



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

Via e-regulations system

June 29, 2016

Legislative Regulation Review Committee
Room 011
State Capitol
Hartford, CT 06106
Attention: Kirstin L. Breiner, Administrator

Re: Proposed Amended Regulations Concerning Rate Review

Dear Senator Chapin, Representative Becker, and Committee Members:

In accordance with section 4-170 of the Connecticut General Statutes, the Connecticut Insurance Department hereby re-submits the original of the above-referenced proposed regulation bearing the approval of the Attorney General issued March 24, 2016 and June 29, 2016 as to legal sufficiency and the final fiscal note prepared in accordance with section 4-168 of the Connecticut General Statutes. This submission has been prepared in the format mandated by your Committee in rules issued February 21, 2013.

The purpose of these proposed amendments are pursuant to the requirements contained in Conn. Gen. Stat. 38a-481(a) and Conn. Gen. Stat. 38a-481(b). The amendments reflect updates to existing regulations to conform to the current statutes and requirements. The changes to the regulations codify current practice. On May 24, 2016, the regulations were rejected without prejudice. These regulations are being resubmitted under CGS § 4-170(e). The Department made all substantive and all but one of the technical corrections requested in the LCO memo including changing the definition of "unfairly discriminatory" to the definition used by the federal government in determining rates. All other provisions of these regulations not included in the LCO memo remain unchanged. The Department declined to make technical correction #3 in the LCO memo that requested we change the definition of "experience period" to "experience". The Department declined to make this change because the two terms are actuarial terms of art and should remain separate.

Summary of Changes Made:

Substantive Concerns:

1. On page 1, in section 38a-481-1(11), the defined term sets forth examples of what "could" constitute "unfairly discriminatory" situations. While the term should clearly and explicitly state whether such listed items constitute "unfairly discriminatory" items, such term is used in Section 38a-481 of the Connecticut General Statutes and the proposed regulations in relation to a rate, not a situation. The term should be redrafted to reconcile the descriptions of the situations with the manner in which the term is used in the authorizing statute, including but not limited to, providing clarification on the parties prohibited from negotiating or bidding on price.

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2. On page 1, in section 38a-481-1(12), the definition of "utilization data" references "covered persons". It is unclear if the intended definition for "covered persons" is a statutory definition or if such term is intended to refer to another definition. The use of such term should be clarified.
3. On page 2, section 38a-481-7(c) states, "All rate filings shall be made in accordance with Department guidance." It is unclear what guidance this provision references or what is required of insurers.
4. On page 3, section 38a-481-9(a)(10) requires a comparison of the proposed retention charge to the "most recently filed statutory financial statement for the regulated entity for which this filing is being made." Similarly, on page 3, section 38a-481-9(a)(13) references "the regulated entity". It is unclear whether "the regulated entity" is the insurer. In addition, it is unclear to which statute(s) the department is referring to with respect to the financial statement.
5. On page 3, section 38a-481-9(a)(15) references "I-IIOS rate tables". Because this reference is unclear, it should either be included in the definitions section or spelled out in section 38a-481-9 of the proposed regulations. In addition, this subdivision requires a PDF format, however, it is unclear whether all the documents referred to in this subdivision are required to be in such format or only the I-IIOS rate tables are so required.

Technical Corrections:

1. On page 1, in section 38a-481-1, in the introductory language, ", unless the context otherwise requires" should be inserted after "Agencies" for accuracy.
2. On page 1, in section 38a-481-1(3), the extra space after "means" should be deleted for proper form.
3. On page 1, section 38a-481-1(8) should be "(8) "Loss ratio" has the same meaning as provided in Section 38a-481(a) of the Connecticut General Statutes." for proper form.
4. On page 1, in section 38a-481-1(10), "the" should be inserted before "National" and "Commissioners" should be "[Commissioners] Commissioners" for proper form.
5. On page 1, in section 38a-481-1(11), such definition should be deleted, for proper form and clarity, and the remaining definition should be renumbered accordingly.
6. On page 1, in section 38a-481-1(12), the quotation marks enclosing "covered persons" should be deleted for proper form.
7. On page 1, in section 38a-481-5, in the catchline, "Rate Filings" should be "rate filings" for consistency with existing regulations.
8. On page 1, in section 38a-481-5(a), "by" should be deleted for clarity.
9. On page 2, in section 38a-481-5(b), "no less than" should be "no later than" for consistency.
10. On page 2, in section 38a-481-6, in the catchline, "of rate filings" should be inserted after "Transparency" for accuracy; in line 1 of said section, "(a)" should be deleted for proper form; in line 2 of said section, "rate" should be inserted before "filings" for accuracy; and in line 4 of said section, "will be" should be "shall be" in accordance with the committee's directive regarding mandates.
11. On page 2, in section 38a-481-7, in the catchline, "Process" should be "Rate filing process" for accuracy and consistency.
12. On page 2, in section 38a-481-7(a), "must" should be "shall" in accordance with the committee's directive regarding mandates.
13. On page 2, in section 38a-481-7(b), "must" should be "shall" in accordance with the committee's directive regarding mandates.
14. On page 2, in section 38a-481-7(f), "will not" should be "shall not" in accordance with the committee's directive regarding mandates.
15. On page 2, in section 38a-481-8, in the catchline, "Minimum Filing Requirements" should be "Minimum rate filing requirements" for accuracy and consistency.
16. On page 2, in section 38a-481-8(a)(3)(A), "state specific" should be "state-specific" for proper form.
17. On page 2, in section 38a-481-8(a)(6), "this type of insurance" should be "the type of insurance for which the rate filing has been submitted" for proper form.
18. On page 2, in section 38a-481-8(b), "rate" should be inserted after "initial" for clarity; "red-lined version" should be "version that shows the changes made" for proper form; and "the review" should be "the Department's review" for proper form.
19. On page 2, in section 38a-481-8(c), "in section (a) of this provision" should be "required under subsection (a) of this section" for proper form; "will commence" should be "shall commence" in

accordance with the committee's directive regarding mandates; and "The filings will be reviewed in the order received." should be "Rate filings shall be reviewed in the order received by the Department." for proper form.

20. On page 2, in section 38a-481-9, in the catchline, "Additional Filing Requirements" should be "Additional rate filing requirements" for accuracy and consistency.
21. On page 2, in section 38a-481-9(a), "health insurance as defined in" should be "individual health insurance providing coverage of the types specified in" for clarity and consistency.
22. On page 3, in section 38a-481-9(a)(1), "by the insurer" should be inserted after "filed" for clarity.
23. On page 3, in section 38a-481-9(a)(6), "change in law" should be "a change in state or federal law" and "This include requirements of both state and federal law." should be deleted, for consistency.
24. On page 3, in section 38a-481-9(a)(8), in line 1, "parity" should be inserted after "mental health" for proper form.
25. On page 3, in section 38a-481-9(a)(9), "the" should be inserted before "PPACA" for proper form and consistency.
26. On page 3, section 38a-481-9(a)(11) should be deleted and the remaining subdivisions renumbered accordingly, as this provision appears duplicative of section 38a-481-8(a)(5) of the proposed regulations.
27. On page 3, in section 38a-481-9(a)(14), "the" should be inserted before "PPACA" for proper form and consistency; "increase requested in this rate filing" should be "rate increase requested in this filing" for consistency; "80% prescribed by the federal law" should be "medical loss ratio prescribed by federal law" for accuracy; and "and small group, or 85% for large group, whichever applies to the rate filing" should be deleted, as this section applies to individual health insurance.
28. On page 3, in section 38a-481-9(a)(15), "rates filings subject to PPACA" should be "filings subject to the PPACA" for consistency; "PDF format" should be "portable document format" for proper form; "set forth in the PPACA" should be inserted after "metal tier" for clarity; "Actuarial Value calculator" should be "federal Department of Health and Human Services' Actuarial Value Calculator" for clarity; and "Indicate the HIOS plan ID and the corresponding plan name on the summary of benefits for each plan." should be "The Health Insurance Oversight System plan ID and the corresponding plan name on the summary of benefits for each plan shall be indicated." for clarity and consistency.
29. On page 3, in section 38a-481-9(b), "health insurance as defined in" should be "individual health insurance providing coverage of the types specified in" for clarity and consistency; the extra space after "(12)" should be deleted for proper form; and "include but not be limited to" should be "include, but not be limited to," for proper form.
30. On page 3, in section 38a-481-9(b)(1), "rate" should be inserted before "increase" for consistency; "those proposed rate increases" should be "each proposed rate increase" for proper form; and "increase or if appropriate" should be "increase or, if appropriate," for proper form.
31. On page 3, in section 38a-481-9(b)(3), "rate" should be inserted before both instances of "increase" for consistency; and "percent, or" should be "percent or," for proper form.

Technical Corrections Requested by LCO But Not Made:

1. On page 1, in section 38a-481-1(4), "Experience period" should be "Experience" and "support a filing" should be "support a rate filing" for accuracy. – The Department declined to make this correction because "experience" and "experience period" are actuarial terms of art and mean separate things.

As always, if you have any questions concerning this proposed regulation please do not hesitate to call me or Kristin Campanelli, Counsel at 860-297-3947. Thank you for your anticipated assistance and cooperation in this matter.

Sincerely,

Katharine L. Wade
Katharine L. Wade
Insurance Commissioner



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

Via e-regulations system

March 28, 2016

Legislative Regulation Review Committee
Room 011
State Capitol
Hartford, CT 06106
Attention: Kirstin L. Breiner, Administrator

Re: Proposed Amended Regulations Concerning Rate Review

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Sincerely,

A handwritten signature in blue ink that reads "Katharine L. Wade".

Katharine L. Wade
Insurance Commissioner



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

PROPOSED AMENDMENTS TO THE REGULATION CONCERNING RATE REVIEW

I, Katharine L. Wade, Insurance Commissioner of the State of Connecticut, hereby certify that:

- (1) The Insurance Department gave notice of its intention to adopt proposed amendments to the regulations concerning Rate Review, as more fully set forth in the February 2, 2016 posting on the Secretary of State's website at the following link: <https://eregulations.ct.gov/eRegsPortal/Search/RMRView/PR2015-175>
- (2) On February 2, 2016, the Insurance Department emailed its notice of intent to adopt the amended regulations to all persons who had requested advance notice of the regulation adoption proceedings of the Insurance Department, together with a copy of the proposed regulation.
- (3) On February 2, 2016, the Insurance Department gave notice by email to the Insurance and Real Estate Committee of the General Assembly of the subject matter of this proposed amended regulation in accordance with Conn. Gen. Stat. § 4-168.
- (4) On December 1, 2015, a fiscal note on the proposed amended regulation was prepared.
- (5) As required by Conn. Gen. Stat. § 4-168a, the Insurance Department considered the impact of the proposed amendments to the regulation on small business, and determined there was no adverse impact to small businesses.
- (6) All interested persons were given a minimum of thirty days to submit data, views or arguments concerning the proposed amendments and to inspect the fiscal note referred to in paragraph (4).
- (7) The Insurance Department received two (2) comments regarding the proposed regulations.
- (8) The records of the Insurance Department reflect that it provided no copies of the proposal to persons in addition to the persons or entities who requested advance notice of the Insurance Department's regulation adoption proceedings as set forth in item (2).
- (10) The Insurance Department gave notice of its decision to adopt proposed amendments to the regulations concerning rate review, as more fully set forth in the March 8, 2016 posting on the Secretary of State's website at the following link <https://eregulations.ct.gov/eRegsPortal/Search/getDocument?guid={60462B66-62CA-4285-886D-348360AD6E19}>.

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(11) A copy of the regulation for review by the Office of the Attorney General is located at the following website:

<https://eregulations.ct.gov/eRegsPortal/Search/RMRView/PR2015-175>.

Dated at Hartford, Connecticut, this 2nd day of June, 2016.

Katharine L. Wade

Katharine L. Wade
Insurance Commissioner