



September 14, 2010

President Barack Obama
The White House
1600 Pennsylvania Avenue NW
Washington, D.C. 20500

Dear President Obama:

The health insurance industry is playing a dangerous game of politics with Americans' lives. The industry is blaming a fresh round of indefensible premium increases on federal health reform in a cynical attempt to swing the balance of power in the mid-term election toward the GOP. The industry shows no regard at all for the consequence of putting insurance out of reach of millions more people, which is why you must act now to rein in the insurance companies using the powers that you have.

First, you should act to make pending federal regulations tougher to ensure review of any questionable rate increase.

Second, you must use the full power of your office to advocate for tough "prior approval" insurance regulation systems and, if Congress will not listen, take your case to the states, including the use of the ballot measure processes in twenty-four states and the District of Columbia.

If these unjustified rate hikes go unchallenged by you, insurers will strengthen those who would repeal health reform, and your reforms will slowly self-destruct as consumers and employers are forced to drop insurance they can no longer afford.

Insurers' unconscionable bullying tactics are the predictable result of a law that will require all Americans to purchase health insurance by 2014, but fails to regulate what health insurers can charge. While Congress failed to regulate rates under federal health care reform, you cannot ignore the crisis Americans face now.

You can make the power of federal regulation as strong as possible.

Under the Affordable Care Act, HHS may review "unreasonable" premium increases, and insurance companies must publicly justify any unreasonable increase. In order for these requirements to be effective:

- HHS regulations must define "unreasonable" in a way that allows for the broadest possible review of rates, and ensure full public disclosure of the justifications insurers file for unreasonable increases.

- Insurer disclosures must include robust data for rate reviews to shine new light on questionable rate hikes; otherwise the industry will just gain another way to obscure data and mislead the public.
- HHS should address the need for strengthening state regulation in the second round of rate review grants. Additional funds should be limited to states that demonstrate concrete movement toward prior approval premium regulation, where regulators must approve rate increases before they take effect.
- A state's promise of increased "review" and transparency is not enough if the insurance commissioner does not have authority to reject excessive, even unjustified, rates.

Support prior-approval premium regulation, even if takes going to state ballot measure processes.

A true "zero tolerance" policy for health insurers' scare tactics and misinformation will ultimately require that regulators have full authority to modify or deny rate hikes through prior approval rate regulation. If Congress and state legislators fail to act, a ballot option remains in 24 states and the District of Columbia. Your leadership on state ballot measures will not only let the public know you are fighting for affordable insurance in every venue possible but bring crucial resources to these fights.

California's landmark insurance regulation for property and casualty insurance, known as Proposition 103, is a model for national health reform. According to a 2008 analysis by the Consumer Federation of America, the law has saved drivers \$62 billion since it was enacted in 1988.

Prior to raising rates, auto insurance companies in California must justify their data and get rates approved by the elected insurance commissioner. Any member of the public has the right to object to unreasonable increases and demand hearings on those objections. The law was approved by voters when state legislators, in thrall to the insurance industry, failed to act.

Proposition 103 can be the model for a state-by-state campaign to enact prior approval regulation of health insurance rates. Consumer Watchdog's founder Harvey Rosenfield authored the landmark reform in 1988 and we stand ready to assist you in any way possible. We offer our assistance and experience from more than 20 years of successfully enacting and defending rate regulation of other insurance lines.

Insurance companies are willing to play dirty on every front in health reform, putting millions of lives at risk. Their actions are full proof of the need for the strongest rate regulation possible and, ultimately, a public option to the private market which can be enacted on the state level and at the ballot box. You have the power to make it happen if you and your strongest surrogates step outside Washington and bring the fight directly to the public.

Think of the power your voice could bring to this fight against an industry no more beloved than used car salesmen. You must not allow it to burnish its own image at your expense and that of a beleaguered public that cannot afford higher premiums of any kind.

Sincerely,



Jamie Court



Carmen Balber



Judy Dugan