

CONNECTICUT HEALTH INSURANCE EXCHANGE PLANNING PROJECT

Health Care Reform Disclosures – Signature Page

It was Mercer's goal is to provide objective, unbiased information for use in decision making by the Board as it relates to their Exchange planning activities. Where appropriate, Mercer provided recommendations and possible implications (pros/cons) for certain decisions understanding that each decision is fluid and one decision may alter or change the decision for another issue. Many of these decisions are complex and should be viewed in light of the entire Exchange and the welfare and benefit for all Connecticut citizens, not simply made in isolation for each task.

There remains significant uncertainty surrounding the projections and estimates made in this report due to constraints such as imperfect data, changing and or future legislation and assumption of behavior at the individual and group levels. Mercer recommends the Exchange Board understand these constraints and continue to refine the analysis during Connecticut's future planning. Mercer also encourages the State to continue to solicit input from all stakeholders in the Exchange planning.

Mercer has prepared these projections exclusively for the State, to estimate the range of the impact of federal Health Care Reform as it pertains to a state Exchange. These estimates may not be used or relied upon by any other party or for any other purpose than for which they were issued by Mercer. Mercer is not responsible for the consequences of any unauthorized use.

For our analysis, we relied on data and information provided by several carriers operating in Connecticut and other sources of data as described in this report. We have relied on these data without independent audit. Though we have reviewed the data for reasonableness and consistency, we have not audited or otherwise verified this data, and it should also be noted that our review of data may not always reveal imperfections. We have assumed that the data provided is both accurate and complete. The results of our analysis are dependent on this assumption. If this data or information is inaccurate or incomplete, our findings and conclusions may need to be revised.

In addition, the projections we show in this report are dependent upon a number of assumptions regarding the future economic environment, medical trend rates, carrier behavior, the behavior of individuals and employers in light of incentives and penalties, and a number of other factors. These assumptions are disclosed in our report and have been reviewed by the Board and its consultants. While this analysis complies with applicable Actuarial Standards of Practice and Statements of Principles, users of this analysis should recognize that our projections involve estimates of future events, and are subject to economic, statistical and other unforeseen variations from projected values. To the extent that future conditions are at variance with the assumptions we have made in developing these projections, actual results will vary from our projections, and the variance may be substantial.

Further, the estimates set forth in this report have been prepared before all regulations needed to implement the Patient Protection and Affordable Care Act (PPACA) and Health Care Education and Reconciliation Act (HCERA) have been issued, including clarifications and technical corrections, and without guidance on complex financial calculations that may be required. The State is responsible for all financial and design decisions regarding PPACA and HCERA. Such decisions should be made only after careful consideration of alternative future financial conditions and legislative scenarios, and not solely on the basis of the estimates illustrated here.

Lastly the State understands that Mercer is not engaged in the practice of law and this report, which may include commenting on legal issues or regulations, does not constitute and is not a substitute for legal advice. Accordingly, Mercer recommends that the State secure the advice of competent legal counsel with respect to any legal matters related to this report or otherwise. The information contained in this document and in any attachments is not intended by Mercer to be used, and it cannot be used, for the purpose of avoiding penalties under the Internal Revenue Code or imposed by any legislative body on the taxpayer or plan sponsor.

The financial projections contained in this report must be interpreted as estimates and are based upon the information and data available at a point in time. All estimates are subject to unforeseen and random events and, therefore, any projection must be interpreted as having a likely range of variability from the estimates provided.



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