



THE STATE OF NEW HAMPSHIRE
INSURANCE DEPARTMENT

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CONCORD, NEW HAMPSHIRE 03301

Roger A. Sevigny
Commissioner

June 4, 2013

Alexander K. Feldvebel
Deputy Commissioner

The New Hampshire Senate
State House
Concord, NH 03301

Re: HB 668 – Relative to group and individual health insurance market rules

Dear Senators:

I am writing to urge each of you to vote in favor of HB 668, a bill whose purpose is to align the market rules for New Hampshire's individual and small group health insurance markets with federal requirements that take effect January 1, 2014.¹ Last week, the Senate Commerce Committee recommended that the bill be found inexpedient to legislate. It is scheduled to come before the full Senate on June 6, 2013. HB 668 was filed at the request of the New Hampshire Insurance Department, and reflects an extensive stakeholder consultation process involving insurance carriers, agents and brokers, businesses and consumers. **Without HB 668, there will be significant disruption in the small group health insurance market in New Hampshire, including the probability of a sudden shift to pure community rating as of 2014. New Hampshire history illustrates that a dramatic shift in the market rules can create rate shock.**

Without the passage of HB 668, small group health insurance in New Hampshire will become a pure community-rated system, with no variation in premiums except for membership tier. This is because the only policies that will meet both state and federal requirements as of 2014 will be those that charge the same premium for all covered individuals, regardless of age, group size, tobacco use, or geographic location. While geographic area is a permissible rating factor under the new federal standards, it is prohibited by state law. Similarly, while age rating is permissible under both state and federal law, the two laws require the use of separate and incompatible standards. In sum, the practical effect of not passing HB 668 will be to move New Hampshire's small employer health insurance market to a very limited underwriting environment, more limited than contemplated by either the federal law or current state law (RSA chapter 420-G).

¹ The attached charts summarize the current market rules and those that will take effect on January 1, 2014 for the individual and small group markets. If you are interested in more detail, here is a link to materials the Department submitted to Senate Commerce: <http://www.nh.gov/insurance/consumers/documents/Letter05.24.13.pdf>.

Some members of the Senate Commerce Committee expressed concern that HB 668 would be inconsistent with the prohibition on a state-based exchange enacted last year. Passing HB 668 would not alter the fact that New Hampshire does not have a state-based exchange, and has no plans to develop or operate one. The same law that prohibits a state-based exchange, RSA 420-N:7, specifically authorizes state agencies to operate certain functions of a federally-facilitated exchange “to enable the continuation of traditional areas of state regulation and authority.”

Without the passage of HB 668, the Insurance Commissioner will not be able to comply with the requirement in RSA 420-N:8 that, “the commissioner shall retain authority with respect to insurance products sold in New Hampshire on the federally-facilitated exchange to the maximum extent possible by law . . .”

Passage of HB 668 is an opportunity to give clarity to New Hampshire businesses, health insurance carriers, producers and consumers, and to retain New Hampshire’s long-standing regulatory authority over health insurance rather than ceding that authority to the federal government. By contrast, not passing HB 668 would invite large scale market disruption.

Thank you for your careful consideration of this important bill.

Very truly yours,

A handwritten signature in black ink, appearing to read "RAS", with a stylized flourish at the end.

Roger A. Sevigny

Market Rules (Rating) Small Group

Pre-ACA (Current Rules)	Post ACA (New Rules)
Guaranteed Issue	Guaranteed Issue
Allowable Rating Factors <ul style="list-style-type: none"> * Attained Age <ul style="list-style-type: none"> - Age Brackets * Group Size * Industry <ul style="list-style-type: none"> - 3.5:1 limitation on above * Membership Tier 	Allowable Rating Factors <ul style="list-style-type: none"> * Attained Age <ul style="list-style-type: none"> - specified scale, 3:1 * Geographic Rating <ul style="list-style-type: none"> - specified scale * Tobacco <ul style="list-style-type: none"> - 1.5:1 * Membership Tier <ul style="list-style-type: none"> - Member Developed Rates
	Grandfathered Plans Exempt



Market Rules (Rating) Individual

Pre-ACA (Current Rules)	Post ACA (New Rules)
Not Guaranteed Issue	Guaranteed Issue
Allowable Rating Factors <ul style="list-style-type: none"> * Attained Age <ul style="list-style-type: none"> - 4:1 * Health Status <ul style="list-style-type: none"> - 1.5:1 * Tobacco <ul style="list-style-type: none"> - 1.5:1 * Membership Tier 	Allowable Rating Factors <ul style="list-style-type: none"> * Attained Age <ul style="list-style-type: none"> - specified scale, 3:1 * Geographic Rating <ul style="list-style-type: none"> - specified scale * Tobacco <ul style="list-style-type: none"> - 1.5:1 * Membership Tier <ul style="list-style-type: none"> - Member Developed Rates
	Grandfathered Plans Exempt

