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*Quality is Our Bottom Line*

**Insurance Committee Public Hearing  
Thursday, February 5, 2009**

**Connecticut Association of Health Plans  
Testimony regarding**

**SB 46 AAC Transparency of Medical Loss Ratio Information.**

The Connecticut Association of Health Plans is pleased to offer testimony regarding SB 46 AAC Transparency of Medical Loss Information.

As you know, health plans are already required to report their medical loss ratio to the Department of Insurance and we support the concept of transparency in this regard.

Administrative costs are an important component of the health care delivery system and ought to be viewed as such. Disease management of chronic conditions like diabetes and/or asthma fall into the category of administrative costs, as do technology improvements that enhance the infrastructure of a health plan's administration.

Both examples, ultimately improve the delivery of health care to consumers and to providers. However, investments in these areas may require health plans to front-end the expenditures so that the results can be seen in the out-years. It is important that medical loss ratios be understood in this context. Health plans need financial flexibility in terms of developing benefit and product designs that meet the individual needs of their customers as well as the flexibility to invest in efficiencies that are aimed toward the greater good. Depending on the size of a group insured, administrative costs may vary. The larger the group, the more dispersed administrative costs may be. We hope that as the Committee continues its deliberations on bills such as SB 46 that appropriate consideration will be given to these aspects of the debate.

Many thanks.