

**State:** Connecticut **Filing Company:** ConnectiCare Benefits, Inc.  
**TOI/Sub-TOI:** HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.004E Small Group Only  
- Other  
**Product Name:** First Quarter 2014 Small Group Rate Filing (CBI)  
**Project Name/Number:** /

## Filing at a Glance

Company: ConnectiCare Benefits, Inc.  
Product Name: First Quarter 2014 Small Group Rate Filing (CBI)  
State: Connecticut  
TOI: HOrg02G Group Health Organizations - Health Maintenance (HMO)  
Sub-TOI: HOrg02G.004E Small Group Only - Other  
Filing Type: Rate  
Date Submitted: 05/20/2013  
SERFF Tr Num: CCIC-129000485  
SERFF Status: Submitted to State  
State Tr Num: 201396526  
State Status:  
Co Tr Num:  
  
Implementation: 01/01/2014  
Date Requested:  
Author(s): John Ducharme, Neil Kelsey, Joe Thomas  
Reviewer(s):  
Disposition Date:  
Disposition Status:  
Implementation Date:

**State:** Connecticut  
**TOI/Sub-TOI:** HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.004E Small Group Only  
 - Other  
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**Product Name:** First Quarter 2014 Small Group Rate Filing (CBI)  
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## General Information

Project Name: Status of Filing in Domicile:  
 Project Number: Date Approved in Domicile:  
 Requested Filing Mode: Review & Approval Domicile Status Comments:  
 Explanation for Combination/Other: Market Type: Group  
 Submission Type: New Submission Group Market Size: Small  
 Group Market Type: Employer Overall Rate Impact:  
 Filing Status Changed: 05/20/2013  
 State Status Changed: Deemer Date:  
 Created By: John Ducharme Submitted By: John Ducharme  
 Corresponding Filing Tracking Number:

PPACA: Non-Grandfathered Immed Mkt Reforms

PPACA Notes: null

Exchange Intentions: Filing represents plans to be offered thru the Exchange

Filing Description:  
 First Quarter 2014 Small Group Rate Filing (CBI) - Exchange

## Company and Contact

### Filing Contact Information

John Ducharme, Senior Actuarial Analyst jducharme@connecticare.com  
 175 Scott Swamp Road 860-674-7034 [Phone]  
 Farmington, CT 06034

### Filing Company Information

ConnectiCare Benefits, Inc.	CoCode: 14913	State of Domicile: Connecticut
175 Scott Swamp Road	Group Code: 1127	Company Type:
Farmington, CT 06032	Group Name: HIP INS GRP	State ID Number:
(860) 674-2870 ext. [Phone]	FEIN Number: 46-1559752	

## Filing Fees

Fee Required? No  
 Retaliatory? No  
 Fee Explanation:

SERFF Tracking #:

CCIC-129000485

State Tracking #:

201396526

Company Tracking #:

State:

Connecticut

Filing Company:

ConnectiCare Benefits, Inc.

TOI/Sub-TOI:

HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.004E Small Group Only - Other

Product Name:

First Quarter 2014 Small Group Rate Filing (CBI)

Project Name/Number:

/

## Rate Information

Rate data applies to filing.

Filing Method:

Rate Change Type:

Neutral

Overall Percentage of Last Rate Revision:

%

Effective Date of Last Rate Revision:

Filing Method of Last Filing:

## Company Rate Information

Company Name:	Company Rate Change:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
ConnectiCare Benefits, Inc.	New Product	%	%				%	%

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## Rate Review Detail

### COMPANY:

Company Name: ConnectiCare Benefits, Inc.  
HHS Issuer Id: 76962  
Product Names: POS  
Trend Factors: 7.4%(Annual)

### FORMS:

New Policy Forms: HIX CBI/BMD SG 01 (1/2014), HIX CBI/POS OA SG 01 (1/2014), HIX CBI/POS OA SG 01 (1/2014), HIX CBI/DRider SG 01 (1/2014), CBI/B HIX/Bronze POS Upded HDHP/SG BS 01 (01/2014), CBI/S HIX/Silver POS/SG BS 01 (01/2014), CBI/G HIX/Gold POS/SG BS 01 (01/2014), CBI/B HIX/Bronze POS/HDHP HRA SG BS 01 (01/2014), CBI/G HIX/GOLD POS/HDHP HSA SG BS 01 (01/2014)

Affected Forms:

Other Affected Forms:

### REQUESTED RATE CHANGE INFORMATION:

Change Period: Annual  
Member Months: 0  
Benefit Change: None  
Percent Change Requested: Min: 0.0 Max: 0.0 Avg: 0.0

### PRIOR RATE:

Total Earned Premium: 0.00  
Total Incurred Claims: 0.00  
Annual \$: Min: 0.00 Max: 0.00 Avg: 0.00

### REQUESTED RATE:

Projected Earned Premium: 0.00  
Projected Incurred Claims: 0.00  
Annual \$: Min: 0.00 Max: 0.00 Avg: 0.00

SERFF Tracking #:

CCIC-129000485

State Tracking #:

201396526

Company Tracking #:

State:

Connecticut

Filing Company:

ConnectiCare Benefits, Inc.

TOI/Sub-TOI:

HOrg02G Group Health Organizations - Health Maintenance (HMO)/HOrg02G.004E Small Group Only - Other

Product Name:

First Quarter 2014 Small Group Rate Filing (CBI)

Project Name/Number:

/

## Supporting Document Schedules

<b>Satisfied - Item:</b>	Actuarial Memorandum
<b>Comments:</b>	Attached is CBI's SHOP(Small Group) Exchange Product Rate Filing
<b>Attachment(s):</b>	CompleteRateFilingSHOP_Final.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Consumer Disclosure Form
<b>Bypass Reason:</b>	** Please note that you must bypass this Requirement at initial submission since the required documentation will not yet be available.**
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Actuarial Memorandum and Certifications
<b>Bypass Reason:</b>	No Unified Rate Review Template is provided
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Unified Rate Review Template
<b>Bypass Reason:</b>	This filing is not proposing a rate increase nor is it to be offered in a Federally Facilitated Exchange state.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

Mailing Address:  
175 Scott Swamp Road  
P.O. Box 4050  
Farmington, CT 06034-4050



May 17, 2013

Paul Lombardo, A.S.A., M.A.A.A.  
State of Connecticut Insurance Department  
Actuary, Life & Health Division  
P.O. Box 816  
Hartford, CT 06142-0816

Re: **ConnectiCare Benefits, Inc. Small Group Exchange Product Rate Filing – 1<sup>st</sup> Quarter 2014**

Dear Mr. Lombardo:

Enclosed is a filing for the Small Group Exchange product for ConnectiCare Benefits, Inc.(CBI) Included is an actuarial memorandum that describes the proposed rates, including supporting documentation. This filing is applicable to all eligible Small Group Exchange members with rate effective dates in the 1<sup>st</sup> quarter 2014, and includes applicable trend for future effective dates.

CBI's rate filings reflect CBI's best efforts to understand and interpret the federal Patient Protection and Affordable Care Act (ACA) and existing applicable federal and state regulations and rules as of the date of these rate filings. CBI has developed these rate filings to the best of CBI's knowledge, information and belief as of the date of these rate filings. CBI's rate filings are based upon CBI's present understanding and interpretation of the ACA, of regulations promulgated under the ACA, and of Connecticut Exchange requirements.

The federal and state regulatory environment since the passage of the ACA has been unclear, confusing and fluid. Federal agencies with jurisdiction under the ACA, particularly Health and Human Services (HHS), have published, and continue to publish, thousands of pages of regulations. Many of these regulations are complex, vague, incomplete and even contradictory. In a number of areas, regulations have not even been provided. Given the uncertainties of such an uncharted, untested regulatory environment, CBI reserves the right to withdraw or change all, or any portion, of these rate filings, at any point where, in CBI's judgment, a change or development in federal and/or state regulatory requirements or rules poses an actual or potential material adverse risk to CBI's business, or to the business of any CBI affiliated company. In the event that (1) any post-filing clarification of an existing federal and/or state standard, requirement or rule, (2) any post-filing publication of a new federal and/or state standard, requirement or rule, and/or (3) any post-filing change to an existing federal and/or state standard, requirement or rule, in CBI's judgment, does or shall pose an actual or potential material adverse risk to CBI's business, or to the business of any CBI affiliated company, CBI reserves the right to withdraw or change all, or any portion, of these rate filings.

If you have any questions, comments, or need further information please feel free to contact me at 860-674-2887.

Sincerely,

A handwritten signature in black ink that reads "Neil S. Kelsey".

Neil S. Kelsey, FSA, MAAA  
Vice President, Actuarial Services  
ConnectiCare, Inc. & Affiliates

cc: G. Marszalek, Connecticare Inc. & Affiliates  
J. Ducharme, Connecticare Inc. & Affiliates  
/attachments

# ConnectiCare Benefits, Inc.

## Actuarial Memorandum

### I. Overview

The starting rates for this Small Group Exchange product have been developed as follows. The projected claim cost for this New Policy form (SHOP Exchange) was based on the existing non-grandfathered Small Group risk pool of Connecticare Insurance Company, Inc.(CICI), using the incurred period January 2012 through December 2012, paid thru March 2013. Appropriate completion factors were then applied and the claims were trended for 24 months. Adjustments were made for the anticipated morbidity of the 2014 Small Group Market population relative to the current Small Group market. Further adjustments were made to reflect the additional EHB benefits, including Pediatric Vision and Dental. Non-FFS costs and the impact of Health Care Reform are included. The projected claims were also normalized for average Age, Benefit and Area factors to develop proposed base rate.

### II. Supporting Detail

- Exhibit 1 Pricing Build-Up
- Exhibit 2 Summary of Rating Factors

### III. Miscellaneous Exhibits

#### Pricing Manual Exhibit

Also attached are the following pages to ConnectiCare Benefits, Inc.'s Exchange Insured Pricing Manual.

- Section II.A.1 Premium Rate Formula
- Section II.B.1 Table 1 – Starting Premium Rates
- Section II.B.2 Table 2 – Benefit Relativity Factors
- Section II.B.3 Table 3 – Trend Factors
- Section II.B.4 Table 4 – Area Factors
- Section II.B.5 Table 5 – Age Factors

### IV. Requirements due to Bulletin HC-81-2

#### HEALTH INSURANCE RATE FILING SUBMISSION GUIDELINES-REVISED

1. *Historical experience from inception-to-date, this includes earned premium, paid claims, incurred claims, members, actual loss ratios and expected loss ratios (annual experience is appropriate for all years, monthly experience for the most recent two years).*

Not Applicable

2. *A demonstration that the experience data submitted is consistent with the most recent financial statement filed with the Department pursuant to section 38a-53a of the Connecticut General Statutes.*

Not Applicable

3. *Unit cost trend by broad service category, including actual unit cost data and impact of provider contract changes from experience period to rating period (medical and Rx separately).*

Not Applicable

4. *Utilization trend by broad service category, including utilization data.*

Not Applicable

5. *Impact of cost sharing leverage on trend.*

Not Applicable

6. *Medical technology trend.*

Not Applicable

7. *Benefit buy-down analysis and impact on trend.*

Not Applicable

8. *Cost of each new benefit mandate or requirement due to change in law, separately identified, from the experience period to the rating period. This includes requirements of both state and federal law.*

No new benefit mandates or requirements due to change in law are included. Benefits comply with provisions of the Affordable Care Act, including Essential Health Benefits

9. *A list of each component of the health care reform bill that impacted premium and the actual impact used in pricing for each component*

We have included the following Health Care Reform impacts in this filing:

- Patient Centered Outcomes Research Fee: This charge of \$2 per covered life applies to policies issued or renewed between 10/1/2012 and 9/30/2013, and then is expected to be subject to adjustment for projected increases in National Health Expenditures per year for the years 2014-2019. We have included \$0.17 pmpm to cover this cost.
- Transitional Reinsurance Program: Recent guidance has put the cost of this Program @ \$63 per capita. We have included a pmpm cost of \$5.25 to cover this cost.
- Health Insurer Fee: We have included a pmpm cost of \$9.05 to cover this cost.

10. *A comparison of the proposed retention charge in the filing to the most recently filed statutory financial statement for the regulated entities separately*

Not Applicable

11. *The current capital and surplus for the regulated entity for which this filing is being made*

Not Applicable

12. *Claim lag triangles*

Not Applicable

13. *A demonstration that demonstration that the increase requested in this rate filing will generate an expected medical loss ratio, for rebate purposes, that is consistent with the 80% prescribed by the federal law for individual health insurance.*

See Exhibit 1 – Pricing Review for expected medical loss ratio for rebate purposes.

Based on the the Rate Build Exhibit, we project that no rebate will be required for the 2014 year.

14. *Actuarial certification signed by a Member of the American Academy of Actuaries (MAAA).*

See Attached



**ConnectiCare Benefits, Inc.**  
**Connecticut Small Group Exchange Actuarial Certification**  
**1<sup>st</sup> Quarter 2014 Rate Filing**

I, Neil S. Kelsey, Vice President of Actuarial Services for ConnectiCare, Inc. & Affiliates, certify that I have reviewed ConnectiCare Benefits, Inc.'s Small Group Exchange New Policy Rate Filing for 2014 and that it is based upon commonly accepted actuarial assumptions and sound actuarial principles which are consistent with Connecticut Insurance Laws.

The premium rates offered by ConnectiCare to new Small Group Exchange members are established on the basis of a community rate, adjusted to reflect the following classifications:

- *Age* – age brackets of 1 year or more;
- *Geographic Area* – not smaller than a county.



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Neil S. Kelsey, F.S.A., M.A.A.A.  
Vice President, Actuarial Services

May 17, 2013

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Date

**ConnectiCare Benefits, Inc.**  
**- SHOP(Small Group) Exchange**  
**Exhibit 1 - Pricing Build-up**

Total Medical/Rx - Net PMPM 2012 manual	\$ 282.27
Trend - 24 Mos	15.3%
Total Medical/Rx - Net PMPM	\$ 325.45
Population Morbidity	-2.5%
Adjusted Medical/Rx	\$ 317.31
Federal Reinsurance Program (Individual Only)	\$ -
Impact of EHB	\$ -
Pediatric Dental	\$ 4.82
Pediatric Vision	\$ 1.34
Subtotal FFS	\$ 323.47
Non-FFS	\$ 16.39
Total Projected Benefit Expense - less ACA Costs	\$ 339.87
<u>ACA Fees - pmpm</u>	
Reinsurance	\$ 5.25
PCORI	\$ 0.17
Health Insurer Fee	\$ 9.05
Cost of Risk Adjustment Program	\$ 0.08
<u>ACA Fees - % revenue</u>	
Exchange Administration	\$ 7.70
Total Projected Benefit Expense	\$ 362.11
<b>Retention</b>	
Administration	44.41
Commissions	25.38
Premium Tax(1.75%)	7.81
FIT(2.2575%)	10.07
AFIT Margin(4.1925%)	18.71
	<hr/> 106.38
Subtotal	<hr/> 468.49
Federal MLR for Rebate Purposes	80.5%
<b>Normalization</b>	
Demographics	<hr/> 1.1118
Benefit	0.4266
Case Size(SG Only)	0.9626
Area	<hr/> 0.9799
01/1/2014 Rate Buildup	1,047.22
Adjust to Federal Demographic Curve	0.6842
Final 01/01/2014 Base Rate	<hr/> <hr/> \$716.54

**ConnectiCare Benefits, Inc.**  
**- Small Group Exchange**  
**Exhibit 2 - Summary of Rating Factors**

<b><u>Area Factors</u></b>	<b><u>Factor</u></b>
Fairfield County	1.0697
Hartford County	0.9317
Litchfield County	0.9317
Middlesex County	1.0170
New Haven County	0.9929
New London County	0.9929
Tolland County	0.9122
Windham County	0.9122

<b><u>Base Premium Rates</u></b>	<b><u>1Q2014</u></b>
Total	\$716.54

<b><u>Base Premium Rates</u></b>	<b><u>2Q2014</u></b>
Total	\$735.81

<b><u>Base Premium Rates</u></b>	<b><u>3Q2014</u></b>
Total	\$755.60

<b><u>Base Premium Rates</u></b>	<b><u>4Q2014</u></b>
Total	\$775.92

<b><u>Trend</u></b>	<b><u>Annual</u></b>
Total	11.20%

<b><u>Benefit Plan</u></b>	<b><u>Plan Relativity</u></b>
Standard Bronze - 60%	0.4271
Standard Silver - 70%	0.5562
Standard Gold - 80%	0.6186
Gold CBI HRA - 80%	0.5467
Gold CBI HSA - 80%	0.5772

<b><u>Age Factors</u></b>	<b><u>Factor</u></b>
0-20	0.6350
21	1.0000
22	1.0000
23	1.0000
24	1.0000
25	1.0040
26	1.0240
27	1.0480
28	1.0870
29	1.1190
30	1.1350
31	1.1590
32	1.1830
33	1.1980
34	1.2140
35	1.2220
36	1.2300
37	1.2380
38	1.2460
39	1.2620
40	1.2780
41	1.3020
42	1.3250
43	1.3570
44	1.3970
45	1.4440
46	1.5000
47	1.5630
48	1.6350
49	1.7060
50	1.7860
51	1.8650
52	1.9520
53	2.0400
54	2.1350
55	2.2230
56	2.3330
57	2.4370
58	2.5480
59	2.6030
60	2.7140
61	2.8100
62	2.8730
63	2.9520
64+	3.0000

**ConnectiCare Benefits, Inc.**  
**Exchange Insured Pricing Manual**

**I. Small Group**

**I.A. Rate Methodology**

**I.A.1 Premium Rate Formula**

The monthly premium rate for each member is a function of the member's age, benefit plan, employer group's zip code or county. The following formula is used to derive the monthly premium rate for each member:

Premium Rate =

(Starting Premium Rate \* (1 + Trend Factor) ^ (# of Complete Quarters after Small Group Effective Date / 4)) \* Benefit Relativity Factor \* Area Factor \* Demographic Factor

Premium rates are calculated for all adult members and the oldest three dependent children thru age 20

<u>Input</u>	<u>Input Source</u>
Starting Premium Rate	Section I.B.1
Trend Rate	Section I.B.3
Small Group Effective Date	Section I.B.1
Benefit Relativity Factor	Section I.B.2
Area Factor	Section I.B.4
Demographic Factor	Section I.B.5

**ConnectiCare Benefits, Inc.  
Exchange Insured Pricing Manual**

II.B.1

Table 1  
Starting Premium Rates

**Small Group Effective Date: 01/01/2014**

Total	\$716.54
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**ConnectiCare Benefits, Inc.**  
**Exchange Insured Pricing Manual**

II.B.2

Table 2  
Benefit Relativity Factors

<u>Benefit Plan</u>	<u>Relativity</u>
Standard Bronze - 60%	0.4271
Standard Silver - 70%	0.5562
Standard Gold - 80%	0.6186
Gold CBI HRA - 80%	0.5467
Gold CBI HSA - 80%	0.5772

**ConnectiCare Benefits, Inc.**  
**Exchange Insured Pricing Manual**

II.B.3

Table 3  
Trend Factors

Annual

11.20%

**ConnectiCare Benefits, Inc.**  
**Exchange Insured Pricing Manual**

II.B.4

Table 4  
Area Factors

<u>Employer Area</u>	<u>Factor</u>
Fairfield County	1.0697
Hartford County	0.9317
Litchfield County	0.9317
Middlesex County	1.0170
New Haven County	0.9929
New London County	0.9929
Tolland County	0.9122
Windham County	0.9122



**ConnectiCare Benefits, Inc.**  
**Exchange Insured Pricing Manual**

II.B.5

Table 5  
Age Factors

<u>Age</u>	<u>Factor</u>
0-20	0.6350
21	1.0000
22	1.0000
23	1.0000
24	1.0000
25	1.0040
26	1.0240
27	1.0480
28	1.0870
29	1.1190
30	1.1350
31	1.1590
32	1.1830
33	1.1980
34	1.2140
35	1.2220
36	1.2300
37	1.2380
38	1.2460
39	1.2620
40	1.2780
41	1.3020
42	1.3250
43	1.3570
44	1.3970
45	1.4440
46	1.5000
47	1.5630
48	1.6350
49	1.7060
50	1.7860
51	1.8650
52	1.9520
53	2.0400
54	2.1350
55	2.2230
56	2.3330
57	2.4370
58	2.5480
59	2.6030
60	2.7140
61	2.8100
62	2.8730
63	2.9520
64+	3.0000