



**Insurance and Real Estate Committee
March 1, 2012
Testimony of the American Cancer Society**

Senate Bill 204 - An Act Concerning The State Medical Loss ratio

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 Affordable Care Act (ACA) includes important reforms to curb premium cost growth and to stop potential insurance company abuses. A key component of this is the Medical Loss Ratio (MLR). The MLR restricts the proportion of premium dollars insurance companies can spend on their own profits, salaries and administrative expenses. Through ACA, each licensed health insurance company must spend at least 80% of individual and small group insurance premium dollars on medical care and activities to improve health quality. If an insurer doesn’t meet that standard, it will owe rebates to its customers for the difference.

The minimum MLR is one of the most important short-term consumer protections the ACA provides. Had the provision been in effect for 2010, insurers would have had to rebate almost \$2 billion to consumers, nationwide. There is growing evidence that the MLR is in fact having a positive effect on mitigating health insurance premium increases.

The MLR is clearly an important tool for consumers.

The American Cancer Society supports S.B. 204 - An Act Concerning The State Medical Loss Ratio. SB 204 would set the state MLR at 82% for most individual and small employer group plans and would amend the factors used to calculate the MLR to provide significantly more clarity and definition, activities that improve health care quality.

The American Cancer Society strongly supports legislation that improves the affordability and availability of health care for cancer patients and we urge a Joint Favorable report on this bill.

Thank you.