

# **Universal Health Care Foundation of Connecticut**

## **Testimony in Opposition to**

### **ConnectiCare Insurance Company Rate Request**

**Public Hearing July 27, 2015**

I am here today on behalf of Universal Health Care Foundation of Connecticut (UHCF). I am Lynne Ide, Director of Program & Policy. UHCF is an independent, nonprofit foundation dedicated to achieving a high quality, affordable health care system that improves health and is accessible to everyone in Connecticut. We work with a diverse array of partner organizations, as well as with individual consumers from throughout the state.

I am here to register our opposition to ConnectiCare's proposed rate increases for individual plans, as well as raise concerns regarding the flawed rate hike hearing process.

The Foundation does not believe that the current rate hike hearing process is truly open and accessible to the people who are going to be directly impacted by the actions of ConnectiCare and the deliberations of the Connecticut Insurance Department (CID). Most of the 34,000 ConnectiCare individual policyholders are unable to take time off from work and/or travel to downtown Hartford for a midsummer, weekday hearing. In short, this process is decidedly not consumer-friendly. That is evidenced by who is sitting here in the room today.

I urge the Commissioner to work with advocates and other key stakeholders to design and implement a more inclusive consumer input process. It is good that insurers must notify policyholders of proposed rate increases and a small percentage of those policyholders weigh in via the online platform. But, that is no substitute for meaningful engagement of consumers. This process must be fixed.

Other experts will weigh in today on the actuarial underpinnings and rationale for the proposed average 9.8 percent increase of ConnectiCare's rates. Here are a few points the Foundation would like to raise:

- In its rate filing, ConnectiCare acknowledges that 2016 will bring two favorable trends - more young people entering the market, and that previous pent up demand had a “one-time impact.” This seems to be in contradiction to ConnectiCare’s claim that a portion of the 2016 pricing factor reflects an increased demand for medical services. In fact, on July 21 Kevin Coughlin, CEO of the Health Insurance Marketplace at CMS’s Center for Consumer Information & Insurance Oversight, communicated to the Commissioner that recent claims data show healthier consumers. It also stated “risk pools are expected to continue to get healthier,” and that “recent data showed a continued moderate medical cost trend.”
- In addition, Coughlin’s letter stated that CMS “remains committed to the risk corridor program,” and that CMS anticipates “that risk corridor collections will be sufficient to pay for all risk corridor payments.” Coughlin urged the Commissioner to take these payments into account “before decisions are made on final rates.”

In closing, I’d like to leave you with three ConnectiCare policyholder comments that were posted on the CID website:

- “As an HSA-type policyholder, we bear the cost of healthcare cost increases first. Base premium increases such as those proposed do not translate to the customer in truly greater coverage. Also, the ACA was designed with provisions to drive down healthcare costs. An increase of this magnitude based on the primary argument that health care costs are increasing seems to run contradictory to this intent. Finally, this proposed rate increase is much larger than the inflation rate. Nowhere are there cost of living increases of this magnitude.”
- “If I can get a pay increase to sustain me with this insurance premium then ok. Maybe you should talk to my employer. Let me know how that works out 😊”
- “...Seems like all I do is waste my hard earned \$ paying for a plan I cannot use due to my high deductible.”

I urge you to put the policyholder first in your decision regarding ConnectiCare’s rate increase request. Something has got to give – and it shouldn’t always be hard working people’s wallets.



**TESTIMONY OF CONECT RE:  
CONNECTICARE RATE INCREASE REQUEST FOR 2016**

Good morning. My name is Elizabeth Keenan and I am one of three chairs of the Healthcare Team for CONECT, Congregations Organized for a New Connecticut, a multi-faith, multi-issue, non-partisan organization of 15,000 people from 27 congregations in Fairfield and New Haven counties.

Before I comment on ConnectiCare’s request for an average increase of 9.8 percent on its individual plans that are marketed outside Access Health Connecticut, I also would first like to commend Insurance Commissioner Katherine Wade and State Healthcare Advocate Victoria Veltri for the agreement they recently reached that allows hearings such as this one today to be held.

Turning now to the ConnectiCare request, we noted two favorable trends that the insurer cited in its request.

While ConnectiCare, along with other insurers, did experience over the past year an increase in claims from people who, prior to the enactment of the Affordable Care Act, could not obtain coverage due to pre-existing conditions, the company said it believed this phenomenon was a “one-time” event only and unlikely to repeat itself in the year ahead. Thus, it was not a factor in calculating rates for 2016.

ConnectiCare also noted that persons buying insurance in the individual market in 2015 were generally younger than those doing so in 2014. It also projected a slightly younger population for 2016.

Both of these factors should help stabilize the insurer's risk pool, which would seem to indicate less of a need for a large rate increase. To counter these positive trends, however, ConnectiCare stated it needed higher rates to deal with what it claimed was an 8.98 percent increase trend that reflected both increased medical inflation and an increase demand for medical services.

This 8.98 trend factor seems, to us, high when compared to that calculated by other insurers. ConnectiCare also does not seem to offer enough data in its application to justify this higher than average trend factor, as well as many of the other assumptions it uses to justify its rate increase.

Accordingly, we recommend that the Department reject this request and ask ConnectiCare to resubmit its proposal, either asking for a lower increase or providing additional data that better supports its assumptions.

Thank you for the opportunity to address you directly on this matter. We look forward to working with you in the future to ensure that both the rates that insurers seek are adequate for the benefits offered, and that, at the same time, the needs of consumers for affordability are met.