

CONNECTICUT HEALTH INSURANCE EXCHANGE
d/b/a Access Health CT (the “Exchange”)

Operating Funding Authorization

38a-1083(c)(7) of Connecticut General Statutes authorizes the Exchange to “charge assessments or user fees to health carriers that are capable of offering a qualified health plan through the exchange or otherwise generate funding necessary to support the operations of the exchange.” Pursuant to this authority, the Board of Directors of the Exchange (the “Board”) adopted a policy (the “Policy”) through which the Exchange, acting through its Chief Executive Officer or another duly authorized officer, shall charge such assessments or user fees to health and dental carriers capable of offering qualified health plans through the Exchange to support the operations of the Exchange and carry out its purposes as set forth under Connecticut law. Provided any assessment or fee has been duly authorized by the Board, the Exchange shall implement the following procedure.

Procedure:

Regular assessments and fees will be determined based on the amount reasonably and prudently needed to operate the Exchange as set forth in the annual budget reviewed and approved by the Board. Such assessments and fees will be charged no less frequently than annually. Final determinations as to the terms, conditions, basis, amount, frequency, and methodology, including any modifications thereto, of any assessments or fees to be charged shall rest in the sole discretion of the Board acting in accordance with applicable law.

Assessments

Health Carriers:

Assessments for health carriers will be calculated as a percentage of earned premiums that carriers report for their individual and small group businesses for the previous calendar year on their Medical Loss Ratio Reports (the “MLR Reports”) to the Health Insurance Oversight System of the Centers for Medicare and Medicaid Services. Subject to final approval and adjustment by the Board, the assessment base for health insurance business will be the sum of small group, individual, and expatriate health insurance business reported in Section 1 on line 1.4 of the carriers’ MLR Reports.

Dental Carriers:

Subject to final approval and adjustment by the Board, assessments for carriers in the dental business only (i.e., not also in the health business) will be calculated as a percentage of earned premiums for the previous calendar year as reported in Annual Statements filed with the Connecticut Insurance Department (the “Annual Statements”) for both dental insurance products and dental maintenance organization products. Assessments for carriers in both the dental and health businesses will be calculated based on dental earned premiums included in the “Other Health” category for the previous calendar year in Section 1 on line 1.4 of the carriers’ MLR Reports. Carriers who have not specifically

reported the amount of premium dollars for dental insurance products and dental maintenance organization products attributable to Connecticut may, in a separate report and attestation to the Exchange, identify such premiums for use by the Exchange in calculating their assessment. In the absence of a timely response acceptable to the Exchange, the Exchange will base its assessment for such business for such carrier on its best available approximation or use other reasonable methodology in its sole discretion.

User Fees

User fees on health and dental carriers participating on the Exchange may be charged as a flat fee, percentage of premium for qualified plans sold on the Exchange, or based on any other per sale charge method.

Notice Date for Assessments and User Fees:

MLR Reports are filed between May 1 and June 1 annually and Annual Statements are filed March 1. As a result, the determination of the assessment rate and user fees will be completed and approved by the Board as soon as practicable after June 1.

Special Assessments

In addition to regular assessments and fees, the Exchange reserves the right to impose special assessments and fees that it determines are necessary and prudent to carry out the operations of the Exchange.

Invoicing, Payment and Collections:

Acting at the direction of the Chief Executive Officer or the Chief Financial Officer, the Exchange shall invoice carriers for assessments and fees which shall be paid within thirty (30) days from the billing date. Invoices may be delivered by physical or electronic transmission. Assessments or fees are payable by check or electronic fund transfer with payment instructions as directed by the Exchange.

If payment of an assessment or fee or any part thereof is not received by the Exchange within thirty (30) days from the billing date, the carrier shall be subject to interest from the billing date at the rate of six (6) percent simple interest on the outstanding principal balance. If payment is not received within ninety (90) days from the billing date, the Exchange shall, in addition to interest, charge a late fee of one (1) percent per month on the outstanding principal balance.

The Exchange may employ such internal or external resources as it deems necessary to enforce collection of delinquent amounts. The costs of collection shall be borne by the delinquent carrier.

The Exchange reserves the right to take such further enforcement actions as are available to it at law. The Exchange further reserves the right, acting through the Board, to settle or waive any amounts due that it deems de minimus or for other good cause.