

From: [Carson, Jim](#)
To: [Ratefilings, cid](#)
Subject: FW: OAG submissions for the CID hearing record
Date: Monday, August 15, 2022 12:58:12 PM
Attachments: [OAG State by state rate increase requests 8.15.22.pdf](#)
[OAG -OHA Questions to Connecticare and Cigna.pdf](#)
[image001.png](#)

From: Passaro, Cara <Cara.Passaro@ct.gov>
Sent: Monday, August 15, 2022 12:52 PM
To: Carson, Jim <Jim.Carson@ct.gov>
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Subject: OAG submissions for the CID hearing record

Hi Jim,

Attached please find electronic copies of the documents I handed to you. Note that there are two documents (rather than three) because I incorporated the outstanding OHA questions to ConnectiCare into the same PDF as the OAG questions.

Please let me know if you have any questions.

Best,
Cara



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ATTORNEY GENERAL WILLIAM TONG
STATE OF CONNECTICUT

Questions of Attorney General William Tong to ConnectiCare and Cigna

**Connecticut Insurance Department Public Informational Meeting for
Health Insurance Rate Request Filings**

Monday, August 15, 2022

ConnectiCare

1. Please clarify why it is reasonable to assume that there will be a continued adverse trend from 2021 to 2023 when experience already reflects this, as shown by the higher starting experience rate.
2. Please clarify the necessity of including an impact for pent-up demand due to Covid-19 on the utilization trend for 2023 rates when it is also accounted for in the underlying experience?
3. We do you make an “adverse events” adjustment when none of your competitors do?
4. ConnectiCare is seeking a 24.1 percent average increase for its individual on exchange plan. In your executive summary, you state: “The expanded subsidies under the American Rescue Plan Act put in place in 2021 are expected to go away in 2023. Less individual customers will be qualified for Federal Advance Premium Tax Credits. We expect members to leave the individual ACA market who were previously insured, and those members are likely to be healthier than the population who will stay in the individual ACA market. As a result, we expect the average morbidity of the single risk pool to go up and therefore lead to an unfavorable impact on 2023. Please provide additional detail to support this analysis:
 - a. How many customers did you assume would leave the market?
 - b. What assumptions did you make about their health and morbidity?
 - c. How exactly did those assumptions drive your rate request?
 - d. How have you adjusted your request now that the ARPA tax credits will be extended?
5. ConnectiCare has historically been a less expensive exchange option. If this increase is approved, ConnectiCare and Anthem will be more similarly priced.
 - a. How many customers do you plan to lose because of this rate increase?
 - b. How is this factored into your rates?
 - c. Have you analyzed whether current ConnectiCare members will be able to afford to renew if these increases are implemented?
 - d. If the price hikes drive healthier people away, how will you manage the risk pool going forward?
6. Why are your rate increases so much higher than those of your competitors in the individual and small group markets?
 - a. Were premium values underestimated in prior years?
 - b. Are you building previous year losses into the current proposal?
 - c. Are you removing profits to parent companies or shareholders?
 - d. Have you inflated drivers in excess of the minimum premiums necessary to ensure appropriate administration of your plans?



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7. Please provide the start and end date of your current PBM contract, and when you intend to solicit new bids for a PBM.
8. When estimating the cost of providing Covid-19 vaccines in 2023 relative to the costs incurred in 2021, did you take into account that Connecticut has a higher Covid-19 vaccination rate compared to the nationwide average? Connecticut is 80.3% fully vaccinated, while the U.S. is 67.7% fully vaccinated.
9. Please describe any recent enhancements to your utilization review management program(s) and demonstrate how you are working to reduce the cost of healthcare in Connecticut.
10. Risk Adjustment: The risk adjustment, as noted in the Actuarial Memorandum, is based on 2021 benefit year actual result released by CMS. Please clarify whether this value is being trended to 2023.
11. Please see attached outstanding questions from the Office of the Healthcare Advocate.

Cigna

1. According to Cigna's filing, the most significant factors causing the rate increase are the growing costs of medical and pharmacy services in supplies, including drugs.
 - a. Since you are utilizing the services of a related party PBM that is wholly owned by your parent organization, how did you ensure you are getting the best pricing for Connecticut residents?
 - b. If you did not put the contract out to bid, how do you justify not taking every step possible to reduce pharmacy costs when they are one of the biggest drivers of health insurance costs?
2. Cigna paid dividends over the past two years of \$4.25 billion, or 29.4% of surplus in 2020 and 43.9% of surplus in 2021.
 - a. Justify why Cigna uses surplus to pay its parent company rather than reduce premium volatility in Connecticut in a year when you are asking for a 19.6% rate increase and consumers are still dealing with an unprecedented pandemic.
 - b. Why are you not filing a 0% profit margin this year due to consumer uncertainty and the company's significant surplus levels?
3. You noted in response to the Insurance Department that "Cigna's Large Group national trend data containing our closed block trend analysis and projected targets are proprietary and confidential." Please explain why you are not able to provide a routine summary of your trend analysis to the department, even if marked as confidential. Do you provide this information in any other state?
4. Your filing states that the Covid-19 impact is incorporated in the projected trends. Please provide additional analysis to support the Covid-19 adjustment in the filing and quantify the aggregate impact of Covid-19.
5. Please describe any recent enhancements to your utilization review management program(s) and demonstrate how you are working to



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reduce the cost of healthcare in Connecticut.

6. Why are your rate increases so much higher than most of your competitors in the small group markets?
 - a. Were premium values underestimated in prior years?
 - b. Are you building previous year losses into the current proposal?
 - c. Are you removing profits to parent companies or shareholders?
 - d. Have you inflated drivers in excess of the minimum premiums necessary to ensure appropriate administration of your plans?



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State by state health insurance premium rate increase requests for individual plans for 2023
Compiled from ratereview.healthcare.gov

	State	Lowest rate (%)	Highest rate (%)	Average of highest and lowest rates (%)
1	Virginia	-24.8*	-7.8	-16.3
2	Idaho	-9	-0.2	-4.6
3	Louisiana	-19.9	11.8	-4.1
4	Nebraska	-10.4	8.8	-0.8
5	North Carolina	-13.8	17.4	1.8
6	Hawaii	1.8	2	1.9
7	Arizona	-5.5	12.4	3.5
8	Iowa	-0.9	9.7	4.4
9	West Virginia	0.9	8.3	4.6
10	Indiana	0.5	9.5	5.0
11	Michigan	-2.8	12.9	5.1
12	Kentucky	3.3	7.2	5.3
13	Arkansas	3.1	7.9	5.5
14	Delaware	5.5	5.5	5.5
15	Mississippi	3	8.1	5.6
16	Washington	-4.1	16.1	6.0
17	Oregon	2.1	12.6	7.4
18	New Jersey	5.4	9.4	7.4
19	New Hampshire	6.5	8.3	7.4
20	Wisconsin	1	14.5	7.8



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21	California	2	13.5	7.8
22	Oklahoma	-0.1	15.9	7.9
23	North Dakota	5.7	10.8	8.3
24	Ohio	2.1	14.5	8.3
25	Rhode Island	6.9	9.7	8.3
26	Nevada	-4.2	21	8.4
27	Alabama	3.9	13.9	8.9
28	Massachusetts	2.5	15.4	9.0
29	Tennessee	5.8	12.1	9.0
30	Montana	2.3	15.7	9.0
31	Missouri	-2.8	20.9	9.1
32	Illinois	3.3	15.9	9.6
33	Pennsylvania	-7.6	27.5	10.0
34	Minnesota	-2.2	22.7	10.3
35	Maine	8	13	10.5
36	Colorado	-2.6	24.2	10.8
37	New Mexico	5.4	16.2	10.8
38	South Dakota	10.1	12.5	11.3
39	Texas	-6.9	30	11.6
40	Kansas	2.3	21.4	11.9
41	Wyoming	4.8	19.4	12.1
42	Alaska	4	20.5	12.3
43	Georgia	1.1	23.9	12.5



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44	Florida	-1.2	29	13.9
45	Utah	1.2	28.4	14.8
46	Vermont	12.5	17.3	14.9
47	South Carolina	9.5	22.8	16.2
48	Maryland	7.2	26	16.6
49	Connecticut	8.6	24.8	16.7
50	New York	6.9	34.6	20.8
51	District of Columbia	17	29.1	23.1

*Negative values denote rate decreases.