

# **Universal Health Care Foundation of Connecticut**

## **Testimony in Opposition to**

### **Golden Rule Insurance Company 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 Golden Rule's proposed rate increase 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 Golden Rule and the deliberations of the Connecticut Insurance Department (CID). Most of the 2,000 Golden Rule 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 18.5 percent increase of Golden Rule's

rates for off exchange policies. Here are a few points the Foundation would like to raise regarding this outrageous rate hike request:

- Golden Rule cited a number of factors contributing to the proposed double digit rate increase, including: cost-shifting from the public to private sector as rates for Medicare and Medicaid decline; impact of new technology; fees and taxes associated with the Affordable Care Act; and, more of premiums needed to cover health care costs as deductibles and co-pays remain the same. The Foundation questions the legitimacy of these factors as all insurers, such as the two others being scrutinized in today's public hearings, are dealing with the same factors. How is Golden Rule's experience of these factors so different that an 18.5 percent rate increase can be substantiated?
- Golden Rule policyholders are at a possible disadvantage, as they are in a health plan that operates outside of the state's health insurance exchange, and therefore ineligible for federal subsidies to help them afford their premiums. The CID must be vigilant in order to prevent price gouging of this small group of Golden Rule customers.

Finally, in evidence of my testimony to the inadequacy of this public hearing process and its consumer-unfriendly nature, there was only one public comment on Golden Rule's rate hike request on the CID website as of Friday, July 24. This is woefully inadequate.

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



**TESTIMONY OF CONECT RE:  
GOLDEN RULE INSURANCE COMPANY'S  
RATE INCREASE REQUEST FOR 2016**

*Albert May*

Good afternoon. My name is ~~Elizabeth Keenan~~ and with me here today is Angela DeMello. We are co-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 we comment on The Golden Rule Insurance Company's request for an average increase of 18.5 percent on its individual plans marketed outside the state's health insurance exchange, we would first like to commend Insurance Commissioner Katherine Wade and State Healthcare Advocate Victoria Veltri for the agreement they recently reached that allow hearings such as today's to be held.

While some have criticized such hearings as unnecessary and a waste of time and money, CONECT and its members believe that these hearings are essential so that consumers can offer testimony on issues such as proposed increases in the health insurance rates that so strongly impact their lives.

We appreciate the effort the Department makes to allow consumers to comment online about proposed increases.

Nothing, in our opinion, however, can equal the opportunity public hearings offer to consumers to better understand the regulatory review process with respect to health insurance rates and how the Department seeks to both ensure that rates are adequate, while protecting the interest of consumers.

Public hearings also serve an important function in allowing consumers to articulate their concerns about proposed increases, directly to those who will make the ultimate decision on what the rates will be.

We are very grateful that, through their agreement, Commissioner Wade and Healthcare Advocate Veltri recognize the importance of providing this opportunity.

Turning now to the Golden Rule request, we note that the product in question was first introduced in 2014 for coverage in 2015 and that there are now only about 2,000 policies in force in Connecticut. The company acknowledges that it has no existing financial experience for this product, because of its newest. It thus based its rate request “on the best information we have about the expected costs of these plans.”

The company said its calculations assumed a 3 percent annual trend for utilization and an annual cost trend of 4.9 percent from 2014 to 2015 and 3.8 percent for 2015 to 2016. While it cites other factors contributing to the increase it is seeking, it is hard to see how those factors, plus its trend data, lead up to what can only be called an outrageous request for an 18.5 percent increase. This request certainly would seem to qualify for a definition of “excessive,” which is one of the criteria the Department uses in determining what appropriate rates should be. Indeed, we would add the word “insulting” to our description of this request, although we know that is not one of the criteria.

Although we believe approval of this requested rate increase will only lead to a flight of customers from Golden Rule to other insurers, we nevertheless strongly recommend the Department reject this request and require the company to refile a request that is more reasonable.

Thank you for the opportunity to address you directly on this matter this afternoon. Again, we look forward to working with you in the future to ensure that both that the rates that insurers seek are adequate for the benefits offered, and that, at the same time, the needs of consumers for affordability are protected.