State of Connecticut

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Hartford

August 2, 2022

William Tong
Attorney General
165 Capitol Avenue
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Re: Your letter on Federal Advance Premium Tax Credits

Attorney General Tong:

I am in receipt of your letter of August 2nd and need to clarify several important points.

The Connecticut Insurance Department (CID) is pleased the federal government is seriously considering extending ARPA's enhanced Advance Premium Tax Credits, which save Connecticut residents nearly $15 million each month. CID has long been a proponent of the extension of the ARPA subsidies. As an Access Health Board Member, we have spoken on the benefits of such extension and have actively advocated for this extension in meetings we have had with the Connecticut Congressional delegation. We should all be proud to have such a group of committed professionals on the federal level looking after the people of Connecticut.

However, CID sees no need to halt the informational meeting to be held on August 15 related to the 2023 rate filings for ConnectiCare Benefits Inc. (CBI), ConnectiCare Insurance Company Inc., ConnectiCare Inc. and Cigna Health and Life.

To avoid speculation and guesswork, the Department had already asked the carriers on 7/21/2022 the impact on their rate request if the American Rescue Plan Act (ARPA) subsidies are continued beyond 2022. Those questions are posted on our website within each appropriate rate filing under the Correspondence Tab. This enables the Department to identify and immediately adjust for any such impact.

We note for clarification that the pending vote in Congress is not to extend the Federal Advanced Premium Tax Credits. These Tax Credits already exist under the laws and regulations of the ACA. What may be voted on is the extension of the increase in those Advanced Premium Tax Credits and the continued removal of the upper income limit on receiving these tax credits, within ARPA.

Additionally, to be clear, the CID never requested that the health carriers assume that the ARPA extension would expire on 1/1/2023. Any assertion that the CID indicated that the assumption by the carriers that the ARPA subsidies would be terminated on 12/31/2022 was a significant driver behind the double-digit requested rate hikes is also inaccurate.

To the contrary, the Department included the following on our website:

> "In addition, carriers have attributed the proposed increases to:
>
> - **Trend:** Trend is a factor that accounts for rising health care costs, including the cost of prescription drugs and the increased demand for medical services.
> - **COVID-19:** An increase in morbidity and severity of projected claims due to delays in care as a result of the pandemic. In addition, there is an expectation of pent-up demand experienced throughout 2022 and a continued increase in behavioral health disease anticipated in 2022.
> - **Legislation:** The impact of bills passed such as richer benefits for diabetic treatments (i.e., prescription drugs and medical supplies) and the elimination of copay accumulators are also included in the 2023 proposed rates.
> - **Discontinuance of ARPA Subsides:** The potential negative impact to the individual risk pool if the ARPA subsidies are discontinued effective 1/1/2023."

The expiring tax credits were never identified as a "significant" cost driver within the rate filings. In your quote from ConnectiCare's rate filing, the term "significant" was never used to describe the impact on premium rates. Below is the comment from Anthem's rate filing. Again, as you'll see, the term "significant" was never used to describe the impact on the rate increase request:

> "Rates are in accordance with the regulatory framework and insurer participation in the market as of June 30, 2022, which includes increased costs based on the assumption that the enhanced ACA premium tax credits available under The American Rescue Plan Act will expire as of December 31, 2022."

We believe that the informational meeting scheduled for August 15 will provide the perfect opportunity to discuss the impact of the continuance of the ARPA subsidies on 2023 rates and the rate increase requests, in an open forum with the public and other elected officials present to make comments and ask questions.

If the ARPA extension is passed, the Department will proceed with our actuarial analysis under this assumption and the final decisions on the rate increases will be reflected as such.

There is nothing that happens behind closed doors related to the Department's ACA actuarial rate review process, which has been determined by the Centers for Medicare and Medicaid Services (CMS) to be an effective rate review process.

The Connecticut Insurance Department is justly proud of its reputation as a world class insurance regulator. Responsibility for this rate reviews rest with our Life and Health Division, led by a regulator who in 2020 received the top honor from the National Association of Insurance Commissioners, the Robert Dineen Award, for being a regulator who "makes an outstanding contribution to state regulation of insurance, and exhibits an attitude and performs activities fostering the advancement of the insurance regulatory profession." We at the Insurance Department will continue to perform our statutory responsibility to review all ACA rate filings with internal expert actuarial staff, based on the law and on the facts, and protect the consumers of the State as we have always done.

The CID will not delay the informational meeting as CMS and the carriers must have their rates set by early September so Access Health CT (AHCT) can be prepared for the open enrollment period that begins on 11/1/2022. The final 2023 health rates must be available before open enrollment begins in order to allow individuals and employers to perform research and compare and contrast all available plan options and price points prior to enrolling in a 2023 plan.

A delay in this process as you have requested could potentially result in rates not being filed by carriers to CMS in time and people with on-Exchange plans not being able to receive coverage for 2023. That would be a disservice to the approximately 206,000 people who enroll in those health plans both on and off the Exchange.

If you have any questions on this matter and would like to discuss in more detail, please contact my office.

Sincerely,

Andrew N. Mais
Commissioner