

HMSA



An Independent Licensee of the Blue Cross and Blue Shield Association February 6, 2013

LATE

The Honorable Angus L. K. McKelvey, Chair
The Honorable Derek S. K. Kawakami, Vice Chair

House Committee on Consumer Protection and Commerce

Re: HB 1458 – Relating to Insurance Rates

Dear Chair McKelvey, Vice Chair Kawakami and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify on HB 1458 which establishes the Rate Adjustment Recommendation Board to provide to the Insurance Commissioner recommendations on rate adjustment filings. HMSA opposes this Bill.

The State Insurance Commissioner (Commissioner) is responsible to ensure health insurance rates are reasonable and in line with the public good. The Commissioner retains expert consulting actuaries to review rates. While we may not always agree with the decisions of the Commissioner, we believe he has been both responsible to the general public and responsive to the concerns of the plans.

The Affordable Care Act provides additional protections for the rate-paying public. This Bill fails to take into account the many federal regulations regarding health care rates which are coming online in 2014. These include measures to more strictly regulate plans and to make rating information more transparent, including:

- A completely changed rating process for small groups and individuals which will only permit plans to rate based on age and tobacco use.
- All health plans will be using the same Center for Medicare and Medicaid Services (CMS)-developed rating curve, with the rating factors published in rules and accessible to the public.
- Additional federal rate filing regulations require issuers to submit data and documentation on all rate increases, no matter how small.
- Proposed rate increases are to be simultaneously filed with the State and the federal government in a standard format. The federal government will review those filings to determine whether a proposed rate increase is “unreasonable.”
- Non-proprietary information in the filings will be posted on the CMS website.
- CMS will accept public comment on the proposed rates.

The federal government has already determined Hawaii’s rate review process as being effective. And, late last year, Hawaii was the only state in which insurers were not required to rebate premiums to rate-payers, pursuant to an ACA requirement that between 80 and 85 percent of premiums paid must go directly to paying health care costs, and not insurer administrative costs.

Given the Commissioner’s effective oversight track record and the additional stringent federal requirements, the provisions of this legislation are unwarranted. And, we ask that this Bill be filed.

Sincerely,

A handwritten signature in black ink, appearing to read "JDiesman".

Jennifer Diesman
Vice President, Government Relations