



NEW YORK STATE SENATOR

Neil D. Breslin

Senator Breslin Champions Measure To Protect New Yorkers From Out-of-Control Health Insurance Premium Rates

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(Albany, NY)-As healthcare costs skyrocket and wages remain stagnant, the Senate Democratic Majority continued its efforts on behalf of working families by passing Prior Approval legislation sponsored by Senator Neil D. Breslin (D-Delmar), Chair of the Insurance Committee, to make health insurance more affordable for individuals,

families, and small businesses.

“For too long New York families and small businesses have been faced with the nightmare of choosing between out-of-control premiums or forgoing health insurance. By restoring prior approval, we will be bringing smart and responsible regulation to the health insurance industry.” Senator Breslin said.

The “file and use” rules currently in place in New York allow insurance companies to increase premium rates by simply meeting minimal filing requirements – there’s no check or balance on the insurer until after the new, higher rate has gone into effect. The Insurance Department has the power to review rate increases after the fact, but that often means consumers can be charged high rates improperly for months or years before an improper increase is caught. Even then, insurance companies have up to 21 months after the rate increase to refund excessive premiums, meaning individuals and businesses who have been overcharged must wait up to almost two years before they get their money back.

Prior to the “file and use” era, which began in 1996, the Insurance Department forced insurance companies to reduce excessively high premiums 24-percent of the time.

Senator Breslin added, “The cost of health insurance for New Yorkers has increased at unprecedented levels in recent years. Health insurance premiums rose 81-percent between 2000-2007, while real wages only increased by 11-percent in that same time period, meaning that families and businesses across the state are spending more and more of their household budgets on health insurance. This bill would restore oversight powers to the state Insurance Department and require prior approval for any insurance company that wants to raise premiums.”

Currently, insurance companies are supposed to self-regulate themselves as they charge higher premiums, but health insurers self-report excessively high premiums – that is, premium rates that brought in more money than they are allowed to by law compared to how much money they paid out in claims – only 3-percent of the time.

By requiring prior approval, the Insurance Department will be able to use objective criteria to review premium rates before they are increased and will not have to rely on self-interested insurers to police themselves. By ensuring that rates are fair and

correct before they are increased, consumers and insurers will be able to plan for the future, ending scenarios where people drop their insurance coverage because they are being charged too much. Prior approval will end inappropriately excessive rate increases and help avoid dropped coverage and out-of-control premiums.

Nearly half of all states currently have some form of prior approval of health insurance rates.

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