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State of Connecticut

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**Testimony of Speaker of the House Christopher G. Donovan
To the Insurance and Real Estate Committee
in support of:**

**Senate Bill 194, AAC Rate Approvals for Individual Health Insurance Policies,
House Bill 5235, AAC Evidence of Noncoverage of Health Insurance, and
House Bill 5219, AA Extending State Continuation of Health Insurance Coverage
February 25, 2010**

Good afternoon Representative Fontana, Senator Crisco, and members of the Insurance and Real Estate Committee.

I appreciate the opportunity to express my strong support for **Senate Bill 194, An Act Concerning Rate Approvals for Individual Health Insurance Policies**, a proposal which empowers consumers and holds insurance companies accountable for premium rate hikes. As you will recall, last summer Anthem Health Plans proposed a 32% rate increase on its individual health insurance policyholders. The proposed increase affected 56,000 Connecticut residents—many of whom are self-employed, work for small businesses that can't access affordable coverage, or are already suffering from unemployment.

In the past, insurance company requests for premium increases have gone into effect after 30 days. Currently there is no requirement for a public hearing or affirmative approval of these requests by the Insurance Department. When Anthem's most recent request sparked public outcry, the Insurance Department held a public hearing and heard from consumers, legislators, the state Healthcare Advocate, and the Attorney General.

Still, the Department approved a rate hike of up to 20% for 2010—costing residents thousands of additional dollars in insurance premiums. In addition, in December the non-partisan Office of Legislative Research released a report documenting the frequency of insurance company rate requests and Insurance Department rate approvals on individual policies in the last several years. Each of the eleven most recent rate increase requests on individual policies have been approved by the Insurance Department. Eight of these proposals have been in the double-digits and nine of the requests have been approved as filed, leading many consumers and state officials to question the level of scrutiny applied by the Department in examining whether the rates are "excessive" or "unfairly discriminatory" as is required by statute.

Shocking double-digit increases have been proposed in at least a dozen states in the past year, even as insurance companies report record-breaking profits. Several of these increases were highlighted by a report released last week by the U.S. Department of Health and Human Services entitled, *Insurance*

Companies Prosper, Families Suffer: Our Broken Health Insurance System. If we do not take action to rein in health insurance companies, provide more affordable options, and protect consumers from abusive insurance company practices, families and businesses will continue to be crushed by rising health care costs. Keeping health care costs affordable will save Connecticut jobs.

As we discuss important health insurance reform proposals in Connecticut today, President Obama is convening a bipartisan summit in Washington to facilitate an open discussion on how to make our health care system work better for all Americans. I was pleased to see that the new proposal released by the White House this week included a provision establishing a Health Insurance Rate Authority to bolster state rate review efforts and monitor insurance market behavior. SB 194 offers Connecticut the opportunity to be a leader in the fight against anti-consumer and anti-small business tactics of the insurance companies.

Specifically, this legislation:

- Eliminates the Insurance Department's ability to allow rate hikes to take effect without a public hearing.
- Requires insurance companies to notify all policyholders of requests for rate increases, and the date, place, and time of the public hearing.
- Requires insurers to disclose documentation in support of rate increases for public scrutiny.
- Limits reasons for a rate increase, and the puts burden of proving that an increase is "reasonable" on the insurer.
- Empowers the Attorney General and the state Healthcare Advocate to intervene in rate cases and appeal rate decisions to the Superior Court.

I would also like to take this opportunity to express my strong support of two other measures being heard in this committee today, **House Bill 5235, *AAC Evidence of Noncoverage of Health Insurance***, and **House Bill 5219, *AA Extending State Continuation of Health Insurance Coverage***.

HB 5235 requires insurance companies to notify consumers in writing that a claim has been denied, cite the relevant provision of the insurance policy, and refer the consumer to the Office of the Healthcare Advocate for assistance with an appeal. This bill addresses one of the most egregious abuses of insurers, incorrectly denying consumers the coverage they pay for with their premium dollars. This bill arose from the experience of a member of our legislative community, but consumers across our state are victimized by similar unfair practices. This proposal will give consumers the tools they need to fight inappropriate denials of coverage and get the health care they deserve.

At a time when so many Connecticut families are experiencing job loss, HB 5219 will provide them with the option of continuing their employer sponsored health coverage under COBRA for a total of 30 months after they are laid off. Under federal COBRA law, former employees who choose to temporarily stay on their employer's group policy pay 100% of the premium cost and may stay on the policy for up to 18 months. (Recent federal legislation assists laid off employees by subsidizing 65% of their premiums for up to 15 months.) HB 5219, would simply allow Connecticut residents to retain their COBRA benefits for an additional 12 months, without a subsidy. This will allow them to take advantage of group insurance rates, while they look for employment and replacement health coverage.

I would like to commend the Insurance Committee for pursuing these and other pieces of legislation that will protect consumers and promote transparency and accountability in the health insurance market.

I urge your support for these important proposals.