



NEW YORK STATE SENATOR

Stephen M. Saland

Governor Cuomo Announces Health Insurer Rate Filings Now Available to Public

STEPHEN M. SALAND November 17, 2011

| ISSUE: **INSURANCE, HEALTH CARE**

Filings on Department of Financial Services Website

Governor Andrew M. Cuomo today announced that rate increase requests from health insurers are now available on the Department of Financial Services' website, www.dfs.ny.gov. DFS has determined that all rate increase requests should be available so that the public could comment effectively, but health insurers initially objected. Then, led by United Healthcare, the insurers dropped their objections.

Governor Cuomo said, "Rising health insurance costs hit everyone, and especially those who can least afford them. This is a great day for transparency and the public's right to know how their health insurance premiums are set."

Under a law passed in 2010, insurers are now required to seek the prior approval of the Department of Financial Services for certain health insurance rate increases for individuals, small groups and some large groups. So far, for contracts that start on or after January 1, 2012, health insurers requested weighted average increases of 12.7% and the Department granted increases of only 8.2 percent, below the expected increase in medical costs. The lower increase will save consumers more than \$400 million in 2012.

The insurers support their rate requests with substantial detailed data. Previously, those detailed filings were kept confidential.

Department of Financial Services Superintendent Benjamin Lawskey said, "The public has a right to know the basis for rising premiums. In addition, transparency and competition should help to control the increases in health premiums. I applaud the insurers decision to make these filings public."

In September, DFS determined that the filings should be disclosed so that the public can provide meaningful comments as part of the rate review process. The Department sent a letter to all of the health insurers informing them of this decision. Ten insurers and the industry trade group, the New York Health Plan Association, responded with formal objections, which are permitted by law. In October, the insurers agreed to drop their objections so the filings could be made public without going through a long legal process.

Rate applications, available at:

http://www.dfs.ny.gov/insurance/health/prior_app/prior_app.htm, contain all of the information needed to determine whether a premium increase is justified, including:

- A summary of the amount of money the insurer spent in the last two years on medical claims, which is used to project future claims expenses. Commonly referred to as "medical trend," this information is the basis of the premiums paid by policyholders.
- The actuarial memorandum, which specifies all of the actuarial assumptions used in analyzing how much medical claims are going to be in the coming year.
- The amount of administrative expenses and profits.

- A list of all benefit changes, such as copayments or drug benefits, which have been made to the policy.
- Which policies are affected by the rate increases, which geographic regions will be getting increases and the number of policyholders affected.

Only certain details of specific contracts between an insurer and hospitals or other health care providers will be considered for exclusion because other providers can use that information to demand higher payments and such information is of little value for consumers to be able to make informed comments on the rate requests.

The 2010 prior approval law, which went into effect in 2011, was passed in response to the continuing rapid rise of health insurance premiums and in the hope that transparency and review would help slow that rise. To that end, the law mandates public comment. The Cuomo Administration's position with respect to rate increase transparency is based on the need for the public's comments on rate increases to be relevant and meaningful and thus informed by the detailed information in the rate increase filings.