



## Insurance and Real Estate Committee

February 16, 2012  
American Cancer Society Testimony

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### **HB 5009 - An Act Concerning The Rate Approval Process For Certain Health Insurance Policies**

The American Cancer Society is in the business of saving lives, which means preventing cancer or finding it early, seeking new cures, and caring for those in treatment.

Throughout the health care reform legislative process, we have used the "cancer lens" to focus our efforts on achieving specific goals within the legislation. Now, after shifting to implementation of the law, we continue to use the "cancer lens" to guide all of our recommendations.

The Patient Protection and Affordable Care Act (PPACA) strengthens oversight of the health insurance industry by creating a federal-state process for the review and approval health plans' premium increases.

PPACA includes a number of provisions to strengthen the regulation of rate increases in the private health insurance market. First, and most notably, it empowers the new insurance exchanges to ban health plans that have a pattern and practice of excessive rate increases. Additionally, it requires insurance companies to submit to the Department of Health and Human Services (HHS) justification for any unreasonable increases in rates, and publicly post those justifications on their websites.

This process was intended only to provide a floor, leaving states free to enact tougher standards, making companies more accountable.

*We support HB 5009 – An Act Concerning The Rate Approval Process for Certain Health Insurance Policies.* This bill brings much needed checks and balances to the review process and if implemented will provide consumers numerous tools, transparency and oversight with which to have their voices heard during the deliberative process and stem the tide of runaway increases.

First, the bill calls for a 30-day written comment period for public input. Additionally, if the proposed increase is 10% or higher and the Attorney General or Healthcare Advocate concurs, a public symposium will be held no less than 90 days before the effective date of the proposed increase. These are both critical tools because while the legislature has already granted the Insurance Department the authority to review increases *at their*

*discretion*, HB 5013 puts in place more stringent process that lessens the likelihood of potential issues.

The rate review provisions of PPACA arose out of concern that the deregulation of rate review had gone too far. Health insurance premiums have doubled on average over the last 10 years, much faster than wages and inflation, putting coverage out of reach for millions of Americans and business owners. Companies across the country have been raising premiums by as much as 20, 30, even 50 percent, often without even a cursory review by state regulators. Here in Connecticut in 2010, Anthem received approval for a 47% increase without much in the way of oversight.

In a number of cases, subsequent independent evaluation of those rate increases found significant flaws in insurers' methodology, causing them to agree to rate reductions. For example, in February 2010, Anthem Blue Cross of California requested a 39% increase in premiums. After additional scrutiny, an independent audit found errors in Anthem's math, resulting in Anthem withdrawing its request.

PPACA requires that plans submit justifications for any unreasonable rate increases to the states and HHS, and post them on their websites. HHS is also required to make those justifications publicly available. In addition, in order to promote transparency, HHS has asked the National Association of Insurance Commissioners (NAIC) to develop a standard, consumer-friendly form that all health plans must use to justify unreasonable rate increases. Such a form will ensure the information is available to the public in a way that allows "apples-to-apples" comparisons of plans' requests to raise premiums.

State insurance regulators can play an important role in helping consumers and businesses get the best value for their health care dollars. History has shown that when state insurance departments lack authority to review and disapprove rate increases, "market competition" in most states is not enough to keep health plans from raising premiums faster than the growth of medical costs. PPACA provides states with incentives and needed financing to conduct more robust rate review and hold health plans more accountable, while still allowing them to develop even tougher standards.

HB 5009 is a positive step towards slowing down outrageous insurance cost increases that Connecticut's families simply cannot afford. We urge a favorable report out of the Insurance committee.

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