



STATE OF CONNECTICUT
NEWS RELEASE
ATTORNEY GENERAL RICHARD BLUMENTHAL
HEALTHCARE ADVOCATE KEVIN P. LEMBO

WEDNESDAY, AUGUST 12, 2009

**ATTORNEY GENERAL, HEALTHCARE ADVOCATE, INSURANCE
COMMITTEE CO-CHAIRS PROPOSE SWEEPING REFORM OF
HEALTH INSURANCE RATE HIKE APPROVAL PROCESS**

Attorney General Richard Blumenthal, Healthcare Advocate Kevin P. Lembo and Insurance and Real Estate Committee Co-chairmen state Sen. Joe Crisco, D-Woodbridge, and state Rep. Steve Fontana, D-North Haven, today proposed sweeping reform of the state approval process for individual health insurance policy rates.

Their proposal comes after the insurance commissioner approved -- over Blumenthal's and Lembo's vehement objections -- a crippling 13 to 20 percent increase for Anthem individual policyholders. The huge increase comes after significant increases last year, meaning many Anthem individual policyholders have absorbed more than a 25 percent increase in less than two years.

The proposal by Blumenthal, Lembo, Crisco and Fontana would:

- Require public hearings for all insurer-proposed rate increase requests;
- Compel insurers to notify all policyholders of rate hike applications and dates of public hearings;
- Require the Insurance Department to approve, deny or modify every application. Under current law, rate increases may go into effect without department action;
- Mandate rates be "reasonable." Current law only says they may not be "excessive";
- Presume all information submitted at a rate proceeding is public with the burden of proof on the insurer to show why it should not be disclosed.
- Empower the Attorney General's Office and the Healthcare Advocate to intervene as parties in all rate cases.

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- Empower the Attorney General's Office, the Healthcare Advocate and consumers to appeal rate decisions to Superior Court.

Crisco and Fontana pledged to introduce such legislation in the next session, while Blumenthal and Lembo promised to fight for its passage.

Blumenthal said, "We must rip open the black box and spotlight insurer profiteering. Secrecy must yield to sunlight. No facts, no evidence, no financial data justified Anthem's hugely excessive rate increase -- showing that the current system is flawed and failed. When the legislature convenes next year, many Anthem individual policyholders will have suffered 30 to 40 percent increases, costing small businesses and families hundreds more each month and making their health insurance unaffordable and inaccessible.

"We will fight for sweeping and strong reform to provide consumers powerful weapons to fight unfair rate hikes. Reform must require that regulators really regulate -- assess consumer ability to pay, hold open hearings, provide appeal rights and make rate decisions openly and accountably. Consumers must be empowered to stop chronic colossal rate hikes. Courts must stop corporate greed and excess if the insurance department fails to do so," Blumenthal added.

Lembo said, "The Anthem situation is symptomatic of the need for an overhaul in the rate review process. Why is it that people, individuals and business, have accepted increases in their insurance premiums? It's because they've had no power to change the outcome, no voice in the process. That all changes today."

Crisco said, "I'm concerned that the industry has enjoyed considerable income over the past decade and the rate increase, in my opinion, is not warranted. We should put into law requirements to give the consumer more equitable consideration. I commend the attorney general and the healthcare advocate for their leadership on this."

Fontana said, "Hard-pressed middle class families no longer can afford such stiff increases in their individual health insurance rates. I look forward to working next year with Senator Crisco, Healthcare Advocate Lembo, and Attorney General Blumenthal to create a fairer, more transparent process for setting those rates."

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