

**PA13-149**

HB6550

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**CONNECTICUT  
GENERAL ASSEMBLY  
HOUSE**

**PROCEEDINGS  
2013**

**VOL.56  
PART 16  
5210 – 5544**

cah/cjd/lgg/cd/gbr  
HOUSE OF REPRESENTATIVES

354  
May 21, 2013

be locked. The Clerk will take a tally.

The Clerk please announce the tally.

THE CLERK:

House Bill 6373 as amended by House "A"

Total Number Voting 135

Necessary for Passage 68

Those voting Yea 132

Those voting Nay 3

Those absent and not voting 5

SPEAKER SHARKEY:

The bill, as amended, passes.

THE CLERK:

Excuse me -- absent and not voting , 15.

I'm sorry, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, Mr. Clerk.

The bill, as amended, passes.

Will the Clerk please call Calendar Number 174.

THE CLERK:

On page 6, Calendar Number 174, favorable report of the joint standing committee on Insurance and Real Estate, House Bill 6550, AN ACT CONCERNING LOSS RATIO GUARANTEES FOR INDIVIDUAL HEALTH INSURANCE POLICIES.

SPEAKER SHARKEY:

The distinguish chairman of the Insurance  
Committee -- Insurance and Real Estate Committee,  
Representative Megna.

REP. MEGNA (97th):

Thank you very much, Mr. Speaker.

Mr. Speaker, I move acceptance of the joint  
committee's favorable report and passage of the bill.

SPEAKER SHARKEY:

The question is on acceptance of the joint  
committee's favorable report and passage of the bill.

Will you remark, sir?

REP. MEGNA (97th):

Thank you, Mr. Speaker.

Mr. Speaker, This is a bill that comes to us from  
the Department of Insurance. It has to do with the  
rate approval process for individual health insurance  
policies.

According to the Department of Insurance and some  
of the other advocates, it -- it eliminates a couple  
of provisions and brings it into synch with the rate  
approval process for small group policies, as well as  
creates a consistency with the Affordable Health Care  
Act.

Currently, with the individual health policies,

the -- in the event, I think, if the commissioner does not reject rates within 30 days or deemed approved, it eliminates that; and a second provision, which is a loss ratio guarantee provision, it illuminates that. And with that, I would ask that the Chamber support the bill.

Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, sir.

Would you care to remark further on the bill?

Would you care to remark further on the bill?

Representative Sampson of the 80th District.

REP. SAMPSON (80th):

Thank you, Mr. Speaker.

I had a little trouble hearing, but I'm pretty certain that the distinguished chairman of the Insurance Committee did a good job of explaining what this particular bill does for us. It's a pretty noncontroversial bill. It makes some minor changes to how the insurance commissioner approves rates for individual health insurance policies. It passed unanimously out of the committee. It has no fiscal impact, and I would encourage my colleagues to support it.

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HOUSE OF REPRESENTATIVES

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May 21, 2013

Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, sir.

Would you care to remark further on the bill? Do you care to remark further on the bill that's before us?

If not, staff and guests to the well of the House. Members take your seats. The machine will be open.

THE CLERK:

The House of Representatives is voting by roll.

The House of Representatives is voting by roll. Will members please return to the chamber immediately.

SPEAKER SHARKEY:

Have all the members voted? Have all the members voted? Members please check the board to make sure your vote is properly cast.

And if all the members have voted, the machine will be locked and the Clerk will take a tally.

Clerk, please announce the tally.

THE CLERK:

House Bill 6550

Total Number Voting 135

Necessary for Passage 68

cah/cjd/lgg/cd/gbr  
HOUSE OF REPRESENTATIVES

358  
May 21, 2013

Those voting Yea	135
Those voting Nay	0
Those absent and not voting	15

SPEAKER SHARKEY:

The bill passes.

Will the Clerk please call Calendar Number 199.

THE CLERK:

On page 7, House Calendar 199, favorable report of the joint standing committee on Insurance and Real Estate, Substitute for House Bill 6379, AN ACT CONCERNING SURPLUS LINES INSURANCE BROKERS.

SPEAKER SHARKEY:

Representative Megna, you have the floor, sir.

REP. MEGNA (97th):

Thank you, Mr. Speaker.

Mr. Speaker, I move acceptance of the joint committee's favorable report and passage of the bill.

SPEAKER SHARKEY:

The question is on acceptance of the joint committee's favorable report and passage of the bill.

Will you remark, sir?

REP. MEGNA (97th):

Thank you, Mr. Speaker.

**STANDING  
COMMITTEE  
HEARINGS**

**INSURANCE AND  
REAL ESTATE  
PART 5  
1226 - 1532**

**2013**



*Quality is Our Bottom Line* Insurance and Real Estate Committee Public Hearing

Thursday, March 7, 2013

Connecticut Association of Health Plans

Testimony Regarding

S.B. No. 1031 AAC THE INSURANCE DEPARTMENT'S AUTHORITY TO PROTECT  
CONSUMERS

H.B. No. 6550 AAC LOSS RATIO GUARANTEES FOR INDIVIDUAL HEALTH  
INSURANCE POLICIES

S.B. No. 1028 AAC INSURANCE DEPARTMENT EXAMINATIONS OF MARKET  
CONDUCT ACTIVITY

H.B. No. 6551 AAC OWN RISK AND SOLVENCY ASSESSMENTS FOR DOMESTIC  
INSURERS

The Connecticut Association of Health Plans would respectfully like to note for the record that there are some technical issues with a couple of the Department bills listed above and we hope we can continue to work with the Department and the legislature as the bills move forward to address our concerns. At the moment, we are still in the process of reviewing the proposals and need to vet our comments with our members, but would very much appreciate the opportunity, once that process is complete, to work with any and all parties to achieve consensus.

However with respect to SB 1028 AAC Insurance Department Examinations of Market Conduct Activity, the Association must respectfully oppose the bill. Predictability of costs is critical to the stability of the insurance market. Requiring that carriers absorb undetermined expenses associated with outside consultants brought in to assist in market conduct examinations with little ability to assure that the associated costs are appropriate runs contrary to that objective. Carriers are also sensitive to the anecdotal accounts of abuse in this area that have emerged from other states across the country.

Many thanks for your consideration.



# STATE OF CONNECTICUT

INSURANCE DEPARTMENT

## Testimony

### Insurance and Real Estate Committee

March 7, 2013

#### Raised Bill 6550 An Act Concerning Loss Ratio Guarantees for Individual Health Insurance Policies

Senator Crisco, Representative Megna, and members of the Insurance and Real Estate Committee, the Insurance Department thanks the Committee for raising House Bill 6550 An Act Concerning Loss Ratio Guarantee for Individual Health Insurance Policies, at the Department's request and appreciates the opportunity to provide testimony.

House Bill 6550 amends section 38a-481 of the Connecticut General Statutes by eliminating two provisions that provide an exception to the Insurance Commissioner's authority to approve rates prior to their use in the state. The first exception allows rates in the individual market to be deemed approved if not acted upon the Insurance Commissioner within thirty days. The second exception allows a carrier to start using rates when they are filed if they file such rates with a loss ratio guarantee. If the carrier does not meet such guarantee, a rebate must be paid.

House Bill 6550 will require all individual health insurance rates to be filed with the Insurance Department for prior approval. This is an important protection for individual policyholders in the state and is more consistent with the Patient Protection and Affordable Care Act (PPACA). The Insurance Department was deemed by the Department of Health and Human Services to have an effective rate review process, and will now be able to review all individual rates to ensure they are not excessive, inadequate or unfairly discriminatory prior to their use. PPACA also has set minimum loss ratios for each market segment and carriers must pay rebates if such minimums are not met.

The Connecticut Insurance Department strongly encourages the Insurance and Real Estate Committee to act favorably on House Bill 6550. Thank you.



Office of the  
Healthcare  
Advocate

STATE OF CONNECTICUT

**Testimony of Victoria Veltri  
State Healthcare Advocate  
Before the Insurance and Real Estate Committee  
In support of HB 6550  
March 7, 2013**

Good afternoon, Representative Megna, Senator Crisco, Senator Kelly, Representative Sampson, and members of the Insurance and Real Estate Committee. For the record, I am Vicki Veltri, State Healthcare Advocate with the Office Healthcare Advocate ("OHA"). OHA is an independent state agency with a three-fold mission: assuring managed care consumers have access to medically necessary healthcare; educating consumers about their rights and responsibilities under health insurance plans; and, informing you of problems consumers are facing in accessing care and proposing solutions to those problems.

I appreciate the opportunity to support HB 6550, which eliminates the medical loss ratio (MLR) guarantee. This is a seldom utilized industry practice among Connecticut carriers, and denies consumers the opportunity for a fair rate review for policies for which a loss ratio guarantee is requested. In fact, the Connecticut Insurance Department (CID) and OHA have long agreed that this practice is inconsistent with the principles of the ACA, which requires that plans maintain reasonable medical loss ratios. HB 6550 reinforces this initiative, as it removes the statutory bar to their review of rate requests that current exists when a loss ratio guarantee is included in the filing and merely buttresses the importance of the rate review process by enabling CID to adequately review and respond to each filing and, as only one carrier has used the MLR guarantee process, will not burden insurers.

Thank you for providing me the opportunity to deliver OHA's testimony today. If you have any questions concerning my testimony, please feel free to contact me at [victoria.veltri@ct.gov](mailto:victoria.veltri@ct.gov).

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Madam President, as there's no objection I ask that it be placed on the Consent Calendar.

THE CHAIR:

Seeing no objection, so ordered, sir.

Mr. Clerk.

THE CLERK:

On page 27, Calendar Number 640, House Bill Number 6550, AN ACT CONCERNING LOSS OF RATIO GUARANTEES FOR INDIVIDUAL HEALTH INSURANCE POLICIES, Favorable report of the Committee on Insurance and Real Estate.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Thank you, Madam President.

I move for acceptance of the joint committee's favored report and passage of the bill.

THE CHAIR:

The motion on acceptance of passage. Will you remark, sir?

SENATOR CRISCO:

Thank you, Madam President.

Madam President, this bill requires that all individual health insurance rates to be filed with the insurance department for prior approval, and it eliminates the medical loss ratio guarantee.

THE CHAIR:

Will you remark?

Senator Kelly.

SENATOR KELLY:

Thank you, Madam President.

Through you to the proponent of the bill, I have a few questions.

THE CHAIR:

Please proceed, sir.

SENATOR KELLY:

Thank you.

With regards to this bill, why would we want to -- why now? What -- what precipitated this revision?

Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to Senator Kelly.

It puts us in conforming with the Affordable Health Care Act.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Thank you, Madam President.

Okay. So this is being done in conjunction with the Affordable Care Act, and under these revisions, with -  
- I'm going to say by eliminating those two exceptions, will that give the Department of Insurance greater or less review of the rate process?

Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to Senator Kelly.

It would be greater.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Thank you, Senator Crisco.

So what this in essence is going to do is it's going to give the insurance department a modicum of additional oversight with regards to the filings. And as I understand that if a -- presently if a company has -- has -- if they file and acknowledge that they have a guarantee on their loss ratio and they don't exceed it then they don't have to come for review.

And the other had to deal basically with if rates were filed and the commissioner didn't act within 30 days they would automatically be approved.

So both those two exceptions are removed, as I understand it?

Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to Senator Kelly, yes.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Okay. What is the benefit of the medical loss ratio. What's -- why is that such an important component of the Affordable Care Act?

Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, I could only respond to that is it's excelled in the utilized industry practice among Connecticut carriers. And so -- and it has denied consumers the opportunity for a fair rate review for a policy of which a loss ratio guarantee is requested.

So this -- this gives more, I believe, protection to the consumer and creates a better, more balanced playing field.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Thank you, Madam President.

As I understand the medical loss ratio and the benefit to consumers, it's because what you want to make sure happens is that as the insured pays their premium, that the lion's share of that premium is used for healthcare purposes, and that we limit the amount of administrative costs, and that's the ratio that we're looking for is that the premium dollars are going to healthcare, and not to administrative costs. Is that correct?

Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to Senator Kelly, yes.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Thank you, Madam President.

And also, as I understand that our -- our insurance department does have a long history that's been recognized by the U.S. Department of Health and Human Services as an effective rate -- or as having an effective rate review process.

And so we're recognized as an industry or a department that does a good job at rate review.

Through you, Madam President.

THE CHAIR:

Senator Crisco.

SENATOR CRISCO:

Madam President, through you to Senator Kelly.

Yes, that is correct. We have an outstanding reputation.

THE CHAIR:

Senator Kelly.

SENATOR KELLY:

Thank you, Madam President.

And thank you, Senator Crisco. I know we reviewed this through the committee process, and medical loss ratio are an important component of the Affordable Care Act.

And this bill, although it -- it may risk costing a little bit more because there is no automatic approval based on a lack of the department back within 30 days or just filing a guarantee that you will not exceed certain ratio limits, I think the protections here for the consumer are in the bill, and I stand in support of it.

Thank you.

THE CHAIR:

Thank you. Will you remark? Will you remark?

If not, Senator Crisco.

SENATOR CRISCO:

Madam President, thank you.

And I appreciate all my colleagues' input. And if there is no objection, I ask that it be placed on the Consent Calendar.

THE CHAIR:

Seeing no objection, so ordered, sir.

Mr. Clerk.

THE CLERK:

On page 17, Calendar 569, House Bill Number 6485, AN ACT CONCERNING A BARBER SHOP APPRENTICESHIP PROGRAM, Favorable report of the Committee on Public Health.

THE CHAIR:

Good afternoon.

Senator Gerratana.

SENATOR GERRATANA:

Good afternoon, Madam President.

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Calendar page 29, Calendar 653, substitute for House Bill Number 6699. And, finally, Madam President, on Calendar page 31, Calendar 664, substitute for House Bill Number 6689.

I would like to add those items to our Consent Calendar and, and now call for a, I would ask the Clerk to list all of the items on the Consent Calendar and then proceed to a vote on that first Consent Calendar.

Thank you, Madam President.

THE CHAIR:

Thank you.

Mr. Clerk.

THE CLERK:

Today's first Consent Calendar, on page 5, Calendar 341, House Bill 6364; Calendar 343, House Bill 5425; Calendar 346, House Bill 6322; Calendar 347, House Bill 6547; and on page 6, Calendar 349, House Bill 5513; page 9, Calendar 450, Senate Bill 921; on page 13, Calendar 506, House Bill 6491; Calendar 515, House Bill 6235.

On page 14, Calendar 524, House Bill 6380; on page 16, Calendar 559, House Bill 6508; page 17, Calendar 563, House Bill 5617; Calendar 569, House Bill 6485; and on page 19, Calendar 588, House Bill 6549; on page 23, Calendar 614, House Bill 6587; Calendar 616, House Bill 6678; page 25, Calendar 629, House Bill 6662; on page 26, Calendar 633, House Bill 6576; and on page 27, Calendar 640, House Bill 6550; on page 28, Calendar 650, House Bill 6659.

And on Page 29, Calendar 653, House Bill 6699; Calendar 655, House Bill 6339; page 31, Calendar 664, House Bill 6689; Calendar 665, House Bill 6355; page 34, Calendar 201, Senate Bill 911; and on page 40, Calendar 514, House Bill 5725.

THE CHAIR:

Mr. Clerk, will you call for a roll call vote on the first Consent Calendar. And the machine will be open.

THE CLERK:

Immediate roll call has been ordered in the Senate.  
Senators please return to the Chamber. Immediate roll call in the Senate on the first Consent Calendar of the day.

THE CHAIR:

Yeah, thank you. Good. There we go.

If all members have voted, all members have voted, the machine will be closed.

Mr. Clerk, will you please call the tally.

THE CLERK:

On the first Consent Calendar,

Total Number Voting 34

Necessary for Adoption 18

Those voting Yea 34

Those voting Nay 0

Those absent and not voting 2

THE CHAIR:

Consent Calendar passes.

Senator Looney.

SENATOR LOONEY:

Madam President.

THE CHAIR:

Senator Looney.