

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.

Very truly yours,

Catherine Abate  
President and CEO  
Community Health Care Network

Charles Bell, Programs Director  
Consumers Union of U.S., Inc.  
Nonprofit publisher of Consumer Reports

Elisabeth Benjamin  
Vice President, Health Initiatives  
Community Service Society  
Health Care For All New York

Arnold Birenbaum, PhD  
Interim Convener  
Rekindling Reform

Vicki Breitbart  
President  
Public Health Association of NYC

Daniel Cantor  
Working Families Party of NY

Bob Cohen  
Policy Director  
Public Policy and Education Fund & Citizen  
Action of New York

Gerard L. Conway  
Executive Director  
Medical Society of New York State

Susan Dooha  
Director  
Center for the Independence of the Disabled  
New York

Garry F. Douglas  
President and CEO  
Plattsburgh-North Country Chamber of  
Commerce

Suleika Cabrera Drinane  
Executive Director and CEO  
Institute for Puerto Rican & Hispanic Elderly

Anne Erickson  
President and CEO  
Trilby deJung  
Health Law Attorney  
Empire Justice Center

William Ferris  
Legislative Director,  
New York State AARP

Mark Hannay  
MetroNY Health Care for All

Benjamin Geyerhahn  
Small Business Majority

Wally Hart  
President and CEO  
Fulton County Chamber of Commerce and  
Industry

Linda Hillman  
President and CEO  
Rensselaer County Regional Chamber of  
Commerce

Sara Horowitz  
President and CEO

Freelancers Insurance Company  
Blair Horner  
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NY Public Interest Research Group

Carl Hum  
President and CEO  
Brooklyn Chamber of Commerce

Catherine Lederer-Plaskett  
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WCLA - Choice Matters

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Arthur Aaron Levin, MPH  
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Center for Medical Consumers

Lisa Maldonado  
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Emma Jordan Simpson  
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Children's Defense Fund-New York

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Lois Uttley  
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Elie Ward  
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New York Multiple Sclerosis Coalition Action  
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