



*Quality is Our Bottom Line*

**Insurance & Real Estate Committee  
Public Hearing**

**Tuesday, February 24, 2009**

6531

**Connecticut Association of Health Plans**

**Testimony regarding**

**HB 6531 AA Clarifying Postclaims Underwriting.**

The Connecticut Association of Health Plans respectfully urges the Committee's rejection of HB 6531 AA Clarifying Postclaims Underwriting.

In 2007, the legislature acted to protect consumers against inappropriate rescissions with the adoption of PA PA 07-113 AN ACT CONCERNING POSTCLAIMS UNDERWRITING.

That act prohibits health insurers from rescinding, canceling, or limiting coverage based on information a person submitted with or omitted from an insurance application if, before issuing the policy, the insurer or HMO did not perform a thorough medical underwriting process. This includes resolving all reasonable medical questions based on the written application.

However, the act allows a rescission, cancellation, or limitation based on the application when the insurance commissioner approves it. It permits the commissioner to approve the action if the enrollee, or the enrollee's representative, knew or should have known that information material to the insurer's or HMO's risk assumption was (1) false when included with the application or (2) omitted from the application. Regardless, it prohibits an insurer or HMO from rescinding, canceling, or limiting any coverage that has been effective for more than two years.

We would submit that PA 07-113 strikes the right balance between assuring that the consumer is rightly protected and that the insurer has the right to act upon the knowledge that information was falsely represented.

HB 6531 significantly alters the agreement reached two years ago and if passed will likely result in significant disruption in the individual market as well as increased costs.

We urge your rejection. Thank you for your consideration.