OFFICE OF THE ATTORNEY GENERAL
CONNECTICUT

WILLIAM TONG
ATTORNEY GENERAL

August 2, 2022

Andrew N. Mais
Commissioner
Connecticut Department of Insurance
153 Market Street
Hartford, Connecticut 06103

Re: Federal Advance Premium Tax Credits

Dear Commissioner Mais,

The U.S. Senate is expected to debate and vote this week to extend the Federal Advance Premium Tax Credits. In light of this significant development, I am asking that the Connecticut Insurance Department (CID) halt all consideration and planning for the August 15 public hearing on requested insurance rate adjustments for on-exchange policies offered by ConnectiCare Benefits, Inc. and Anthem Health Plans. At CID's request, these insurers built into their rate requests an assumption that these tax credits would expire on January 1, 2023. That assumption was identified by both insurers and CID as a significant driver behind the double-digit requested rate hikes. The tax credit extension would be a game changer, and may significantly reduce the need for an increase. It would be a dereliction of our duty to consumers to proceed with a hearing on rates built on what now appears to be a bad guess. Should Congress, as expected, vote to extend the Federal Advance Premium Tax Credits, requests must be revised—reflecting substantial savings to consumers—before any further steps are taken.

In its application, ConnectiCare stated "The expanded subsidies under the American Rescue Plan Act put in place in 2021 are expected to go away in 2023. Less individual consumers will be qualified for Federal Advance Premium Tax Credits (APTC). 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 rates."

If the extension is passed, it is imperative that any increases attributable to projected losses in membership be removed from all aspects of ConnectiCare and Anthem's rate requests.

The August 15 hearing is just two weeks away. The hearing should not proceed until we have comprehensive actuarial data and a full understanding of precisely how the expiration of these tax credits impacted all on-exchange filings.

The expiring tax credits were identified as a significant cost driver. Accordingly, should these tax credits be extended, we should expect a significant cut to requested rate hikes. We must ensure that appropriate adjustments are made to protect consumers from unnecessary and unaffordable increases.

I urge CID to halt consideration of these flawed rate requests until we have certainty around the tax credit status. Should the tax credits be extended, CID must order new, revised applications. Insurers should be required to show how, where, and why the ARPA tax credit expiration impacted their rate requests, and to prove to consumers and CID that those impacts would be fully removed from their rate requests. Should CID decline to postpone, any approvals must be contingent and subject to immediate withdrawal should the ARPA tax credit be extended.

Very Truly Yours,

WILLIAM TONG