

A Letter from Superintendent Mila Kofman

Sept. 8, 2010

I recently received hundreds of emails about the importance of holding health insurance companies accountable. The emails focused partly on non-profit “Blues” plans – Maine has not had a nonprofit Blues plan since before 2000; however, I firmly believe and am committed to making sure that for-profit and non-profit insurers in Maine keep their promises to consumers and are held accountable. Transparency and accountability have been my two top priorities since my appointment as Superintendent of Insurance in 2008.

I strongly believe that Mainers should have opportunities to influence and participate in hearings and reviews of health insurance premium rates filed for approval with the Bureau of Insurance. To make it easier for people to participate in our hearings, in 2009 and 2010 I held rate hearings in the evenings around the state. One of our rate hearings was in a legislative committee room, with live streaming so that consumers who could not attend the hearing could listen to the testimony being given.

As you know, after an extensive review, public comment sessions, and a full administrative hearing involving the Attorney General’s Office, in 2009 for Anthem Blue Cross and Blue Shield, I approved an average increase of 10.9% (not the requested 19%) – profit was not guaranteed in the approved rate. Although Anthem challenged my decision, it was upheld by the Maine Superior Court. Anthem appealed to the Law Court and we are still in litigation on that. The decisions and other information about the 2009 rate filing are available at http://www.maine.gov/pfr/insurance/bluecross_anthem/2009_rate_filing/ins-09-1000_rate_filing_press_packet.htm.

In addition, I have been committed to improving consumer participation in rate review hearings. Part of the \$1 million grant we recently received from U.S. HHS for enhanced rate reviews will help fund greater consumer participation in rate hearings. A portion of the funding will be made available through grants to qualified consumer groups to participate in rate hearings, including providing funds to pay for actuarial and legal expertise.

We have a long history and commitment to transparency. Rule 945 requires Maine Insurers to provide financial information annually to the Bureau of Insurance. These reports include the number of people enrolled, premiums (how much money was collected), claims (how much money was paid to healthcare providers), administrative expenses (how much money was spent on administration), and underwriting gain or loss (how much money was left). You can find this information on our website:

http://www.maine.gov/pfr/insurance/consumer/financial_results_health_insurers.htm. You can also find our report on the health insurance market in Maine, which includes information about profits, market share, and consumer protections:
http://www.maine.gov/pfr/insurance/reports/BOIHealth_Insurance_report2-12-2010finalFSI.htm.

I am fully committed to holding insurers accountable and making sure that promises are kept to insurance consumers. I have prioritized limited resources to focus on market conduct

examinations and enforcement activities. This helps us find problems early and hold violators accountable.

In addition to transparency in rate review and accountability on the part of insurance companies, I have been working diligently at the NAIC on the definition of medical loss ratio. It is vital that we preserve a meaningful definition of “health care expenses,” and I have made every effort to ensure that overhead and administrative expenses are properly classified. I have already expressed to my colleagues that I cannot support a broad definition of MLR that is unfair to consumers.

The Bureau of Insurance will continue to closely scrutinize requests for rate increases to be sure they are in compliance with Maine law. We are also preparing to fully enforce the new federal standards. We invite any consumer who has questions or concerns to contact the Bureau.