

Key Stakeholder Groups Support Insurance Regulation

Businesses, Health Providers, Seniors, Consumer Advocates and Working Families strongly support Governor's Proposal to Regulate Sky-Rocketing Insurance Rate Hikes

New Yorkers strongly support restoring prior approval of insurance rate increases.

A recent statewide poll of 1,003 New York residents found that 2 in 3 New Yorkers support reinstating the power of prior approval to the Superintendent of Insurance. Intensity of support for prior approval is strongest in upstate regions.

New Yorkers support prior approval because:

- In the past ten years, health insurance premiums have increased by 92% while median worker earnings have only increased by 14%.
- Since de-regulation, insurance companies have over charged their customers in the past year by more than \$100 million.
- According to a report released by the Department of Insurance last week, statewide premiums have increased this past year on average by 17%; some people have seen their premiums go up by as much as 51%.
- Since de-regulation, more and more employers and individuals have been forced to drop coverage because of unregulated premium hikes.

New York's Experiment with the De-Regulation of the Insurance Industry Must End!

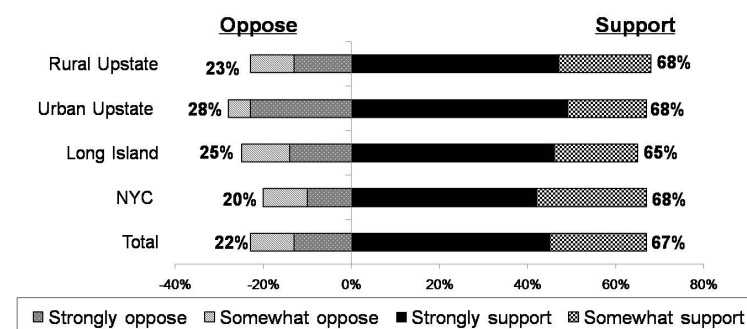
A uniquely representative group of five local chambers of commerce, health providers, an insurance company, doctors' organizations, senior groups, and consumer advocates have joined together to urge Governor and the Legislature to restore prior approval.

Our letter outlines how the Executive Budget's proposal to abolish this past decade's experiment with deregulation will achieve a better balance between regulators and the insurance industry.

A copy of our letter can be found at: www.hcfany.org or www.mssny.org.

2 in 3 New Yorkers Support Reinstatement of Prior Approval

Would you support or oppose elected officials passing a law that would give state insurance regulators the power to prevent excessive health insurance rate increases?



Source: CSS Statewide Survey, September 2009.

March 17, 2010

Honorable David Paterson
Office of the Governor
State Capitol
Albany, NY 12224

Majority Conference Leader John L. Sampson
409 Legislative Office Building
Albany, NY 12247

Assembly Speaker Sheldon Silver
932 Legislative Office Building
Albany, NY 12248

cc: Members of the New York State Senate and Assembly

Re: Support for Prior Approval of Proposed Insurance Rate Increases

Dear Governor Paterson, Senator Sampson, and Speaker Silver:

The undersigned organizations represent small business purchasers of health insurance, seniors, health care advocacy organizations, individual consumers, health care advocacy groups, an insurance company, and medical providers. We are united in our support for the proposal in the Executive Budget to reinstitute prior approval by the Insurance Department of health insurance rate increases in the community rated markets in New York.

Since the "file and use" rate system was put into full effect in 2000, we have seen insurance premium rates grow far faster than the incomes of individuals and small businesses and far faster than the general consumer price index. And in the employer-market, between 2000 and 2009, insurance premiums have increased by 92% in New York; but during the same period, median wages only increased by 14%. Such premium increases have eroded both individual and small group insurance coverage, making it difficult for: employers to keep offering coverage, for providers to keep patients, and for patients to get care the care they need.

At the same time, the current law has permitted the decline of medical loss ratios, the proportion of insurance premium dollars spent on actual health care. According to the Department of Insurance, an increasing portion of premium dollars have been diverted from care to insurance company profits, which have increased five-fold in the past decade. When premium increases have been found, on examination, to have exceeded the permissible loss ratio, refunds of excess premiums to insurance purchasers years down the road have proved to be an inadequate remedy for those who lost coverage because they could not afford the excessive premium.

The Executive Budget's proposal to abolish "file and use" rules is necessary to restore a better balance between regulators and the insurance industry. By providing for adequate notice time for proposed increases, it allows chambers of commerce and small business enough time to make their coverage decisions in a reasoned way. Real time oversight also prevents improper rate increases before they are able to do damage, making regulation meaningful. In any event, after the fact refunds and retrospective adjustments do not help those who dropped coverage because they could not afford excessive premium increases.

We endorse the prior approval provisions in the Executive Budget, and urgently ask you to do anything in your collective power to ensure its passage this year.

For more information visit www.hcfany.org