

Congress of the United States
Washington, DC 20515

September 22, 2010

Mr. James J. Wrynn, Superintendent
New York State Insurance Department
One Commerce Plaza
Albany, New York 12257

Dear Mr. Wrynn:

We are writing on behalf of constituents who are deeply concerned by proposals from insurance companies such as MVP to raise rates by as much as 46%. These rate increases are well in excess of the increase in medical costs. Rapid, unconstrained rate increases will damage both our economy and our public health.

We urge the Insurance Department to deny exploitative, excessive rate hikes like this. Rate review procedures should be fair, rigorous, and transparent.

In addition to our dismay with these unwarranted rate increase proposals, we have three specific concerns: 1) expedited reviews are not appropriate for rate hikes as high as 12%; 2) the overall financial position of the company or organization must be considered in rate reviews; and 3) the rate review process should be a transparent, publicly accessible process.

First, we are concerned that the New York State Department of Insurance has established an expedited review process for rate increases below 12 percent. This rate appears excessive, especially in the context of low medical inflation and recent reports of insurance profits. The national average premium increase for family plans was 3 percent, according to the Kaiser Family Foundation. Overall consumer inflation has declined recently, with the Consumer Price Index for medical services at 3.2 percent. Not only has medical inflation slackened, but there has also been recent news of rising insurance profits nationwide, including in New York State. In this economic climate, we recommend that all rate increases receive careful review.

Second, rate review must consider the overall financial condition of the company, not just the specific insurance product. Excess surpluses, profits, executive compensation, and board compensation are all relevant to any determination of whether or not a specific rate increase is fair.

Third, transparency and disclosure are important tools to empower consumers. Posting relevant information online will empower consumers and businesses to evaluate proposed rate increases. In order to maximize public understanding, information should be summarized in simple language so residents, small businesses, and consumer advocates can understand the proposed rate increases, trends, and rationales.

Small businesses are the backbone of the American economy, and we must ensure their access to high-quality, moderately-priced health insurance products.

Fortunately, existing state and federal laws provide effective tools to review rate increases and protect small businesses and individual consumers. The recent passage of New York State law authorizing the Insurance Department to review insurance rate increases provides New York residents and businesses with much-needed consumer protections. In addition to the New York State law, the Patient Protection and Affordable Care Act (PPACA) will prevent unfair rate increases by health insurance companies. By requiring insurance companies to submit justification for unreasonable rate increases, health care reform will shine a light on particularly egregious rate increases. In addition, PPACA established two funding sources to provide states with the resources that they need to carefully review rate increases. We are pleased that New York State recently received significant funding to expand its rate review process, as a result of PPACA.

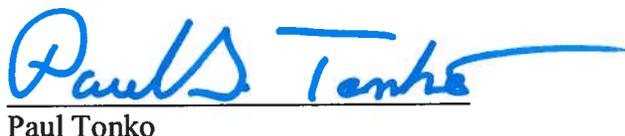
As the New York State Insurance Department considers rate reviews, consumer protection must be considered the highest priority.

Thank you for your careful consideration.

Sincerely,



Louise M. Slaughter
MEMBER OF CONGRESS



Paul Tonko
MEMBER OF CONGRESS



William Owens
MEMBER OF CONGRESS



Maurice Hinchey
MEMBER OF CONGRESS