

**ConnectiCare Insurance Company – Individual
Rate request – 9.8 percent average increase**

Decision – Disapproved, approved 8.5% average increase

On April 30, 2015, ConnectiCare Insurance Company (CICI) filed a request to increase rates an average of 10.1 percent on individual health insurance policies that are marketed outside Access Health CT, the state-sponsored health insurance exchange. The company later reduced the request to 9.8 percent.

The Department held a public hearing on the rate request July 27, 2015. The Insurance Commissioner ruled on August 27, 2015 that the rates were excessive based on the Department's findings and required the company to recalculate. The company recalculated per the order, resulting in an average rate increase of 8.5 percent.

The new rates will be applied to 34,000 policies currently in force in Connecticut beginning January 1, 2016.

The company said it requested the increase to account for an 8.98 percent change in the "trend," a pricing factor reflecting medical inflation and an increased demand for medical services.

The company said it has also factored in the affect of fees and taxes associated with the Affordable Care Act (ACA) and changes in the federal temporary reinsurance program, established under the ACA to help carriers offset their claims costs. The company noted that fewer federal dollars are available for the temporary reinsurance program, which will shift more of the claims costs to carriers. The federal reinsurance program coinsurance is 50 percent and the claims threshold for that contribution to kick in increases from \$45,000 to \$90,000 in 2016.

The company did report the following favorable trends in the overall health or "morbidity" factor of its block of business will have the effect of ultimately stabilizing the risk pool:

- Because many newly insured individuals did not have insurance prior to the ACA due to pre-existing conditions, the company saw an increase in claims due to pent-up demand for medical services as the new enrollees sought care for their conditions. However, CICI anticipates that it was a "one-time impact."
- Individuals buying insurance in the individual market are younger in 2015 than in 2014 and CICI projects a slightly younger population for 2016.