

State: Connecticut **Filing Company:** ConnectiCare Benefits, Inc.
TOI/Sub-TOI: H16I Individual Health - Major Medical/H16I.005C Individual - Other
Product Name: 2018 CBI Exchange(On-Exchange) Individual Rate Filing
Project Name/Number: /

Correspondence Summary

Objection Letters and Response Letters

Objection Letters

Status	Created By	Created On	Date Submitted
Requesting Additional Information	Paul Lombardo	08/23/2017	08/23/2017

Response Letters

Responded By	Created On	Date Submitted
Taylor Walton	08/30/2017	08/30/2017

Amendments

Schedule	Schedule Item Name	Created By	Created On	Date Submitted
Supporting Document	Actuarial Memorandum	Taylor Walton	05/24/2017	05/24/2017
Supporting Document	Actuarial Memorandum and Certifications	Taylor Walton	05/24/2017	05/24/2017
Supporting Document	Unified Rate Review Template	Taylor Walton	05/24/2017	05/24/2017
Supporting Document	Rate Table Template	Taylor Walton	05/24/2017	05/24/2017
Supporting Document	Other Support Documents	Taylor Walton	05/24/2017	05/24/2017
Supporting Document	Actuarial Memorandum	Taylor Walton	05/15/2017	05/15/2017
Supporting Document	Actuarial Memorandum and Certifications	Taylor Walton	05/15/2017	05/15/2017
Supporting Document	Unified Rate Review Template	Taylor Walton	05/15/2017	05/15/2017
Supporting Document	Rate Table Template	Taylor Walton	05/15/2017	05/15/2017
Supporting Document	Other Support Documents	Taylor Walton	05/15/2017	05/15/2017

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Correction in Filing	Note To Reviewer	Jack Luk	08/01/2017	08/01/2017
Public Hearing Additional Information Response	Note To Reviewer	Taylor Walton	06/30/2017	06/30/2017
Tobacco User Rates	Note To Reviewer	Taylor Walton	05/15/2017	05/15/2017

State: Connecticut**Filing Company:** ConnectiCare Benefits, Inc.**TOI/Sub-TOI:** H16I Individual Health - Major Medical/H16I.005C Individual - Other**Product Name:** 2018 CBI Exchange(On-Exchange) Individual Rate Filing**Project Name/Number:** /

Objection Letter

Objection Letter Status	Requesting Additional Information
Objection Letter Date	08/23/2017
Submitted Date	08/23/2017
Respond By Date	08/30/2017

Dear Jack Luk,

Introduction:

Please review attached request for a supplemental filing regarding CSR payments.

Conclusion:

Sincerely,

Paul Lombardo

As the Insurance Department continues its actuarial review of health insurance rate filings for the 2018 coverage year, the long-term funding of Cost Sharing Reduction (CSR) payments to provide financial assistance for consumers has created market uncertainty. As a result, the Department is asking exchange carriers – Anthem and ConnectiCare Benefits, Inc. – to submit a supplemental filing that contemplates the absence of CSR payments for 2018 and to apply that impact only on Silver exchange plans.

The Department has not made a final determination on rates for 2018. This supplemental filing will give the Department maximum flexibility in making final determinations for health insurance rates on the exchange within the tight time limits and have rates set for open enrollment in November.

This supplemental filing is for the CSR issue only. Carriers are not permitted to make changes to any other factors in their existing filings. The supplemental filings must be submitted to the Department by the close of business on Wednesday, August 30.

SERFF Tracking #:

CCIC-131006986

State Tracking #:

201702746

Company Tracking #:

State:

Connecticut

Filing Company:

ConnectiCare Benefits, Inc.

TOI/Sub-TOI:

H16I Individual Health - Major Medical/H16I.005C Individual - Other

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2018 CBI Exchange(On-Exchange) Individual Rate Filing

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Response Letter

Response Letter Status Submitted to State
Response Letter Date 08/30/2017
Submitted Date 08/30/2017

Dear Paul Lombardo,

Introduction:

Response 1

Comments:

Please see our response to your request for additional information regarding CSR below. Thank you!

Changed Items:

Supporting Document Schedule Item Changes	
Satisfied - Item:	Additional Information Response - 8/30/2017
Comments:	
Attachment(s):	SupplementalFilingCSR170830.pdf

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

Sincerely,

Taylor Walton

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CCIC-131006986

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/

Amendment Letter

Submitted Date:

05/24/2017

Comments:

Please see our revised rate filing reflecting the changes to the Standard Gold and Standard Silver plans. Thank you.

Changed Items:

No Form Schedule Items Changed.

No Rate Schedule Items Changed.

SERFF Tracking #:

CCIC-131006986

State Tracking #:

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State: Connecticut

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ConnectiCare Benefits, Inc.

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Product Name: 2018 CBI Exchange(On-Exchange) Individual Rate Filing

Project Name/Number: /

Supporting Document Schedule Item Changes

Satisfied - Item:	Actuarial Memorandum
Comments:	Attached is our 2018 CBI Individual Exchange Product Rate Filing.
Attachment(s):	00 AM to CID - 2018 HIX CBI.pdf
<i>Previous Version</i>	
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Attachment(s):	01 AM for URRT - 2018 HIX CBI.pdf 02 AM Exhibits - 2018 CBI.pdf 03 AC UPD - 2018 CBI.pdf
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Satisfied - Item:	Unified Rate Review Template
Comments:	Attached are our 2018 URRT in both .pdf and .xlsm format
Attachment(s):	04 UnifiedRateReviewTemplatev4.2_2018_IND_CBI.pdf

SERFF Tracking #:

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	05 UnifiedRateReviewTemplatev4.2_2018_IND_CBI.xlsm
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Previous Version

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Satisfied - Item:	Rate Table Template
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Comments:	Attached is our 2018 Rate Table Template in both pdf & .xls format.
Attachment(s):	06 2018RatesTableTemplate v7.1 - CBI.pdf 07 2018RatesTableTemplate v7.1 - CBI.xlsx

Previous Version

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Satisfied - Item:	Other Support Documents
--------------------------	-------------------------

Comments:	Attached are other support documents as required (Bulletin HC-81-15, etc.).
Attachment(s):	09.1 Actuarial Certification - MHP (HIX CBI).pdf 9.2 demo_MHP - HIX_v6.pdf Appendix A - CBI Proposed Rate Increases.pdf Appendix B - Automated Benefit Summaries.pdf Appendix C - 2018 Final HIX AV Screenshots.pdf 01a Rate Increase Justification - 2018 HIX CBI.pdf

Previous Version

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Amendment Letter

Submitted Date: 05/15/2017

Comments:

Please see revised filing as attached.

Changed Items:

No Form Schedule Items Changed.

No Rate Schedule Items Changed.

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Project Name/Number: /

Note To Reviewer

Created By:

Jack Luk on 08/01/2017 08:08 AM

Last Edited By:

Paul Lombardo

Submitted On:

08/28/2017 12:33 PM

Subject:

Correction in Filing

Comments:

This is to inform the Department of an error in our rate filings submitted on May 24, 2017. It recently came to our attention that the amount included in the rate filing to cover the Health Insurer Fee was a net amount, and needs to be grossed up due to the fact that the Health Insurer Fee is not deductible for tax purposes. In filings for benefit years 2014 through 2016 we correctly included the gross amount. However, when returning the Fee to our filing after it's one year suspension, we inadvertently included the net amount. This is an error in our filing and not a change in assumption, and pursuant to Department guidance on December 14, 2016, we request the opportunity to revise our amount for the Health Insurer Fee in Exhibit 1 – Pricing Build-up to reflect the gross amount of \$14.60 pmpm (equals \$9.49/(1-35%)).

State: Connecticut **Filing Company:** ConnectiCare Benefits, Inc.
TOI/Sub-TOI: H16I Individual Health - Major Medical/H16I.005C Individual - Other
Product Name: 2018 CBI Exchange(On-Exchange) Individual Rate Filing
Project Name/Number: /

Note To Reviewer

Created By:

Taylor Walton on 06/30/2017 03:22 PM

Last Edited By:

Paul Lombardo

Submitted On:

08/10/2017 08:46 AM

Subject:

Public Hearing Additional Information Response

Comments:

Please see our responses to the requested additional information from the public hearing. Thank you!

Additional Items Requested at Rate Hearing on June 14, 2017

**ConnectiCare Benefits Inc.
Individual 2018
SERFF Tracking CCIC-131006986**

1. *Average age of Exchange block at year end 2016, and the average age of 23,000 new members that joined ConnectiCare in 2017.*

Response: The table below shows the average ages of the various cohorts. While the average age of the Exchange block has decreased from 44.4 to 43.6, the average age of ConnectiCare's individual block (which includes Exchange and SOLO) increased over this period from 41.5 to 42.2.

	<u>Average Age</u>	<u>Count</u>
2016 Exchange Block at YE	44.4	49,158
2016 Renewing Members	45.0	38,264
2017 New Members	41.5	23,246
Migrators	42.6	5,768
2017 Exchange Block	43.6	67,278

2. *April YTD 2017 claim pmpm for the 38,000 stayers from 2016 to 2017, and for the 23,000 new members that joined in 2017.*

Response: The table below shows the 2017 YTD claims pmpm of the various cohorts. These are claim incurred through April, 2017 and paid through May, 2017. Beyond this one month of runout, there is no further completion applied to these pmpms.

Exchange Members YTD Claims PMPM
data as of 6/20, 201701 to 201704 paid thru 201705

	Distribution	Total PMPM
Stayer	55%	\$ 440.58
New Member	28%	\$ 367.43
Migrated	8%	\$ 255.24
<u>Others*</u>	<u>10%</u>	<u>\$ 449.95</u>
Total	100%	\$ 406.89

* Members termed prior to May 2017

3. *YTD April claims pmpm for 2015, 2016 and 2017.*

Response: The table below shows the April YTD claims pmpm for each of the past three years. These are claim incurred through April of each year, paid through May, 2017. These claims are on an incurred basis – they include completion factors. 2017 YTD claims reflect the significant growth and churn in Exchange membership, and may not be indicative of full year 2017 experience.

Exchange Members YTD April Claims for 2015, 2016, and 2017
data as of 6/22, paid thru 201705

Period	Completed Claims	Member Months	PMPM
201501 - 201504	57,044,887	148,966	\$382.94
201601 - 201604	87,911,478	205,099	\$428.63
201701 - 201704	117,545,800	267,440	\$439.52

4. *Trend exhibit (HC-81-15 Exhibit 2) showing April YTD 2015, 2016, 2017.*

Response: The requested exhibit is attached. Note that 2017 YTD claims, and therefore trends, reflect the significant growth and churn in Exchange membership, and may not be indicative of full year 2017 experience.

5. *Percent of claims which are out of network.*

Response: In 2016, 2.9% of claims were out of network, representing 5.4% of total paid claims. Year to date in 2017, 1.9% of claims are out of network, representing 3.3% of total paid claims.

6. *Impact of Individual Mandate if 5% exit market.*

Response: The modeling performed during the initial rate development yielded a 2.4% rate impact under the assumption that there was a perception that the individual mandate would be enforced less strictly than in the past. The modeling was performed at the age cohort and risk cohort level – assuming a greater proportion of younger and healthier lives would exit the market. The initial modeling projected that 9% of the existing membership would exit the market. If the assumptions in the model were modified such that it projected 5% of the membership would exit, the rate impact would be 1.3% rather than 2.4%.

7. *Final Risk Adjustment amount from CMS (available June 30).*

Response: We have been notified by CMS that CBI will be assessed a Transfer Payment of \$1,673,116 for the 2016 benefit year.



ConnectiCare, Inc. & Affiliates
HC-81-15: Exhibit 2 - Historical Claim and Projected Pricing Trends
YTD April

Medical expense, detail cost and Utilization (ConnectiCare Individual On-Exchange Book of Business)

	YTD 201504	YTD 201604	YTD 201704	YTD 201604 Trend	YTD 201704 Trend
Member Months	148,966	205,099	267,501		
Util / 1000					
Inpatient	318.9	324.7	317.9	1.8%	-2.1%
Outpatient	2,207.7	2,264.4	2,288.8	2.6%	1.1%
Professional	17,223.3	18,325.8	19,057.4	6.4%	4.0%
Subtotal Medical	19,749.9	20,914.9	21,664.2	5.9%	3.6%
Retail Pharmacy	12,211.6	12,839.3	14,092.3	5.1%	9.8%
Total	31,961.4	33,754.2	35,756.5	5.6%	5.9%

Unit Cost \$					
Inpatient	\$ 3,646	\$ 4,256	\$ 4,461	16.7%	4.8%
Outpatient	\$ 729	\$ 777	\$ 789	6.6%	1.6%
Professional	\$ 92	\$ 96	\$ 94	4.0%	-2.5%
Subtotal Medical	\$ 221	\$ 234	\$ 231	6.1%	-1.3%
Retail Pharmacy	\$ 83	\$ 83	\$ 86	1.0%	3.6%
Total	\$ 168	\$ 177	\$ 174	5.3%	-1.5%

Allowed PMPM					
Inpatient	\$ 96.90	\$ 115.14	\$ 118.18	18.8%	2.6%
Outpatient	\$ 134.05	\$ 146.54	\$ 150.51	9.3%	2.7%
Professional	\$ 132.68	\$ 146.80	\$ 148.91	10.6%	1.4%
Subtotal Medical	\$ 363.63	\$ 408.48	\$ 417.61	12.3%	2.2%
Retail Pharmacy	\$ 84.08	\$ 89.31	\$ 101.54	6.2%	13.7%
Total	\$ 447.71	\$ 497.79	\$ 519.15	11.2%	4.3%

Net PMPM					
Inpatient	\$ 87.82	\$ 106.94	\$ 108.13	21.8%	1.1%
Outpatient	\$ 114.25	\$ 125.81	\$ 124.27	10.1%	-1.2%
Professional	\$ 106.41	\$ 117.59	\$ 118.14	10.5%	0.5%
Subtotal Medical	\$ 308.48	\$ 350.33	\$ 350.53	13.6%	0.1%
Retail Pharmacy	\$ 74.59	\$ 78.34	\$ 88.95	5.0%	13.5%
Total	\$ 383.07	\$ 428.67	\$ 439.48	11.9%	2.5%

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Note To Reviewer

Created By:

Taylor Walton on 05/15/2017 01:52 PM

Last Edited By:

Paul Lombardo

Submitted On:

08/10/2017 08:46 AM

Subject:

Tobacco User Rates

Comments:

Although this filing includes separate rates for Tobacco Users and Non-Tobacco Users, we will be implementing the Non-Tobacco User rates for both tobacco users and non-tobacco users.

State: Connecticut **Filing Company:** ConnectiCare Benefits, Inc.
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Product Name: 2018 CBI Exchange(On-Exchange) Individual Rate Filing
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Post Submission Update Request Processed On 05/16/2017

Status: Allowed
Created By: Taylor Walton
Processed By: Paul Lombardo
Comments:

Company Rate Information:

Company Name:ConnectiCare Benefits, Inc.

Field Name	Requested Change	Prior Value
Overall % Indicated Change	17.500%	15.200%
Overall % Rate Impact	17.500%	15.200%
Maximum %Change (where required)	21.100%	18.700%
Minimum %Change (where required)	10.600%	8.400%
Product:	NEW	
Product Name	POS	
Number of Covered Lives	50907	

REQUESTED RATE CHANGE INFORMATION:

Min:	10.600	8.400
Max:	21.100	18.7
Weighted Avg.:	17.500	15.2

REQUESTED RATE:

Projected Earned Premium:	2,411,172,975.000	2,363,881,056.000
Projected Incurred Claims:	2,053,793,286.000	2,007,980,018.000
Min:	137.880	135.180
Max:	1,720.290	1,686.550
Weighted Avg.:	459.320	450.310

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Project Name/Number: /

Post Submission Update Request Processed On 05/25/2017

Status: Allowed
Created By: Taylor Walton
Processed By: Paul Lombardo
Comments:

Company Rate Information:

Company Name:ConnectiCare Benefits, Inc.

Field Name	Requested Change	Prior Value
Maximum %Change (where required)	24.000%	21.100%
Minimum %Change (where required)	13.200%	10.600%
Product:	NEW	
Product Name	POS	
Number of Covered Lives	50907	

Trend Factors:	9.62% of combined Medical and Drug trend	8.53% of combined Medical and Drug trend
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REQUESTED RATE CHANGE INFORMATION:

Min:	13.200	10.600
Max:	24.000	21.1

REQUESTED RATE:

Projected Earned Premium:	2,349,527,643.000	2,411,172,975.000
Projected Incurred Claims:	2,001,298,771.000	2,053,793,286.000
Max:	1,345.420	1,720.290
Weighted Avg.:	447.950	459.320

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H16I Individual Health - Major Medical/H16I.005C Individual - Other

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Supporting Document Schedules

Satisfied - Item:	Additional Information Response - 8/30/2017
Comments:	
Attachment(s):	SupplementalFilingCSR170830.pdf
Item Status:	
Status Date:	

Supplemental Information on Impact of CSR Funding

ConnectiCare Benefits, Inc.
Individual 2018
SERFF Tracking CCIC-131006986

As requested on August 23, 2017, we are providing this supplemental filing outlining the impact on the rates initially filed on May 1, 2017, and revised on May 24, 2017, for the Individual On-Exchange business underwritten by ConnectiCare Benefits, Inc. (CBI). Consistent with the request from the Department, this information contemplates the absence of funding for Cost Share Reduction (CSR) payments in 2018, and assumes that the impact would be spread only across on-Exchange Silver plans. All other factors included in the filing as revised on May 24, 2017 remain unchanged.

The Affordable Care Act requires that carriers provide certain benefit designs (CSR Plans) to those individuals and families under 250% of the Federal Poverty Level (FPL), at the same premium as a base Silver plan. CSR payments are designed to compensate insurers for the difference between the benefits offered under these CSR plans and those that would be offered under the base Silver plan.

In the event that CSR payments were not funded, carriers, including CBI, would not collect enough in premium to cover the benefits required to be offered. We determined the impact of spreading the cost of the unfunded CSR payments across all Silver plans offered on-Exchange. In developing the additional premium, we evaluated two factors:

- the difference in the benefit richness relative to the base Silver plan,
- what members would remain in the pool over which this cost would be spread.

The table below shows the development:

	Plan Design	Dist	Relativity
	Base Silver	32.2%	0.654
	73% CSR	16.5%	0.677
	87% CSR	26.5%	0.859
	94% CSR	24.8%	0.896
(a)	Filed Pricing Relativity		0.654
(b)	Average 87-94 CSR		0.877
	Net Silver CSR		
(b)/(a)	Adjustment		1.341

Supplemental Information on Impact of CSR Funding

Given a significant increase in Silver premiums on-Exchange, we expect that many members will have other, more cost effective alternatives:

- Due to their eligibility for premium tax credits (APTC), Base Silver net premium for individuals and families below 400% FPL will not be impacted. However, the net premium for Bronze and Gold plans will be reduced due to a higher APTC, making those plans attractive
- Certain members who are sensitive to premium will opt for Bronze plans
- As the premium cost of Silver plans approach or exceed Gold premiums, certain members will find the richer Gold plans more attractive
- Certain members will find more attractive options off-Exchange

Those members who otherwise would have purchased a Base Silver or 73% CSR plan on-Exchange are most likely to migrate away from the Silver on-Exchange pool. To the extent this pool shrinks, the resulting impact of covering the benefit cost of those in the 87% and 94% CSR plans will be spread over a smaller pool, thus increasing the required load.

The Filed Pricing Relativity above is the average Base Silver premium factor which is included in our May 24, 2017 filing, under the assumption that CSR payments would be fully funded. Further, we expect that all members otherwise enrolled in a Base Silver or 73% CSR plan will migrate away from the on-Exchange Silver pool. As a result, the average benefit cost on the on-Exchange Silver pool will be 0.877, which is 34.1% higher than the currently filed premium of 0.654.

We have validated our assumptions, methodology, and resulting impact with external actuarial firms, and took an additional approach using federal actuarial values and induced demand factors. This yielded a range of impacts of between 34.7% and 36.1%, which substantiated our impact of 34.1%.