



Testimony of Access Health CT

Before the

Connecticut General Assembly Insurance & Real Estate Committee

February 14, 2019

Proposed **Senate Bill 318:** AN ACT REQUIRING PRIOR APPROVAL OF ASSESSMENTS AND USER FEES CHARGED TO HEALTH CARRIERS BY THE CONNECTICUT HEALTH INSURANCE EXCHANGE

Good Afternoon Chairmen Lesser and Scanlon, Ranking Members Kelly and Pavalock-D'Amato, and members of the Insurance and Real Estate Committee, my name is James Michel, CEO of the Connecticut Health Insurance Exchange, doing business as Access Health CT.

Thank you for the opportunity to provide testimony in opposition to **Proposed Senate Bill 318: An Act Requiring Prior Approval of Assessments and User Fees Charged to Health Carriers by the Connecticut Health Insurance Exchange**. Access Health CT **opposes** this bill.

Access Health CT was created by the Legislature for the public purpose of implementing the Affordable Care Act in the State of Connecticut and operating the state exchange for the sale of individual and small employer health insurance plans to Connecticut residents and employers.

The State of Connecticut does not provide any funding to Access Health CT to support its operations or activities. Access Health CT is required by state legislation and the ACA to be financially self-sustaining. **CGA §38a-1083(c)(7)** authorizes and empowers the Exchange to "**charge assessments or user fees to health carriers** that are capable of offering a qualified health plan through the exchange or otherwise generate

funding necessary to support the operations of the exchange and impose interest and penalties on such health carriers for delinquent payments of such assessments or fees.”

The Board of Directors of Access Health CT is currently chaired by former Lieutenant Governor Wyman, as appointed by the Governor. Remaining members of the board include members appointed by elected leaders of the Connecticut General Assembly and representatives of key partner state agencies. In their roles as fiduciaries, members of the Board of Directors of Access Health CT adopted policies and procedures for acquiring operating funds through a market assessment. **A market assessment was chosen as the preferred mechanism** in order to spread the cost of the operation of the Exchange across the entire market, and to encourage participation in the marketplace by removing the penalty of user fees for health carriers offering plans through the Exchange versus those offering plans off the Exchange. The assessment is based on premiums reported in the Individual and Small Group markets for health and dental insurance.

The assessment rate is carefully set by Access Health CT through an entirely public meeting process that includes discussion and recommendation by the Finance Committee, and then discussion and adoption by the Board of Directors of Access Health CT. Each of these meetings include opportunity for public comment. The assessment rate is set to enable Access Health CT to have sufficient funds to cover its operating expenses but also keeping the rate as low as possible to have a minimal impact on health insurance premiums.

For the 2014 and 2015 plan years, the assessment rate was set at 1.35 basis points to reduce the impact on premium rates. In 2015 Access Health CT completed an analysis of its operating needs, current reserves and future trends in premiums for the Individual and Small Group marketplaces. After thorough review through the agency’s public process, it was determined that Access Health CT needed to raise the assessment rate slightly to 1.65 basis points starting with the 2016 plan year to maintain the agency’s

financial sustainability. The assessment rate has remained at 1.65 basis points since 2016.

At 1.65 basis points, Access Health CT has one of the lowest assessment rates in the country, nearly half of the assessment rate charged by the Federally facilitated marketplace. Access Health CT has reduced the total size of its operating budget each year, as it is very mindful of the impact on premium rates. Access Health CT and its Board of Directors are in the best position to determine the proper assessment rate based on its knowledge of its operating needs, analysis of premium in the marketplace and the public process used to determine any changes to its assessment rate. Access Health CT has a strong, public process in place and legislative review of the assessment process and rates is not needed and would further burden the agency, especially when the State of Connecticut does not contribute any operating funds to Access Health CT.

Access Health CT respectfully requests that the members of the Insurance and Real Estate Committee **oppose** Senate Bill 318: An Act Requiring Prior Approval of Assessments and User Fees Charged to Health Carriers by the Connecticut Health Insurance Exchange.