

# New Yorkers Stand Behind Prior Approval

## Strong Support for Regulating Insurance Rate Hikes

The 2010-2011 NYS Executive Budget would return the power to the NYS Insurance Department to regulate insurance rate hikes (prior approval). This means that the Superintendent of Insurance would be able to review insurance premium rate increases before they go into effect (a practice which used to effectively control health insurance premiums in NY until 1999).

## Insurance Industry Backlash

In an effort to derail the Executive Budget proposal, and maintain profits, the insurance industry has embarked on a campaign to spread misinformation regarding prior approval. One of the arguments that has been circulated states that consumers in New York—particularly in upstate areas—reject the idea of prior approval. But this simply isn't true.

## Key Stakeholder Groups Support Insurance Regulation

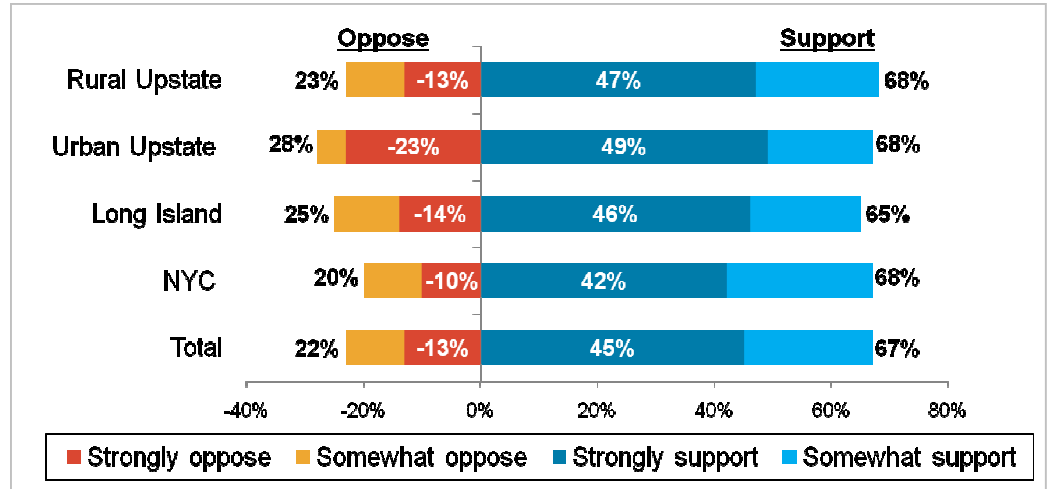
A unique coalition of more than 30 stakeholder groups—doctors, small business, advocates for the elderly and health consumers, and even one insurance company—have all joined together to express support for the Governor's proposal. (See other side.)



**The insurance industry views premium rate increases very differently than consumers.**

## 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.

## Polling Reveals New Yorkers Support for Prior Approval

In the only Statewide poll on the issue, the Community Service Society recently found that—contrary to the myths airing in expensive insurance industry TV commercials—New Yorkers support prior approval.

The Statewide poll of 1,003 New York residents on this issue found that **2 in 3 New Yorkers across the state support** for reinstating the power of prior approval to the Superintendent of Insurance. (See table above.)

The strongest intensity of support for prior approval is actually found in the Upstate regions of New York.

The poll also found that support for prior approval was strong across political parties, age, race, gender, education, and income.

Strong consumer support for prior approval is unsurprising. New Yorkers

know that under the current system of de-regulation:

- Insurance prices have skyrocketed;
- Insurance industry profits are in the billions; and, as a result,
- More and more hardworking families and small businesses are priced out of the insurance market.

Reinstating the power of approval to the Insurance Department will protect New Yorkers from unjustified rate hikes and will require insurers to spend more on care and less on profits and fear-mongering TV commercials. Prior approval will ensure that health insurance plans work for everyone—not just the industry.

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

*[Continued on reverse →]*

# Key Stakeholder Groups Support Insurance Regulation

It is not just consumers who have stood up in support of prior approval. A group of stakeholders representing a variety of different groups across the state have come together to speak out in favor of prior approval via a group letter to the New York State legislature.

The letter outlines how the Executive Budget's proposal to abolish "file and use" rules is necessary to restore a better balance between regulators and the insurance industry

Group members include:

- AARP
- Adirondack Regional Chamber of Commerce
- American Academy of Pediatrics District II, NYS
- American Cancer Society
- American Congress of Obstetricians and Gynecologists, District II (ACOG)
- Brooklyn Chamber of Commerce
- Center for the Independence of the Disabled New York
- Center for Medical Consumers
- Children's Defense Fund-New York
- Community Health Care Network
- Community Service Society
- Consumers Union of U.S., Inc. Nonprofit publisher of Consumer Reports
- Empire Justice Center
- Freelancers Insurance Company
- Fulton County Chamber of Commerce

- Institute for Puerto Rican & Hispanic Elderly
- Legal Aid Society of New York
- Make the Road New York/Small Business United for Healthcare
- Medicaid Matters New York
- Medical Society of New York State
- Metro NY Health Care for All
- New Yorkers for Accessible Health Coverage
- New York Immigration Coalition
- New York Multiple Sclerosis Coalition Action Network
- NYC Managed Care Consumer Assistance Program
- NY Public Interest Research Group

- Public Health Association of New York City
- Public Policy and Education Fund/Citizen Action of New York
- Plattsburgh-North Country Chamber of Commerce
- Raising Women's Voices for the Health Care We Need
- Rekindling Reform
- Rensselaer County Regional Chamber of Commerce
- Reproductive Health Access Project
- Small Business Majority
- WCLA - Choice Matters

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

March 17, 2010

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

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

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

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 advocates, 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 premiums dollars spent on actual health care. An increasing portion of premium dollars have been diverted from care to insurance company profits, which have been healthy even in a distressed economy. 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.

**More than 30 groups around the state have signed on to a letter sent to the New York legislature in support of reinstating prior approval.**

**Be part of the solution!**  
**Join Health Care For All New York (HCFANY) by going to:**  
**[www.hcfany.org](http://www.hcfany.org)**