



Quality is Our Bottom Line

Insurance Committee Public Hearing

Tuesday, February 24, 2015

Testimony of the Connecticut Association of Health Plans

SB 9 AAC The Rate Approval Process For Certain Health Insurance Policies SB 413 AA Requiring a Public Hearing for Certain Health Insurance Rate Increase Requests

The Connecticut Association of Health Plans respectfully urges the committee's rejection of SB 9 AAC the Rate Approval Process For Certain Health Insurance Policies and SB 413 AA Requiring a Public Hearing for Certain Health Insurance Rate Increase Requests which are substantially the same except that each contains a different threshold for triggering a hearing.

Since various iterations of these proposals were last considered by the committee, the insured landscape has changed dramatically. By virtue of the Affordable Care Act (ACA), health plans are now held to strict new standards including a medical loss ratio (MLR) whereby carriers are mandated to spend at least 80 cents on the dollar on direct medical care under individual plans and 85 cents on the dollar on direct medical care under large group plans or else refund consumers the difference. Likewise, the Connecticut Insurance Department (CID) has already committed in writing to hold up to four rate hearings per year at the request of the Healthcare Advocate. This is an agreement that the Department has adhered to and, in fact, they have held hearings over the past two years.

The CID engages in a rigorous review of health plan rates and has the ability to reject filings - an action they haven't hesitated to take. CID's process is incredibly transparent in that filings are posted on the Department's website affording significant opportunity for direct public input. We would strongly argue that between the Department's strict regulatory oversight combined with the heightened focus on the process by virtue of the Exchange Board's role, that the rate process is subject to more than sufficient scrutiny to assure that health plan rates are in line actuarially.

The challenge of controlling costs in the health care sector is a national imperative as we go about the hard work of implementing federal health care reform. It is important to note that cost control does not come about via merely attempting to cap premiums or by deviating from accepted actuarial standards to set rates. Premiums, and premium increases, are simply a reflection of underlying costs, and the hard work is in figuring out the systemic and behavioral change that will generate macro level change in costs. Please keep in mind that by mandating standard plan designs and essential health benefits, the ACA itself drove some of the increases that have been experienced of late. Many argue that the protections afforded by such plan

designs are in the best interests of consumers, which they may be, but we must understand that such provisions do come at a price.

In short, the concerns that SB 9 and SB 413 seek to address have already been resolved and we would urge your rejection of both proposals.

Many thanks for your consideration.