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CITIZENS FOR ECONOMIC OPPORTUNITY  
*Corporate Responsibility Campaign*

**H.B. 5009 – An Act Concerning the Rate Approval Process for Certain Health Insurance Policies**

My name is Karen Schuessler and I am the Director of Citizens for Economic Opportunity (CEO). CEO is a coalition of community and labor groups addressing health care reform and corporate responsibility.

I support H.B. 5009 but instead of symposia, I would like there to be hearings. Hearings would allow the Attorney General and the Connecticut Healthcare Advocate more enforcement authority and wider powers to get information from the insurers.

This bill will improve consumer protections for working Connecticut residents and small businesses. Public hearings would allow consumers to know why their premiums rates have increased and help to ensure that the decisions made by health insurance companies are public and justified.

This legislation is important for several reasons. Despite federal health care reform, according to the U.S. Ways and Means health subcommittee, the House subcommittee that oversees the health insurance companies, health insurance companies have reported over \$9.3 billion in profits for the first three quarters of 2010 and on average, profits have gone up 41 percent from last year.

I am delighted that the new insurance commissioner has been consumer oriented and has denied excessive rate increases. However, this legislation has nothing to do with the Insurance Commissioner currently in office. We need this law for protection in future years as no one knows who the next Governor will appoint as Insurance Commissioner and we need to ensure that Connecticut consumers are always protected and have an insurance commissioner that will crack down on unreasonably high rate increases.

Holding public hearings can be a deterrent to ensure that health insurance companies do not request unreasonable higher rates knowing they will have to be scrutinized in a public hearing to justify the rates. It is clear to me that insurance companies will continue to impose unfair rate increases on consumers unless state and federal regulators have the authority to block them. In the past year, insurance companies in Connecticut have not been requesting the excessive rate increases that they had previously been submitting and I think this is due to the agreement that was reached in the summer of 2011 with the executive and legislative branches. As many of you know, this bill was SB 11 last year which passed overwhelmingly in the House and Senate on a bi-partisan vote. After the Governor vetoed the bill, there was a public outcry and the Governor and many of you heard from thousands of residents unhappy with their skyrocketing health insurance premiums. As a result an agreement was reached

allowing up to 4 public hearings a year for rate increases of 15% or more in the individual and small group market and when the hearing is requested by the Connecticut Healthcare Advocate. However, no one seems to know when this agreement expires which is all the more reason we need rate review legislation. In addition, we recommend that when rate increases of greater than 10% are requested, a hearing be held, not the 15% threshold.

Some people have said that the medical loss ratio requirement that gives money back to consumers is the solution to the problem because policyholders will receive a rebate. This rule requires that insurance companies spend at least 80 cents of the premium dollar on medical care and quality. For employer plans covering more than 50 people, the requirement is 85 cents. Even though this rule helps give consumers a better deal and prevents insurers from wasting valuable premiums on overhead, marketing and executive bonuses, it is not the answer as some people are priced out of the market upfront and can't afford to buy health insurance coverage.

Another reason to pass this important legislation is because public hearings have no effect on the general fund since the hearings are funded by an assessment on the insurance industry, which funds the Insurance Department's budget. Taxpayers are not paying for the hearings.

This legislation will help provide greater insurance company transparency and accountability.

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