

ConnectiCare Benefits, Inc. – Individual

Rate request – Revised, 27.1 percent average increase

Decision – Disapproved, approved average increase of 17.4%

On August 23, 2016, ConnectiCare Benefits, Inc. (CBI) filed a revised request to raise rates an average of 27.1 percent for individual health plans marketed through Access Health CT, the state’s health insurance marketplace. This was the company’s second revision on its rate filing since June 1. CBI revised its initial rate increase request of 14.3 to 17.4 percent on August 1, 2016.

There are 47,597 people covered under these policies.

CBI stated the increase is based on increasing medical costs and greater demand for medical services, an effect known as “trend,” which would have a projected impact of 10.5 percent on costs.

The insurer stated that another factor affecting rates for 2017 is the discontinuation of the federal government’s transitional reinsurance program for the individual market. Since the inception of the ACA, the federal government provided funds to insurers from 2014 to 2016 to offset costs from the expected high-cost claims for the newly insured – those individuals who did not have health insurance before the ACA and were expected to need more medical services. The federal reinsurance program was established to help stabilize premiums in the first three coverage years of the ACA. The program ends in 2016.

The company said its reasons for revising the request a second time to 27.1 percent increase was because it expected healthy individuals to leave the exchange market due to the exit of two insurers and that claims costs for carriers remaining in the exchange would significantly rise.

After an actuarial review, the Department determined that the company’s calculation for “trend” or medical inflation was appropriate and that the pricing would support the federally mandated 80 percent threshold for claims costs for individual plans, meaning the company is expected to spend 80 cents of every \$1 of premium on medical costs.

However, the Department ruled that the latest revision was made extremely late in the process, running counter to Department guidelines. In the 2016 guidelines the Department reminded all health insurers that “*no changes will be accepted after June 15, 2016 unless specifically requested by the Insurance Department.*” The Department did not request the amended rate request from CBI and as a result rejected it on September 2, 2016, instead limiting it to the previous request of 17.4 percent.

The new rates take effect January 1, 2017.