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Revised

Testimony of
Ray Rossomando, Legislative Coordinator
Connecticut Education Association

Before the

Insurance and Real Estate Committee

Re: <u>Senate Bill 318 AAC Health Insurance Rate Increase Requests</u>

February 8, 2011

Good morning Senator Crisco, Representative Megna, and members of the Insurance and Real Estate Committee. My name is Ray Rossomando, Legislative Coordinator for the Connecticut Education Association.

I am here to speak in favor of proposed Senate Bill 318 AAC Health Insurance Rate Increase Requests.

Proposed Bill 318 would expand the Insurance Department's authority to approve, modify or disapprove health insurance rate increase requests. CEA supports legislation that would provide the Insurance Department more tools for addressing what appears to be excessive arbitrariness of health insurance rate renewals in our state.

Two years ago, Anthem Blue Cross and Blue Shield of Connecticut drew national attention when it sought to increase premiums on individual plans by 23% to 32%. The public outcry that followed was as unsurprising as it was long-awaited. Rate renewal increases of this magnitude have become far too frequent and have extended to group plans as well. The result has been inexplicable increases with little recourse afforded to those who will bear the costs – individuals, families, and taxpayers.

Our concern is most notably on behalf of teachers who each year assume a greater share of health insurance costs with their employer. According to the Kaiser Foundation's 2009 Employer Health Benefits Survey, health insurance premiums jumped 131% in the 10 years prior – a rate that greatly outpaced inflation and was three times greater than wage increases during that period.

In a year when thousands of teachers across the state saw their salaries frozen, many also experienced double-digit increases in their insurance premiums. Last year, the Oxford Board of Education received a 37% rate increase from its then current insurer, Anthem. The Region 8 school district (Andover, Hebron, and Marlborough) was hit with a 24% increase. Darien received a rate increase of 47%. Like the other boards of education across the state, neither had much recourse.

Under the present system, when a Board of Education is faced with a rate renewal it believes is unfounded, it can do two things, neither of which is a sufficient tool to hold insurance carriers accountable to their rates. A board can shop around, but there exists little competitive pressure and few comparable plans. Also, boards can, and often do, question the validity of the rate increases. However, in doing so, they must rely on the limited information and answers provided by the insurance carrier itself – they must rely on the fox to fix the henhouse. Providing a mechanism through the Insurance Department to more fully verify rate increase requests before they are approved would help address this problem.

We support this committee's efforts to increase insurance carrier accountability and protect consumers from potentially arbitrary rate increases. As the committee discusses various strategies for expanding the Insurance Department's authority to address rate increase requests, we ask that you also consider requiring the department to hold a public hearing on any "group" or "individual" rate renewal that is in excess of 10%.

On behalf of 40,000 Connecticut teachers, I ask that the Insurance and Real Estate Committee support Proposed Bill 318. As the costs of insurance premiums outpace salary increases three to one across the nation, the public policy imperative to scrutinize rate increases is clear.

Thank you.