



# STATE OF CONNECTICUT

## INSURANCE DEPARTMENT

To: Mark Ojakian and Betty Jo Pakulis From: Connecticut Department of Insurance  
Subject: Analysis of President's Administrative Option

The Governor asked the Connecticut Department of Insurance for an analysis of the impact of implementing the President's administrative option for the discontinued non-compliant individual health policies.

Here are our findings:

### Analysis of Subscriber Population

There are 66,437 Connecticut subscribers with individual policies. Of these, 27,876 (42%) have chosen to maintain their policies.

36% of Connecticut's individual marketplace would not have been impacted by the President's administrative option. These policies were ACA exempt, as they had been in effect prior to March 23, 2010. Historically, those exempted policies are routinely replaced as is consistent with the long standing business judgment practices of the issuing companies. As an aside, these changes are made to improve or adjust a policy. This is not a new practice. Health insurance policies are issued for a year at a time and 35% of the people receiving replacement letters are not receiving them due to the ACA but rather, any number of business reasons. The individual health insurance policy market rolls over 100% in a three year period. To put a fine point on it, a third of the market moves to new policies every year.

The remaining policies that are "ACA Non-exempt", and theoretically could be impacted by the administrative option, had not been repriced for 2014 as they were all anticipated to be replaced by ACA compliant policies prior to the President's announcement. Where that option was made available by the companies to the policyholders, 72% had already chosen to renew their current policies. Even if the administrative option were made available to those policyholders who were either not offered the option or chose not to elect the option when offered, those renewals would not be at the 2013 rate, but would reflect the 2014 pricing which factors in changes in medical costs, experience and trends.

Those policies would need to have their rates submitted to the Department of Insurance for rate review.

These policies could experience rates that rise in a range of 15-25% or possibly higher, depending upon age, gender and geography. In a number of cases, a policy owner keeping his or her current policy would experience higher premium costs as well as much higher cost sharing for fewer benefits. Further, these policy owners, if eligible due to income, would not be able to take advantage of the Federal price subsidies that are available through policies offered by Access Health CT, Connecticut's public health insurance marketplace.

To be clear, everything stated above, relating to ACA non-exempt policies would only apply if such policies were renewed by carriers. As we know, the President's administrative option would be just that, an option. Carriers would not be required to renew these plans even if given the option.

### **Feedback from Carriers**

We have contacted a number of the carriers to learn if they would take advantage of the President's administrative option if offered to them in Connecticut. The simple answer is that they would not. Each carrier has addressed the issue of renewal differently. Some automatically renewed entire blocks of business as is, and others mapped these policy-owners into ACA compliant plans and advised them that they could look to Access Health CT to learn of their policy options and potential premium subsidies.

An additional option that carriers have offered was to permit individuals to buy or renew noncompliant plans before January. These individuals would have plans that are ACA non-exempt, but are also not fully compliant because they were issued prior to the January 1, 2014 date when the additional ACA requirements become mandatory.

As stated above, of the ACA non-exempt plans, where an option was given to renew, 72% renewed these plans. In many cases, there are still a few days for individuals to take advantage of this even without the President's administrative option.

While delaying the impact of moving to the ACA compliant plans, there are issues with this early renewal option as well. First, the plans are likely to cost more and have increased cost sharing above what the ACA would permit. And, individuals will lose all credit for deductible accumulation/satisfaction on their old policies and as of December 1, 2013, will be required to restart the deductible accumulation. This means they may not be able to receive some benefits until the deductible is satisfied again.

### **Feedback from State Legislative Leaders**

The Commissioner reached out to the Connecticut legislative leaders to share with them the information that we have gathered. These conversations have gone very well and served to clarify many of the questions around this very complicated situation.

### **Access Health CT**

We do know that Access Health CT has had an excellent launch and leads the country in its results. It has a 97% approval rating with people saying they would recommend Access Health CT to their friends and neighbors. As the Insurance Capital of the country, we are very proud of these results. Regardless of whether Connecticut adopts the President's administrative option, we believe we should continue to remind everyone in Connecticut that our choice to build a state based exchange helped us avoid the seemingly unending issues with the Federal

Exchange. When CT deals with insurance issues, we get it right. We should also continue to encourage individuals to visit the Access Health CT website or one of the new storefronts in New Britain or Hartford to learn what health insurance choices they have.

Conclusion:

In closing, we would be remiss if we did not express our view that it is imperative to continue our stable, professional and consistent regulatory environment to encourage competition and choice of carrier for Connecticut citizens.



## Connecticut Individual Health Insurance Plans

### Connecticut Individual Subscribers

Company	Total Individual Policies	ACA Exempt Plans (not impacted by President's proposal)		ACA Non-Exempt Plans (potentially impacted by President's proposal)		
		Migrating to ACA compliant plans 1/1/14 – 12/1/14	Retaining Grandfathered Plans	Early 12/1/13 Renewal		Migrating to ACA compliant plans 1/1/14 – 12/1/14
				Offered	Accepted	
Aetna	21,300	57	2,943	12,500 <i>(Members with 1/1/14 renewal dates)</i>	5,000 <i>(Members required to opt-in)</i>	13,300
Anthem	27,318	15,000	0	7,300	7,300 <i>(Automatically enrolled)</i>	5,018
ConnectiCare	7,778	0	2,292	0	300 <i>(Subscriber requested)</i>	5,186
Golden Rule (United Healthcare)	10,041	0	3,390	6,651	6,651 <i>(Automatically enrolled)</i>	0
<b>Total</b>	<b>66,437</b>	<b>15,057</b>	<b>8,625</b>	<b>26,451</b>	<b>19,251</b>	<b>23,504</b>

### Connecticut Membership (Subscribers + Dependents)

Company	Total Individual Members	ACA Exempt Plans (not impacted by President's proposal)		ACA Non-Exempt Plans (potentially impacted by President's proposal)		
		Migrating to ACA compliant plans 1/1/14 – 12/1/14	Retaining Grandfathered Plans	Early 12/1/13 Renewal		Migrating to ACA compliant plans 1/1/14 – 12/1/14
				Offered	Accepted	
Aetna	31,900	97	4,403	18,700 <i>(Members with 1/1/14 renewal dates)</i>	7,480 <i>(Members required to opt-in)</i>	19,920
Anthem	45,940	25,000	0	10,700	10,700 <i>(Automatically enrolled)</i>	10,240
ConnectiCare	12,687	0	3,736	0	510 <i>(Subscriber requested)</i>	8,441
Golden Rule (United Healthcare)	17,760	0	5,991	11,769	11,769 <i>(Automatically enrolled)</i>	0
<b>Total</b>	<b>108,287</b>	<b>25,097</b>	<b>14,130</b>	<b>41,169</b>	<b>30,459</b>	<b>38,601</b>

Based on data provided to the Insurance Department by 99% of Connecticut Individ. health plans as of 10:00 on 11-21-13