



THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

OCT 06 2016

The Honorable Dannel P. Malloy
Governor of Connecticut
Hartford, Connecticut 06106

Dear Governor Malloy:

Thank you for your letter regarding the rate increases for 2017, the proposed adjustments to the permanent risk adjustment program for the 2017 and 2018 benefit years, proposed increased flexibility in the bronze plan actuarial value (AV) *de minimis* range, and Connecticut's support for flexible plan designs and innovative networks. I appreciate your commitment to the success of the Affordable Care Act and your feedback on the long-term success and stability of the individual and small group health insurance markets in the State of Connecticut and across the country.

Based on public feedback to the Risk Adjustment Methodology white paper issued on March 24, 2016, and discussed at the March 31, 2016, Risk Adjustment Methodology Meeting (see <https://www.cms.gov/CCIIO/Resources/Forms-Reports-and-Other-Resources/Downloads/RA-March-31-White-Paper-032416.pdf>), we proposed several important updates to the risk adjustment methodology in the Department of Health and Human Services' Notice of Benefit and Payment Parameters for 2018 proposed rule.¹ Among the proposed updates to the risk adjustment model, we proposed that, beginning for the 2017 benefit year, the risk adjustment model include adjustment factors for partial-year enrollees.

Further, we recently released the data submission timeline for the 2016 benefit year, which will allow issuers to have a better picture of their risk adjustment data submission for the 2016 benefit year through the use of interim risk adjustment reports, similar to those issued for the 2015 benefit year.² We believe that offering an earlier report is responsive to requests for additional information earlier in the rate setting process.

As you note, we also proposed to increase the *de minimis* range for certain bronze plans in recognition of the unique challenges that may be posed for bronze plans under future Actuarial Value (AV) Calculators. The proposal to allow for the use of an expanded bronze plan *de minimis* range requires that the bronze plan either covers and pays for at least one major service, other than preventive services, before the deductible or meets the requirements to be a high deductible health plan within the meaning of 26 U.S.C. 223(c)(2). For the bronze plans that meet either of these requirements, the proposed allowable variation in AV for such plan is -2 percentage points and +5 percentage points. The purpose of this proposal is to help ensure flexibility in bronze plan designs – particularly to permit the design of bronze plans that will


¹ Available at: <https://s3.amazonaws.com/public-inspection.federalregister.gov/2016-20896.pdf>

² https://www.regtap.info/uploads/library/DDC_2016EDGEDataSubmissionKeyMilestoneOutline_5CR_090716.pdf

satisfy AV requirements and still remain at least as generous as catastrophic plans. While we are currently soliciting comments on this proposal through the rulemaking process, we appreciate your interest in this area. Additionally, we appreciate Connecticut's willingness in working with us to promote innovative network designs and we hope to continue working with you on such innovations.

We look forward to continuing discussions about the risk adjustment program and the Connecticut insurance markets with you. If you or your staff have questions, please feel free to contact Emily Barson, Director, Office of Intergovernmental and External Affairs at (202) 690-6060.

Sincerely,



Sylvia M. Burwell