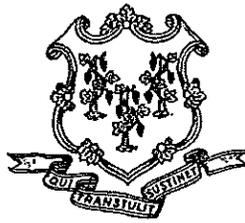


SENATOR MARTIN M. LOONEY
MAJORITY LEADER

Eleventh District
New Haven & Hamden



State of Connecticut
SENATE

State Capitol
Hartford, Connecticut 06106-1591
132 Fort Hale Road
New Haven, Connecticut 06512
Home: 203-468-8829
Capitol: 860-240-8600
Toll-free: 1-800-842-1420
www.SenatorLooney.cga.ct.gov

FTR

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Good afternoon Senator Crisco, Representative Megna and members of the Insurance and Real Estate Committee. I am here to testify in support of SB 11, *AN ACT CONCERNING THE RATE APPROVAL PROCESS FOR HEALTH INSURANCE POLICIES.*

This legislation would establish procedures for a hearing for rate or amount filings made for certain health insurance policies, and would authorize the Healthcare Advocate and the Attorney General to be a party to any such hearing. I proposed a bill similar to this one and I am pleased that the Insurance Committee has raised this important bill. Health insurance costs have risen at a higher rate than inflation for some years and it is important that the corporations that offer this insurance be required to justify their rate increases. We need to know that they are doing more than increasing corporate profits at the expense of our citizens.

The federal Affordable Care Act requires that in 2011, all insurers seeking rate increases of 10 percent or more in the individual and small group market publicly disclose the proposed increases and the justification for them. These increases will be analyzed to determine whether they are unreasonable but will not be presumed

unreasonable. After 2011, a state-specific threshold will be set for disclosure of rate increases, using data specific to that state.

Under the proposed federal regulation, states with effective rate review systems would conduct the reviews. If a state lacks the resources or authority to do thorough actuarial reviews, HHS would conduct these reviews for that state. HHS will make resources available to states to strengthen their rate review processes and will post information about the outcome of all reviews (both those conducted by the state and by HHS) for increases above 10 percent. The justification provided by insurance companies for those increases determined to be unreasonable will also be posted. In addition, the insurance plan will have to make its justification for a rate increase available on its own website.

As we go forward we must keep the federal requirements in mind; I believe that our state would benefit most if Connecticut's rate review system met the federal requirements such that Connecticut would be permitted to perform its own rate reviews rather than having the reviews done by HHS. It might be advantageous for Connecticut to create a trigger for the rate review which is compatible with the federal regulation. If this legislation needs additional limitations, it could be restricted to individual and small group plans as the larger group plans have a better negotiating position vis-à-vis the insurance companies. I look forward to working with you on this important issue. Thank you.