

State of Connecticut
GENERAL ASSEMBLY

August 25, 2023

Andrew N. Mais
Commissioner Connecticut Insurance Department
153 Market Street, 7th Floor
Hartford, Connecticut 06103

Re: 2024 Health Insurance Rate Request Filings

Dear Commissioner Mais:

First, we would like to offer our sincere appreciation for your decision to hold this hearing in the Legislative Office Building, allowing for greater participation in the hearing on the proposed rate filings.

The testimony from the three insurers at the August 21, 2023 hearing was quite disappointing. The insurers are required to request rates that are not "excessive, inadequate, or unfairly discriminatory." Conn. Gen. Stat. sec. 38a-481(b). They did not meet this standard. Their rate requests are clearly excessive as they exceed both general inflation and medical inflation. The insurers did not offer any compelling reasons for these rate requests.

The proposed average *individual rate request* for the plan year starting January 1, 2024 is a 12.4 percent increase (and ranges from 9.8 percent to 17.5 percent).

The proposed average *small group rate request* is a 14.8 percent increase (and ranges from 7.5 percent to 23.0 percent).

To allow such an unjustifiable increase would impose an unfair burden on Connecticut residents. It would also be inflationary and unwise. The insurers appear to be setting

rates with an assumption that the medical providers are going to raise their rates excessively. The providers are aware of this assumption and, if these requested rates are approved, will almost certainly raise their charges accordingly.

The cost cutting options suggested by the insurers do not address the underlying cause of the absurdly high healthcare costs in our state. The insurers offer "solutions" that inflict additional pain on our residents by implementing policies such as increasing the use of draconian utilization review techniques which risk harm to patients. These techniques increase the financial burden on patients and deny or delay needed care without any improvement in the quality of care while having no effect on the underlying cause of the exorbitant cost of healthcare.

The insurers were not willing to explain how they negotiate contracts with hospitals but they did admit that they do not negotiate line by line (procedure by procedure) with these health systems. That admission is alarming. It is incumbent upon the health insurers to perform their due diligence in negotiations and to hold the health systems accountable. The current method of negotiation reflects a betrayal of policy holders.

The public would be well served by a requirement that these rate hearings be compliant with the Uniform Administrative Procedures Act (UAPA) thus allowing cross examination of the parties (the hearing should include providers as well as insurers). Connecticut statutes must be amended to require that the insurance commissioner take affordability into consideration in rate approval. In addition, there should be a presumption of denial for any rate increase that is higher than current inflation.

The opposition to these rate hikes was bipartisan, with the exception of the Senate Republican leader who seemed to prioritize partisan arguments. That senator made a baseless claim that Democrats were standing in the way of healthcare affordability. Given our record of working together on bipartisan healthcare reform since 2014, we found this surprising. That senator claimed that reinsurance would solve all of Connecticut's healthcare problems, but he did not explain what reinsurance is or how it works.


Reinsurance has been touted as an option for making health insurance more affordable ***but only*** for people whose income is too high to qualify for premium tax credits. On its own, reinsurance offers no relief for people who receive premium assistance; it merely lowers the value of their tax credit.

With federal passage of the American Rescue Plan Act (ARPA) and the Inflation Reduction Act (IRA) the continued Republican push for reinsurance is puzzling. Provisions of ARPA and IRA (which assist all enrollees regardless of premium assistance status) have made state-based reinsurance obsolete. These federal laws limit premiums to 8.5 percent of income for everyone (until 2025). We are hopeful that Connecticut can work to provide additional protections for plan enrollees.

To be clear, reinsurance is a program designed for the benefit of insurers to shield them from paying high-cost claims which in turn may lower premiums. . It creates a fund that covers high-cost claims which allows additional insurance company profit. It can, as an incidental effect, reduce premiums for more affluent people who do not qualify for premium subsidies. Even if Connecticut enacted a reinsurance program, that legislation would do nothing to address the underlying high cost of healthcare. On the other hand, requiring that the insurers negotiate on behalf of patients by limiting the increases sought could effectively address these costs.

Thank you for your ongoing cooperation and commitment to solving this critical problem.

Sincerely,



Martin M. Looney
State Senator 11th District
President Pro Tem.



Jorge Cabrera
State Senator 17th District