

COMMISSIONER OF SECURITIES & INSURANCE

MONICA J. LINDEEN
COMMISSIONER



OFFICE OF THE MONTANA
STATE AUDITOR

REPORT 3
DATE 1/18/2011
HB HB 105

TO: Chairwoman Arntzen and Members of the House Business and Labor Committee

FROM: Montana Commissioner of Securities and Insurance *Monica J. Lindeen*
Monica J. Lindeen

DATE: January 18, 2011

RE: HB 105, Provide Insurance Commissioner authority to review health insurance premiums

Thank you for your consideration of HB 105, which gives the Montana Insurance Commissioner the authority to review health insurance premium rates. Since I took office in 2009, I have been frustrated by the fact that Montana is one of three states in the country where the Insurance Commissioner does not review premium rates for health insurance. Ensuring Montana families and small businesses are not being overcharged for premiums cannot be accomplished without authority to review the rates and it doesn't make sense that consumers in 47 other states have that protection while we do not.

I would like to share with you some statistics that I have found during my research on this topic. First, in Montana our health insurance premiums make up 17% of our income. Second, health insurance costs are rising over five times faster than inflation or wage increases. I understand that health care costs continue to rise and I am committed to working on solutions to bring those costs down. In the interim, we can gain a better understanding of all of the costs and how they affect each other by having companies file their rates with my office.

In the fall of last year, I began working on a bill that would give my office the ability to review and disapprove rate increases that are unreasonable. Since then, I determined that having a lower-level of rate authority will benefit all the stakeholders. I am not asking for insurance companies to be burdened, but I do believe transparency of something that costs \$.17 of every dollar of our wages is necessary.

I also want to address concerns that this bill will be a burden on my staff. We currently review the rates of other lines of insurance in my office. I have two full-time actuaries on staff who are able to review rates in a timely manner. I have contracted with an actuary, using federal grant money, to get my office up to speed on health premium trend data in order to ensure we are meeting federal standards for reporting rates.

HB 105 is a reasonable proposal that will put Montana families and small businesses on an equal playing field with the rest of the country when shopping for insurance. With passage, employers will understand where their premium dollars are going.