



November 2, 2011

Hon. Benjamin M. Lawskey  
Superintendent  
Department of Financial Services  
State of New York  
25 Beaver Street  
New York, NY 10004

BY ELECTRONIC MAIL

Re: Negative Impact of Prior Rate Approval on  
New York Small Group Market

Dear Superintendent Lawskey:

We write to you as officers of the **New York State Association of Health Underwriters (NYSAHU)**, the professional trade association representing health insurance brokers and employee benefits consultants that support the integration of existing public plans with market-based solutions to improve affordable and accessible health insurance plans for all.

A number of our broker members have just received notice from a major New York health carrier that the company will be pulling most of its small group plans from the New York market effective April 1, 2012.

It is our understanding that this carrier is withdrawing from the small group market due to rate request denials/reductions in the last five (5) consecutive calendar quarters by the Department via the prior approval process, without which it cannot remain financially viable in this market.

This major carrier's pending withdrawal from the small group market is nothing short of catastrophic to small employers in the state. Multiple small employers with literally tens of thousands of employees are going to be left without coverage, as there will be only 2-3 other carriers left in which brokers may try to place coverage. If the other carriers follow suit, the availability of coverage will dry up entirely.


Prior approval of health insurance premiums simply removes market competition and replaces it with government price controls, which never work. NYSAHU vociferously opposed the re-imposition of prior approval and the tightening of minimum loss ratios (MLRs) in 2009, both of which deplete needed revenues to pay health insurance claims, taxes, administrative and distribution costs, while also cutting necessary capital for business reinvestment and product innovation and curtailing policyholder services, such as wellness programs, disease management, benefits design, billing issues and claims settlements, to name but a few. Moreover, this NY Law must now be harmonized with applicable provisions of the federal Patient Protection and Affordable Care Act (PPACA).

The only way to truly reduce increases in medical trend due to overutilization of services, defensive medical tests or unnecessary procedures, expensive medical technology and prescription drugs, and medical malpractice actions and outright insurance fraud, is to directly deal with these underlying causes and not artificially suppress rates.

NYSAHU warned that prior approval and higher MLRs would inevitably cause carriers to leave the market thus reducing consumer choice. And now here we are, confronted with just such a major market contraction that will undoubtedly increase costs for consumers.

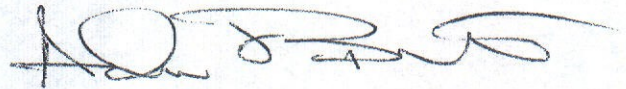
As such, we hereby request a meeting with you and your senior staff at your earliest convenience to discuss adequate responses to this devastating disruption of the New York small group market.

Sincerely,



Craig I. Hasday

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