

Testimony On Behalf of S. 475,
“An Act Relative to Promoting the Efficient Use of Health Care Revenues”

League of Women Voters of Massachusetts

Testimony for Public Hearing

June 24, 2009

By, Judith Deutsch, LWVMA healthcare specialist

For the sake of the physical health of the people of Massachusetts and the financial health of the Commonwealth, The League of Women Voters of Massachusetts urges you to support this bill.

It seeks to set minimum care ratios (the percentage of premium dollars diverted from actual health care as opposed to administrative costs) of 85% or 90%, depending upon the number of Massachusetts residents insured by the carrier.

A study completed by Senator Jehlen’s office has estimated that the implementation of this bill will generate \$400,000,000 of savings for Massachusetts residents and businesses.

Medicare operates at a care ratio of more than 95%, Harvard Pilgrim operates at a care ratio of 90%, and insurance carriers often operate at a care ratio of 60% to 50%.

It is unfair to the people of the Commonwealth to have so many of their health insurance dollars diverted from actual health care into health insurers’ administrative expenses (including marketing, advertising, huge CEO salary packages, and the costs of denying even the coverage included in their policies).

The costs incurred by the Insurance Commissioner for auditing the books of the insurance companies will be paid, on a *pro rata* basis by each insurance company that has done business in the Commonwealth for at least five years. Known violators of this bill will be punished by imprisonment of not more than five years or by a fine of not more than 25% of the violating insurance carrier’s Massachusetts-associated revenues.

Thank you for your consideration of the above points, and we hope that you will do what you can to get this bill passed and implemented.