Connecticut Association of Health Plans

Quality is Our Bottom Line

Appropriations Committee Public Hearing

General Government B Subcommittee

State Comptroller Budget

February 22, 2021

Connecticut Association of Health Plans

Testimony suggesting Review and Audit

of

The Partnership Plan

On behalf of the Connecticut Association of Health Plans, we respectfully suggest the General Government B subcommittee exercise considerable due diligence with respect to the Partnership Plan operated under the authority of the State Comptroller. Supported by data received in response to various FOI requests, it is clear that the health insurance premiums charged by the Comptroller for the Plan's municipal and other non-state public employee coverage are insufficient to support the claims incurred. As such, the agency has seen significant year-over-year deficits barely thwarted in 2020 by the COVID pandemic and the absence of elective care postponed due to cautionary measures.

According to a recent analysis by Brown & Brown, the Partnership Plan operated at a 117% Medical Loss Ratio (MLR) in January, 2020 (just before the shut-down) meaning that for every $1.00 collected in premiums $1.17 was expended. If a private insurance carrier operated at that margin, the Connecticut Department of Insurance would immediately place such company under receivership for fear they would quickly become insolvent and unable to pay the medical claims incurred by their policyholders.

The Partnership Plan incurred losses of $10.1 million in 2018 and $31.9 million in 2019. It's important to understand how those deficits were funded, where the dollars came from, and what the appropriate level of oversight should be for the Partnership Plan going forward. A full understanding of the financial implications associated with the Partnership Plan is made all that much important given the significant push this year to expand the Comptroller's authority through the initiative known as "public option." While the principals of the Partnership Plan have been rebranded as "public option," the negative outcome is likely the same. As such, the Partnership Plan should be subject to an in-depth review and analysis as well as to an independent audit.

Thank you for your consideration.

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