UNIVERSAL HEALTH CARE
Foundation of Connecticut

Health Insurance Rate Request Filings

Public Comment

Jill Zorn, Senior Policy Officer

August 15, 2022

As an organization dedicated to achieving health justice in our state, Universal Health Care Foundation of Connecticut believes that affordable access to coverage and care is essential to promote health and health equity for all.

We urge the Connecticut Insurance Department (CID) to reject any double-digit rate requests as they will force too many people to choose to go without health coverage and care. I offer our comments on behalf of the foundation as well as the 250 individuals who signed our petition demanding that CID say ENOUGH to out-of-control rate hikes.

Introduction

Almost all of the rate increases proposed by insurers for 2023 are outrageous and will clearly pose affordability challenges to many individuals, families and small businesses in Connecticut. These increases are far higher than the inflation rate, and well above wage growth.

We would also like to note that the rate review process continues to fall short. Once again, we find ourselves participating in an informational meeting, rather than a true public hearing. And CID still does not formally take consumer affordability into account when making rate decisions.

Individual market

Universal Health Care Foundation of Connecticut was an initial funder of the Connecticut Healthcare Affordability Index (CHAI). The index sets a Healthcare Spending Target: residents should not spend more than 7-11% of their income (depending on family size) in order to have affordable health care. Using that target, the CHAI shows that people who buy their coverage through the Affordable Care Act (ACA) marketplace are much more likely to face unaffordable health care than those on Medicaid or who receive coverage through their employers. Even with the expected extension of enhanced federal government subsidies, thanks to the Inflation Reduction Act, **42%** of families purchasing coverage on the exchange have coverage and care expenses above the target. And if these families have moderate or high health care needs, they face even greater affordability burdens due to above average out-of-pocket costs.

Small group market

The small group market in Connecticut appears to be in a death spiral. Employers who are trying to do the right thing by their employees are being priced out of the market. Increases of 19.6% by CIGNA and as much as 29.3% by ConnectiCare are going to mean that even more small employers will walk away. In order to pay these exorbitant increases, they will have to cut their budgets in other vital areas. Or they will choose to take an unwise financial risk with a self-funded plan or give up entirely offering a crucial benefit to their employees. Even the organization I work for, Universal Health Care Foundation of Connecticut, is facing these tough decisions.

Lack of competition
There are only two companies competing in the individual market. The small group market continues to show consolidation, too. With the departure of Harvard Pilgrim we are essentially down to four competitors: Anthem, Cigna, ConnectiCare and United Health Group/Oxford. Given that most companies are asking for double-digit increases, they don't seem to be interested in competing on price this year. Instead, it appears they lack the clout, or perhaps even the incentive to negotiate lower prices with a consolidated hospital industry and wealthy pharmaceutical corporations.

Universal strongly supports regulatory efforts to address price gouging by these other two powerful industries. Another solution, however, to decreasing competition and the insurance industry's apparent lack of negotiating power would be the introduction of a public option. This would be a particularly useful policy to implement in the small group market, where there is no federal help available to protect companies and their employees against the cost of these extreme rate hikes. Research conducted by RAND Corporation shows that a public option based on the state employee health plan would show significant savings to small businesses, nonprofit organizations and Taft Hartley funds. Yet the insurance industry continues to fight that policy, spending money on ads even when there are no legislative proposals currently on the table.

Conclusion
This is how insurers choose to spend our hard-earned premium dollars: on anti-public option campaigns. Meanwhile, these companies continue to earn huge profits, award highway robbery CEO salaries, spend money on stock buybacks, and seek to fund their financial gains with out-of-control rate increases. Something is wrong with this picture. We urge the Connecticut Insurance Department's actuaries to take out their scalpels and cut these shameful rate requests down to size.

Looking ahead to 2024, we will continue to advocate for the Connecticut General Assembly to pass legislation to require consideration of consumer affordability as part of rate review. Thanks to the CHAI and the Healthcare Spending Target, we now have tools available to help with that analysis. Future legislation should also formalize the agreement made by the previous administration to hold a true public hearing that allows a more formal role for consumers, the Healthcare Advocate and the Attorney General.