



UNIVERSAL HEALTH CARE
FOUNDATION OF CONNECTICUT

2016 Rate Review Hearings

Public Comment

August 3 & 4, 2016

Universal Health Care Foundation of Connecticut

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Universal Health Care Foundation of Connecticut is submitting public comment on the proposed rate increases for Anthem, ConnectiCare and Aetna for both on and off-marketplace individual and small employer plans.

We understand that the Connecticut Insurance Department focuses on actuarial analysis and questioning of insurer assumptions when reviewing proposed rates. We understand that the Department is required to ensure the fiscal solvency of insurers via their rates. We also understand that that rate increases, especially double-digit increases, makes purchasing a health insurance plan for consumers a financial struggle, and threatens the fiscal solvency of many households. But while insurers have other products, investments, and streams of revenue to turn to, the consumer must rely on state regulators to protect them.

The Department has shown, in the past, a willingness to reduce rate requests if the insurer cannot justify the assumptions used in actuarial analysis. We are grateful that the Department does its due diligence and ensures that rates are not any higher than required.

What concerns us most, though, is that despite factual support for rate increases, those analyses are done in a vacuum that does not consider the impact of rates on consumers. If a plan is unaffordable, a consumer simply will either not purchase or choose a low-cost, high deductible plan. A small employer may shift higher premium costs to employees.

Unaffordable health insurance is a more expensive version of being uninsured. Having a health plan satisfies the individual mandate – but utilization of that health plan may be limited by higher cost-sharing, choosing a high deductible health plan, or how increased premiums eat into dollars that could have been spent on co-pays and other co-insurance.

The bottom line is that health insurance costs are unsustainable for consumers and something has got to change. Our hope is that the Department will work with us to be part of the solution

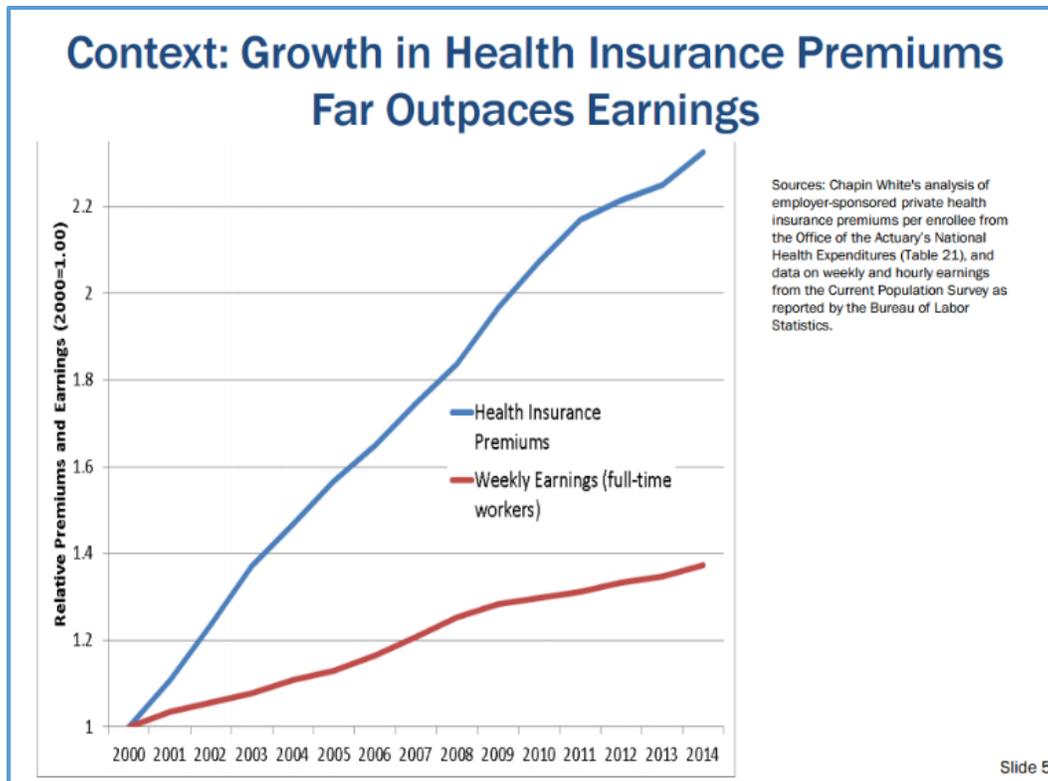
Here are a few points to consider

1. **Health care costs keep rising.** The growth in the cost of premiums dwarfs the growth of earnings since 2000 (see diagram below¹). Despite a slowdown in health care cost increases, costs are still rising, and are 17% of gross domestic product (GDP)². In the July 2016 edition of

¹ Slide 5 from “Provider Consolidation” presentation by Chapin White of the RAND Corporation, hosted by the Consumers Union Health Care Value Hub, January 2016 (URL: <http://kff.org/health-costs/poll-finding/kaiser-health-tracking-poll-july-2016/>)

² From “High Deductible Health Plans” Health Policy Brief from Health Affairs and the Robert Wood Johnson Foundation, February 4, 2016 (URL: http://www.healthaffairs.org/healthpolicybriefs/brief.php?brief_id=152)

the Kaiser Health Tracking Poll, 38% of registered voters said that health care costs are a top health issue for them³.



- The trends in high-deductible plans and increased cost-sharing are causing deferral of care, which contributes to higher health care costs down the road, and closing the door to needed care for too many.** In an effort to curb health care spending, insurers opt to offer high-deductible health plans. While these do show a reduction in cost, by lowering use of care⁴, the net effect is that members are also using less health care than they need. In a Families USA Special Report, data showed that “one quarter of health care consumers with non-group insurance still have problems affording care.”⁵
- Dwindling choice in the marketplace puts people in an even harder position.** With less choice and competition, insurers have less incentive to design and price plans that are centered on high-value care and affordability to the consumer.

For example, the exit of Healthy CT from the market, the individual exchange leaves consumers with only two choices: ConnectiCare and Anthem. On the SHOP exchange, there is no choice –

³ See Figure 7 in “Kaiser Health Tracking Poll: July 2016” by Ashley Kirzinger, Elise Sugarman & Mollyann Brodie from Kaiser Family Foundation, July 15, 2016 (URL: <http://kff.org/health-costs/poll-finding/kaiser-health-tracking-poll-july-2016/>)

⁴ From “High Deductible Health Plans” Health Policy Brief from Health Affairs and the Robert Wood Johnson Foundation, February 4, 2016 (URL: http://www.healthaffairs.org/healthpolicybriefs/brief.php?brief_id=152)

⁵ See Page 5 in “Non-Group Health Insurance: Many Insured Americans with High Out-of-Pocket Costs Forgo Needed Health Care” from Families USA, May 2015 (URL: http://familiesusa.org/sites/default/files/product_documents/ACA_HRMSurvey%20Urban-Report_final_web.pdf)

Anthem is the only insurer. **This limit in choice in the exchange markets makes the rate increase requests even more critical for consumers.**

Despite Department of Justice action to block the Anthem-Cigna merger⁶, we are also deeply concerned that this merger will only exacerbate the problem of choice and competition, pushing quality, affordable health insurance out of reach for more and more residents of the state.

4. **We come to the conclusion that affordability must become part of the Department's charge.** We need affordability standards against which rate hikes are evaluated. The Department must be charged with looking out for us all, not only the viability of the insurers.

We need only look to nearby Rhode Island, for a prime example of a state where affordability standards are a formal element of rate review. In Rhode Island, the legislature created a standalone Office of the Health Insurance Commissioner in 2004, which was essentially a legislative mandate to address affordability. In 2010, the Commissioner, through a public process, generated the first version of affordability standards, which were later refined in 2015 after assessment and evaluation of the first set of standards⁷.

We have hundreds of petition signatures to submit into the hearing record today. These consumers represent the tip of the iceberg of everyday people who need and want our state's regulators to look out for them, too.

We are in full support of the testimony provided by the Office of the Healthcare Advocate by Demian Fontanella. We exhort you to consider the questions Mr. Fontanella raises about the three insurers that are the focus of rate hike hearings today and tomorrow (Anthem, ConnectiCare, and Aetna).

The key points raised in his comment—that rising premium costs and out-of-pocket expenses for consumers makes health insurance plans both financially challenging to purchase, and then use—are critical factors to consider for the consumer. We echo and support Mr. Fontanella's request that the Connecticut Insurance Department “exercise your authority to make a meaningful impact on Connecticut's healthcare system.”⁸

⁶ See “U.S. Suing to Block Aetna-Humana and Anthem-Cigna Mergers” from the Hartford Courant by Mara Lee & Stephen Singer, July 21, 2016 (URL: <http://www.courant.com/business/hc-anthem-cigna-20160721-story.html>)

⁷ See Slides 9-30 in “Study of Cost Containment Models and Recommendations for Connecticut: Review of Rhode Island and Massachusetts” compiled by Bailit Health for the Connecticut State Health Care Cabinet Cost Containment Study, March 8, 2016 (URL: http://portal.ct.gov/Departments_and_Agencies/Office_of_the_Lieutenant_Governor/HCC/PDF_Files/HC_C_030816_Presentation/)

⁸ From the Connecticut State Office of the Healthcare Advocate Comments for 2016 Rate Review (URL: <http://www.ct.gov/cid/lib/cid/OHA-2016RateReviewTestimony.pdf>)