



July 23, 2014

Commissioner Marguerite Salazar
Colorado Division of Insurance
1560 Broadway, Suite 850
Denver, Colorado 80202

Re: Comments on CIGNA Rate Filing, CCGH-129556862

Dear Commissioner Salazar:

The Colorado Consumer Health Initiative (CCHI) has prepared the following comments on proposed individual market filing CCGH-129556862 from CIGNA Insurance Company (CIGNA). CIGNA has proposed an average increase of 6.07% that will impact 4,081 policyholders.

We have several comments regarding CIGNA's assumptions for an 8.75% increase in morbidity for their 2015 plans. We ask that the Division of Insurance require more documentation before allowing any premium increases due to morbidity projections.

Plan Selection

CIGNA has also stated that they believe that individuals with higher morbidity will select plans with lower member cost sharing. CIGNA has adjusted their overall index rate to reflect this expected increase in utilization. CCHI is concerned that the assertion that lower deductibles will induce consumers to seek more medical services constitutes double counting. Rates for higher actuarial value plans already have higher premiums to account for the lower member cost-sharing. Without conceding that plans with lower deductibles lead people to use more services, the medical trend already embedded in the rate request should account for the projected utilization increase CIGNA expects for 2015.

CSR Induced Utilization

CIGNA also assumes that individuals that qualify for cost sharing reductions will have higher utilization patterns than individuals on standard silver plans. CCHI questions whether this increase in utilization will be significant enough to justify an increase in CIGNA's morbidity calculations. Consumers at or below 250% of federal poverty level have a monthly income of approximately \$2,431.25. For low-income Coloradans, any additional expenses for health care remains a barrier to accessing care and applies downward pressure on utilization, regardless of a lower deductible.

Factors to reduce morbidity

CCHI believes there are several factors that apply downwards pressure on the morbidity of 2015 enrollees. We ask DOI to ensure that these factors were included in CIGNA's morbidity projections.

- For consumers who signed up in 2014, pent-up demand has already been satisfied. Rates should be reduced to take into account the consumers who had put off care until guaranteed issue had gone into effect and those who were able to afford access to medical treatment thanks to advanced premium tax credits.
- 2015 enrollees are likely to be in better health than 2014 enrollees. The American Academy of Actuaries stated: "In general, higher-cost individuals are more likely to enroll early during the open enrollment period and in the first year of the program. Lower-cost individuals are more likely to enroll later during the open enrollment period and perhaps in later years as the individual mandate penalty increases."¹ With the tax penalty increase to \$325 or 2% of income in 2015, we can expect more healthy young adults to be motivated to enroll. Furthermore, consumers who did not have pressing health needs and missed the first open enrollment period are more likely to be prepared to enroll this open enrollment cycle.

Overall, CIGNA has not provided adequate justification for the request for a morbidity increase for 2015 plans. The factors that CIGNA uses to project the morbidity of 2015 enrollees potentially double count enrollees utilization of health services or ignore the impacts of the ACA that will help bring healthy individuals into insurance plans. We ask the Division of Insurance to reduce CIGNA's morbidity calculations and their 2015 proposed rate.

Sincerely,

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CC: Tom Abel- Supervisor, Life, Accident and Health, Rates and Forms Section

¹ <http://www.actuary.org/content/actuaries-shed-light-2015-health-insurance-premium-changes>