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Comments from State Comptroller Kevin Lembo

I write in opposition to the proposed health insurance rate increases for 2022. The requested rate hikes represent an unacceptable added burden for Connecticut's families and small employers and do not appear to be justified based on recent data and trends.

For thousands of Connecticut residents, health insurance is unaffordable. According to data in [a recent report](#) compiled by my office and the Office of Health Strategy, 18 percent of residents under 65 face unaffordable health care costs, even with the additional premium supports offered through the American Rescue Plan Act. If these increases go into effect, that ongoing crisis will grow to envelope more families, weakening our state's economy and placing more of our residents and businesses at risk as they are still recovering from the pandemic.

During the pandemic, many insurance corporations have reported record profits. Some executives have turned those gains into annual compensation approaching \$100 million. Meanwhile, residents have been pleading for more affordable coverage with benefits they can use to stay healthy. During the worst public health and economic crisis of our lifetimes, it is both tone deaf and irresponsible to ask the people of our state to sacrifice more to support the largesse of these corporations.

The industry also recently completed an elaborate and expensive campaign to oppose legislative efforts at reducing the cost of health care. In the process, five companies threatened the jobs of their workers and encouraged them to lobby lawmakers claiming that any reforms would make health insurance more expensive.

Less than two months after the end of the legislative session, these same companies asked regulators to help them make health insurance more expensive.

As a constitutional officer that works on both health care and economic policy, I find these rate increases harmful and egregious. As the administrator of the largest health plan in the state, I also find them completely unjustified.

The Office of the State Comptroller administers both the State Employee Health Plan and the Connecticut Partnership Plan, which offers non-state public employers the choice to buy-in to the state health plan. In our analysis and rate construction, in consultation with independent actuaries and analysts, none of the concerns cited by the insurers are projected to significantly increase costs.

While medical claims did decrease during the onset of the COVID-19 pandemic, my office is seeing patient behavior still below pre-pandemic estimates. There is no significant spike in new services in our data that would justify large rate increases to cover anticipated claims. While building rates for the Partnership Plan, actuaries incorporated projections for member services after the pandemic. Those rate adjustments for FY21-FY22 saw an average increase of 0.9 for active employees across all groups.

Behavioral health is an important, and growing, component of health coverage. In the state plans, we encourage members to utilize behavioral health services as a tool for overall wellness and to avoid more expensive — often tragic — outcomes. Utilization of behavioral health services has increased recently. However, our data shows behavioral health only accounts for approximately six percent of total medical claims. Increased utilization of these services is not at a level that would justify significant rate increases and, currently, is offset completely by reductions in inpatient and emergency room services.

Lastly, the insurers cite recent legislation as a cost driver. Due to the successful lobbying of many of these companies, the legislature did not pass meaningful laws that will impact the industry. The primary change referenced is a co-pay cap on supplies and medication to treat diabetes. While it's true that the law may result in lost profit opportunities for insurers, ensuring diabetics are properly managing their condition will produce significant cost savings now and in the future. Even one diabetic episode can result in expensive complications, and most are avoidable with proper monitoring and medication. In the plans I manage, we have introduced several programs aimed at preventing the onset of diabetes by encouraging lifestyle changes in prediabetic members and managing diabetes through chronic condition counseling and medication adherence. Our members generally have no out-of-pocket costs for insulin or corresponding supplies. An analysis done by the state plan's independent actuary, Segal, estimates that capping insulin co-pays at \$25 would, on average, increase expenses in private sector plans by 0.16 percent, a miniscule amount that should not be driving rate increases. Helping members live with their condition isn't an economic burden, it's a basic responsibility of offering health coverage.

By comparing the rationale offered for these rate increases with the data available through the state health plan, I am left to believe that these companies are either not managing their plans responsibly or they are simply gouging Connecticut consumers because they know they can. Either option is unacceptable.

I strongly encourage regulators to deny these proposed increases and instead encourage carriers to find solutions to their financial concerns that aren't exploitative against policyholders. I look forward to doing my part by continuing to pursue legislation to make health care in Connecticut affordable and accessible for all.

Sincerely,



Kevin Lembo
State Comptroller