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February 25, 2010

Dear Chairman Crisco and Chairman Fontana:

I am writing with regard to Senate Bill 194 Concerning Rate Approvals for Individual Health Insurance Policies. While we appreciate the bill sponsors' concern over increasing premiums in the individual market and desire, overall, to make coverage more affordable for Connecticut residents, we are concerned that, as drafted, this legislation could have significant unintended consequences for the State's individual health insurance marketplace. In its current form, the proposed legislation will make it difficult for the Insurance Department to conduct an objective, independent and fact-based analysis of rates (per current law). Moreover, while we support transparency of rates, it is difficult for individuals to assess the actuarial validity of proposed rate increases. As a result, the process contemplated by this legislation could result in the artificial suppression of rates to levels that are financially unsustainable over the long term. The unintended consequence of this legislation could be, therefore to force plans out of the market.

As you seek ways to address the issue of affordability of coverage options in the individual market, we would be pleased to work with you and members of your committee to develop a set of comprehensive insurance reforms designed to make individual coverage more affordable and accessible, regardless of health status. Such provisions include a "guaranteed issue" requirement, a prohibition on pre-existing limitations, and ban on use of health status as a rating factor, supported by a strong, enforceable individual coverage mandate. All of these provisions are included in both the U.S. House and Senate-passed versions of Federal health care reform and are broadly supported by the insurance industry.

Today, the individual health insurance market in the State of Connecticut is a vibrant, healthy market that allows residents who do not have access to employer or government-sponsored coverage to choose from a number of competing health insurance plans. This is not the case in neighboring states where legislative and regulatory action have caused carriers selling individual policies to exit the market, leaving few, if any, choices. We believe that the Insurance Department already has sufficient authority to review individual plan rates for financial adequacy and appropriateness, requiring plans to modify their rate request when the increases are deemed excessive and can disapprove rates if they fail to meet the standards for adequacy, excessiveness and/or discrimination. To date, this has served the State well and provided appropriate protection to residents in the individual market.

It is important to note that rising medical costs are the main factor driving health care premium increases. We continue to implement innovative cost containment strategies to address the issue of continually rising medical costs.

In closing, we understand the concern relative to the premium increases in the individual market. We welcome the opportunity to discuss ways in which we can work to reduce the medical costs that are driving these increases and bring more affordable health care coverage to Connecticut's residents.

Sincerely,

Jason C. Martiesian
Vice President, State Government Affairs