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INSURANCE ASSOCIATION OF CONNECTICUT

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Statement

Insurance Association of Connecticut

Insurance & Real Estate Committee

February 24, 2015

SB 754, AN ACT LIMITING THE CHARGING OF ASSESSMENTS OR USER FEES BY THE CONNECTICUT HEALTH INSURANCE EXCHANGE

I am Eric George, President of the Insurance Association of Connecticut (IAC). The IAC supports SB 754, AN ACT LIMITING THE CHARGING OF ASSESSMENTS OR USER FEES BY THE CONNECTICUT HEALTH INSURANCE EXCHANGE.

SB 754 would require that the fees and assessments charged to the insurance industry to fund the Connecticut Health Exchange (the "Exchange") be assessed against only those health insurance carriers that participate in the Exchange.

Pursuant to the federal Affordable Care Act ("ACA"), states are given the option either to create their own state administered health benefit exchange, akin to the Exchange in Connecticut, or to rather default to the federal government's health benefit exchange. Under the ACA, states which have opted to create their own exchange (e.g.- Connecticut and the Exchange) are permitted to charge assessments and fees to health insurance carriers.

Again, SB 754 would limit that these assessments and fees, which are used to fund the Exchange, be charged to only those health insurance carriers that offer qualified health plans through the Exchange. This is the correct and appropriate result. SB 754 properly directs that the funding of the Exchange through these assessments and fees be properly assessed against only the participating insurers in the Exchange. Insurers that have no connection whatsoever to the Exchange should not be obligated to fund it.

And while the IAC supports SB 754, we would be eager to see this fee and assessment philosophy extended to the funding of similar health related programs. Notably, the IAC strongly feels that the funding of the State Innovation Model (SIM) be limited to only health insurers, rather than against all insurers regardless of product lines sold (as is the case currently). It is patently unfair and inappropriate to charge property and casualty insurers, life insurers and workers compensation insurers to pay for a health related program. These non-health insurance carriers have no connection to the SIM program and should not be charged to fund it.

The IAC urges this committee to support SB 754. Thank you for the opportunity to present IAC's viewpoint.