



# STATE OF CONNECTICUT

## INSURANCE DEPARTMENT

BULLETIN NUMBER HC-106  
OCTOBER 9, 2015

TO: ALL INSURANCE COMPANIES, FRATERNAL BENEFIT SOCIETIES,  
HOSPITAL SERVICE CORPORATIONS, MEDICAL SERVICE  
CORPORATIONS AND HEALTH CARE CENTERS THAT ARE LICENSED  
IN CONNECTICUT TO WRITE HEALTH INSURANCE

SUBJECT: RATE FILINGS FOR SMALL EMPLOYER PLANS

Public Act No. 15-247 revised the definition of small employer by expanding the group size from 50 to 100 to conform to the Patient and Protection Act, P.L. 111-148, as amended ("PPACA"). The passage of the Protecting Affordable Coverage for Employees (PACE) Act repeals the change from 100 to 50 effective January 1, 2016, but provides states with the flexibility to stay at 100. Conn. Gen. Stat. §38a-564 defines small employer as up to 100, but provides the Commissioner the ability to postpone the implementation of small group to 100. This bulletin serves to notify carriers that the change to the definition of small group in CGS 38a-564 as amended by Section 17 of PA 15-247 will be postponed. In order to be consistent with federal law, the small group definition will remain 1-50 and will not go to 100 effective January 1, 2016.

"Small employer" means an employer that employed an average of at least one but not more than fifty employees on business days during the preceding calendar year and employs at least one employee on the first day of the group health insurance plan year. "Small employer" does not include a sole proprietorship that employs only the sole proprietor or the spouse of such sole proprietor. The number of employees shall be determined by adding (I) the number of full-time employees for each month who work a normal work week of thirty hours or more, and (II) the number of full-time equivalent employees, calculated for each month by dividing by one hundred twenty the aggregate number of hours worked for such month by employees who work a normal work week of less than thirty hours, and averaging such total for the calendar year. If an employer was not in existence throughout the preceding calendar year, the number of employees shall be based on the average number of employees that such employer reasonably expects to employ in the current calendar year.

### **Revised Rate Filings**

In light of the recent change, carriers may modify previously approved small group rates for 2016 based on this change to the extent the revised rates would be more favorable to the marketplace. Such filings may only modify morbidity or changes based on network contracting to reflect any expected improvement. Any revised filing must be submitted no later than October

16, 2015. Carriers will have no further opportunity to modify the filing unless requested to do so by the Insurance Department.

### **Semi-Annual Filings**

Pursuant to federal guidance, small employer carriers are allowed to file rates no more often than quarterly. (See Final Rule of the Centers for Medicare & Medicaid Services, U.S. Department of Health and Human Services, 78 FR 65096, (Sec.156.80), Oct. 30, 2013.) This bulletin provides the criteria under which small employer carriers, as defined in C.G.S. 38a-564(16) amended by Public Act No. 15-247 §17, may file a semi-annual rate filing for the small employer market. Prior to this bulletin, the Insurance Department only accepted an annual filing.

- An annual filing is still due in accordance with the timeframes set each year by the Commissioner.
- A semi-annual filing must be received no later than March 1.
- No changes to the filing may be made after March 1 unless requested by the Insurance Department.
- A semi-annual filing may only change rates for the third and fourth quarters of the current calendar year.
- A semi-annual filing may only reflect changes in trend or network contracting.
- New benefit designs are not permitted to be filed mid-year.
- Pricing assumptions other than trend and network changes shall be consistent with the annual filing.
- The semi-annual rate filing shall be consistent in content and format with the requirements of the annual rate filing.

### **Questions**

Please contact the Insurance Department Life and Health Division at [cid.lh@ct.gov](mailto:cid.lh@ct.gov) with any questions.



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Katharine L. Wade  
Insurance Commissioner