State of Connecticut

THOMAS R. SULLIVAN
INSURANCE COMMISSIONER
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Hartford

October 18, 2010

Mr. Jay Angoff
Director
The U.S. Department of Health & Human Services
Office of Consumer Information & Insurance Oversight
200 Independence Avenue, S.W.
Washington, DC 20201

Dear Mr. Angoff:

Thank you for your letter regarding the Connecticut Insurance Department's (the Department) recent decision to approve certain rate increases for Anthem. As the Insurance Commissioner, I take my statutory authority to regulate insurance in Connecticut very seriously and certainly want to make sure that health insurance plans are competitive and able to meet their policyholder needs for both coverage options and pricing. Therefore, all rate increases which accompany benefit filings receive a thorough actuarial analysis to determine if they are in line with the benefit changes being implemented. As a former state insurance regulator, you yourself are aware of the inescapable correlation between the benefits provided and the rates needed to cover those benefits.

I would like to take this opportunity to respectfully urge caution when comparing two health plans offering very different benefit packages. In my view, such a comparison does not address the very important point that comprehensive benefit packages cost more than those plans offering minimal coverage. Therefore, those plans with limited benefits will see a higher rate increase related to PPACA than more comprehensive plans. For example, one of Anthem's prescription drug benefits was limited to $500 per year. That limit has been raised to $750,000 to be in compliance with PPACA. This alone results in a significant increase -- nearly 23% -- to the cost of the plan.

In your letter, you referenced the $1 million premium rate review grant that was awarded by your agency to the Department. As you may be aware, the Department has not yet received the money it was awarded. As soon as the Department receives its grant money, we will immediately begin implementing the processes outlined in our grant application.

You may also be interested to know that we have begun working with State of Connecticut technology resources to permit us to post our filings on our website. In the meantime, all the filings are available in paper and electronic form and have been made available to anyone who has asked to receive a copy. We are also happy to accept comments from anyone regarding those filings, just as we received your comments.

Again, I thank you for your thoughtful letter and hope that we can work collaboratively to address the issues related to the implementation of PPACA in the best interests of consumers.

Sincerely,

Thomas R. Sullivan

Thomas R. Sullivan
Insurance Commissioner