

I am writing to you to urge that you support legislation (S.3677, Seward) that would restore to the Superintendent of Insurance the authority to set health insurance premium rates in New York State.

As you may be aware, New York managed care company profits increased 93% from 2001 to 2005, when they earned \$1.3 billion, according to a recent report. At the same time, the companies' medical loss ratios dwindled from 85.3% in 2001 to 81.7% in 2005. Yet despite generating these enormous profits, more costs are being thrust upon patients, and businesses, including physician practices, continue to sustain annual double digit increases in health insurance premiums. Moreover, reimbursement to physicians and hospitals is constrained through payor tactics to inappropriately delay and deny payment for necessary care and, in some cases, outright reductions in fees. The numbers simply do not add up.

Unfortunately, there is little government can do to address this huge imbalance because current law allows an insurance company, in most instances, to set the rates they will charge for coverage. This legislation would address this problem by restoring to the Superintendent of Insurance the authority it held prior to 2000 to approve the rates health insurance companies charge businesses and enrollees for health insurance coverage. By vesting this rate-setting authority with the Superintendent, the State Insurance Department will be in a far better position to examine the claims settlement practices and other practices of the health insurance companies to better determine why the managed care companies are able to generate such enormous profits. This will undoubtedly provide to the Superintendent greater leverage to fix unfair health insurer claims adjudication tactics. Patients, health care providers and the businesses that pay for health insurance would all benefit from this review.

For all the above reasons, I urge you to support S.3677.