implement the changes that are deemed necessary quickly and efficiently, the state should stay the course in terms of its current approach.

We urge your rejection of SB 11.