



BULLETIN HC-91
MARCH 25, 2013

TO: ALL INSURANCE COMPANIES, FRATERNAL BENEFIT SOCIETIES, HOSPITAL SERVICE CORPORATIONS, MEDICAL SERVICE CORPORATIONS AND HEALTH CARE CENTERS THAT DELIVER OR ISSUE INDIVIDUAL AND SMALL EMPLOYER GROUP HEALTH INSURANCE POLICIES IN CONNECTICUT

RE: RATING FACTORS ESTABLISHED BY CONNECTICUT FOR INDIVIDUAL AND SMALL EMPLOYER GROUP HEALTH INSURANCE POLICIES SUBJECT TO THE AFFORDABLE CARE ACT

On February 27, 2013, the Department of Health and Human Services (HHS) published the final rule, 45 CFR Parts 144, 147, 150, et al, regarding rate review under the Patient Protection and Affordable Care Act. Each state was required to submit a report to the Centers for Medicare and Medicaid Services (CMS) of rating factors to be used by the state or a request to deviate from the federal standards.

Connecticut has reported to the CMS that the state will conform to all requirements of 45 CFR §147.102 regarding allowable rating factors with the exception of geographic rating areas. The factors to be used in Connecticut for both the small and individual markets unless otherwise noted are as follows.

Geographic Area

Connecticut requested and was approved to establish 8 rating areas by county for both the individual and small group markets.

Age

Age factors should be in accordance with the uniform age rating curve established by HHS.

Gender

Gender rating will no longer be permitted.

Family

Rating for family must be in conformance with the final rule. The family rate is the sum of the rates for policyholder/employee, spouse, children aged 21 or older, and the rates for the three oldest children under age 21.

Tobacco Use

Rating for tobacco use is permissible in the individual market and may be applied at a plan level. Since tobacco use is not an allowed case characteristic in Conn. Gen. Statute §38a-567, it is not applicable in the small employer market.

Different Networks

Premiums in the individual market may reflect differentials in network costs if a carrier offers plans with different networks. Since differentials in network costs are not included as an allowed case characteristic in Conn. Gen. Statute §38a-567, such cost differentials must be spread across a carrier's entire small employer block of business.

Administrative Expenses

If Access Health CT, the state exchange, charges a user fee, that fee must be spread across a carrier's entire block of individual and/or small group business. Differentials in administrative costs other than exchange user fees may be reflected at a plan level in the individual market. Since administrative expense differentials are not an allowed case characteristic in Conn. Gen. Statute §38a-567, all administrative expenses must be spread across a carrier's entire small employer block of business.

Industry and Group Size

Industry and group size will no longer be permitted case characteristics.

Questions

Please contact the Insurance Department Life and Health Division at cid.lh@ct.gov with any questions.



Thomas B. Leonardi
Insurance Commissioner