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Testimony of the American Council of Life Insurers
before the Insurance and Real Estate Committee
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Senate Bill 754 - An Act Limiting the Charging of Assessments or User Fees by the Connecticut Health Insurance Exchange

Senator Crisco, Representative Megna and members of the Insurance and Real Estate Committee, the American Council of Life Insurers (ACLI) appreciates the opportunity to offer the following comments in support of **Senate Bill 754 - An Act Limiting the Charging of Assessments or User Fees by the Connecticut Health Insurance Exchange**. The proposed legislation would appropriately restrict the assessments funding the Connecticut Health Exchange to health insurance carriers which offer products on the exchange.

Included in the Affordable Care Act ("ACA") mandate that Health Benefit Exchanges be established, each state was given the choice of operating their own exchanges or using an exchange facilitated by the federal government. 14 states, including Connecticut opted to create and manage their own state health insurance exchanges. ACA authorized states to fund the operations of the exchanges by charging assessments or user fees to participating health insurance carriers.

ACA requires that health plans offered on an exchange meet the requirements of and be certified as a "Qualified Health Plan". Section 18031(d)(5)(A) of ACA provides that "[i]n establishing an Exchange under this section, the State shall ensure that such Exchange is self-sustaining beginning January 1, 2015, including allowing the exchange to charge assessments or user fees to participating health insurance issuers, or to otherwise generate funding, to support its operations." In interpreting section 18031(d)(5)(A), the Secretary of the United States Department of Health and Human Services has determined that only insurers that sell Qualified Health Plans and stand-alone dental plans will be assessed. As the Secretary has noted, there are "special benefits derived" from an insurer's ability to sell Qualified Health Plans on an exchange.

It is for these reasons that we ask the Committee to *support* the passage of Senate Bill 754. Thank you for the opportunity to comment on this proposed legislation. Please contact John Larkin at (860) 508-9924 or Kate Kiernan at (202) 624-2463 with any questions.

The American Council of Life Insurers (ACLI) is a national trade association with approximately 300 member companies operating in the United States and abroad. 221 member companies serve Connecticut consumers. ACLI advocates in federal, state, and international forums for public policy that supports the industry marketplace and the 75 million American families that rely on life insurers' products for financial and retirement security. ACLI members offer life insurance, annuities, retirement plans, long-term care and disability income insurance, and reinsurance, representing more than 90 percent of industry assets and premiums in Connecticut. Learn more at www.acli.com.

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