

# **Universal Health Care Foundation of Connecticut**

## **Testimony in Opposition to**

### **Anthem Health Plans, Inc. Rate Request**

**Public Hearing July 27, 2015**

I am here today on behalf of Universal Health Care Foundation of Connecticut (UHCF). I am Lynne Ide, Director of Program & Policy. UHCF is an independent, nonprofit foundation dedicated to achieving a high quality, affordable health care system that improves health and is accessible to everyone in Connecticut. We work with a diverse array of partner organizations, as well as with individual consumers from throughout the state.

I am here to register our opposition to Anthem's proposed rate increases for individual plans, as well as raise concerns regarding the flawed rate hike hearing process.

The Foundation does not believe that the current rate hike hearing process is truly open and accessible to the people who are going to be directly impacted by the actions of Anthem and the deliberations of the Connecticut Insurance Department (CID). Most of the 34,553 Anthem individual policyholders are unable to take time off from work and/or travel to downtown Hartford for a midsummer, weekday hearing. In short, this process is decidedly not consumer-friendly. That is evidenced by who is sitting here in the room today.

I urge the Commissioner to work with advocates and other key stakeholders to design and implement a more inclusive consumer input process. It is good that insurers must notify policyholders of proposed rate increases and a small percentage of those policyholders weigh in via the online platform. But, that is **no** substitute for meaningful engagement of consumers. This process must be fixed.

Other experts will weigh in today on the actuarial underpinnings and rationale for the proposed average 4.7 percent increase of Anthem's rates. It

should be noted that the 4.7 percent average may be misleading to the public, as it masks a double digit request of 11.1 percent for one plan offered by Anthem. In short, the rate increases that Anthem is proposing deserve careful scrutiny.

Here are a few points the Foundation would like to raise:

- June 5 comments submitted to CID by the independent Wakely Consulting Group, retained by Access Health CT, stated in its overall assessment of the Anthem filing that “documentation lacked justification for many of the assumptions making it difficult to assess reasonability.” Our Foundation has no actuary on tap, but we do take notice of the following four points raised by Wakely.
- Regarding Anthem’s 7.6 trend assumption, Wakely’s comments suggested that “Anthem should provide additional justification for how the trend was developed and why a volatility assumption is needed.”
- Wakely questioned Anthem’s assumptions regarding the Grace Period Adjustment (to account for the expectation that some exchange enrollees may not pay their premium in a month but continue to receive coverage) stating that this “is not an adjustment Wakely commonly sees in other rate filings” and raised concern as to why this cost was not already captured in the base experience.
- Wakely raised a question as to why Anthem had not already included costs related to additional Essential Health Benefits in the base experience.
- Wakely raised a number of questions regarding Plan Level Factors and Calibration, which are worth noting.

In addition, on July 21 Kevin Coughlin, CEO of the Health Insurance Marketplace at CMS’s Center for Consumer Information & Insurance Oversight, communicated to the Commissioner that recent claims data show healthier consumers.

- Coughlin’s letter stated “risk pools are expected to continue to get healthier,” and that “recent data showed a continued moderate medical cost trend.”
- Coughlin’s letter stated that CMS “remains committed to the risk corridor program,” and that CMS anticipates “that risk corridor collections will be sufficient to pay for all risk corridor payments.”

Counihan urged the Commissioner to take these payments into account “before decisions are made on final rates.”

In closing, I’d like to leave you with three Anthem policyholder comments that were posted on the CID website:

- “I object to Anthem’s less than transparent filing and excessive rate increase proposal. In the letter that was mailed to subscribers it states that the rate change request was an increase of 6.7%. Well, that is incorrect since for my plan the rate increase was 9.18% (and I had to read the fine print to find it). What Anthem should have stated was that the 6.7% was an AVERAGE rate increase and they should have identified the 9.18% increase applicable to my plan. This lack of transparency makes me question everything else that was submitted, especially since it does not require one to be an actuary to state the rate increase accurately.”
- “A rate increase of 6.7% is well in excess of the rate of inflation, well ahead of wage growth, and is not accompanied by any improvement in service for the customers.”
- “Now the rate is going up. I have no source of action. There is nothing I can do but urge you not to let this increase happen.”

I urge you to put the policyholder first in your decision regarding Anthem’s rate increase request. Something has got to give – and it shouldn’t always be hard working people’s wallets.



## **TESTIMONY OF CONECT RE:**

### **ANTHEM HEALTH PLANS RATE INCREASE REQUEST FOR 2016**

Good afternoon. My name is Angela DeMello, and I am one of the three chairs of the Healthcare Team for CONECT, Congregations Organized for a New Connecticut, a multi- faith, multi-issue, non-partisan organization of 15,000 people from 27 congregations in Fairfield and New Haven counties.

Before I comment on Anthem Health Plans request for an average increase of 4.7 percent on its individual plans marketed through Access Health Connecticut, I also would like to thank, as two of my colleagues did earlier today, Insurance Commissioner Katherine Wade and State Healthcare Advocate Victoria Veltri for the agreement they reached that allows hearings such as this one today to be held.

With respect to CONECT's assessment of Anthem's proposal, our comments are based on the company's initial proposal, in which it sought an overall average rate increase of 6.7 percent, and not the revised proposal submitted more recently, in which it lowered the average increase to 4.7 percent.

We appreciate and applaud Anthem for revising its original filing. Since we do not know what changes Anthem made in its revised filing, however, we acknowledge our comments may not be as applicable to the current proposal as they would have been to the original proposal. We trust that the Department, which is aware of the details of both proposals, will judge fairly the relevancy of our remarks.

We have reviewed the comments submitted by the Wakely Consulting Group on behalf of Access Health Connecticut. Access Health retained Wakely to perform an independent review of the original Anthem rate filing.

We took note and ask you to take note as well that while, according to Wakely, Anthem provided clear and concise exhibits to support its request, the company's overall documentation "lacked justification" for many of the assumptions it made to support its request. This, Wakely said, made it difficult to assess the reasonability of Anthem's request

As one example of this difficulty, Wakely noted that, Anthem, in its original proposal, assumed an annual paid claims trend of 7.6 percent. Its exhibit with historical trend information, however, does not appear to support this assumption. Wakely recommended that Anthem provide further justification for this trend assumption. It also should explain why it included a volatility factor in its calculation, especially given the company's overall strong financial position and the fact that it already included a reasonable profit margin in its rate.

Other areas that Wakely suggested needed further justification are Anthem's morbidity assumptions, its calculations related to pent-up demand and its addition of .24 percent to its rates to account for those members who do not pay their monthly premium, but who continue to generate claims expenses.

There are also assumptions related to seasonality, federal reinsurance, risk adjustment, essential health benefits and other factors, all of which require, in Wakely's opinion, further data to justify them.

In conclusion, unless some of gaps identified by Wakely were addressed by Anthem in its revised filing, we respectfully suggest that the Department reject the company's request and ask it to resubmit its proposal with more details.

Thank you.