

**Illinois House Health Insurance Subcommittee:
Subject-Matter Hearing on HB 815 - Freedom from Aggressive Insurance Increases
Review Act (FAIR Act)**

February 26, 2019

Good afternoon. My name is Nadeen Israel. I am the Director of Policy at the AIDS Foundation of Chicago, an organization committed to mobilizing communities in the pursuit of equity and justice for people living with and vulnerable to HIV or other chronic conditions.

I am submitting this written testimony on behalf of The AIDS Foundation of Chicago (AFC) in **strong support of HB 815**, the Freedom from Aggressive Insurance Increases Review Act. This bill establishes an independent board that reviews rates and rate schedules used in health benefit plans sold in Illinois. The AIDS Foundation of Chicago urges the House Health Insurance Subcommittee to take swift action in support of this bill as soon as possible.

Illinois is overdue for strong consumer protections against unreasonable insurance prices. Currently, we are in the small minority of states that still rely on a file-and-use system of rate review to curb rising costs. Each year, carriers merely inform state officials of the rate increases they intend to implement in the upcoming year. These rates are “filed and used,” and state officials lack the authority to reject unfair or unjustified insurance rates.

HB 815 aligns Illinois with at least 37 other states that use a prior approval system.ⁱ The bill would give an independent board authority to reject an insurer’s proposed rate if the rate was found to be inadequate, excessive, or unfairly discriminatory.ⁱⁱ The bill also requires the public disclosure of rate filings and strengthens public engagement in the rate review process. This approval system, with other state consumer protections, can lower premium rate changes and save consumers millions of dollars in proposed rate increases.ⁱⁱⁱ These cost savings can help people living with HIV and other chronic conditions afford the cost of insurance and the treatment and services they need to lead healthy lives.

The Freedom from Aggressive Insurance Increases Review Act brings Illinois into the majority of states that have moved beyond rubber-stamping insurer rate increases, strengthens consumer protections and promotes transparency through public accountability. With HB 815, the state legislature has an opportunity to implement effective health policy and help state residents save millions in health insurance costs.

Thank you for the opportunity to share our support of this bill. The AIDS Foundation of Chicago looks forward to working with all of you to improve our state’s rate setting process and to ensure Illinois consumers are adequately protected.

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ⁱ DENA MENDELSON, CONSUMER REPORTS, 50 STATE OVERVIEW: STATUTES, TYPE OF RATE REVIEW AND PUBLIC PARTICIPATION (2014), <https://advocacy.consumerreports.org/research/50-state-overview-statutes-type-of-rate-review-and-public-participation/>.

ⁱⁱ See, e.g., NEV. REV. STAT. ANN. § 686B.010 (West 2016); IND. CODE ANN. § 27-13-20-1 (West 2017); CONN. GEN. STAT. ANN. § 38a-183 (a)(1) (West 2015).

ⁱⁱⁱ Pinar Karaca-Mandic, et al., *States with Stronger Health Insurance Rate Review Authority Experienced Lower Premiums in the Individual Market in 2010-13*, 34 HEALTH AFF. 1358, 1358 (2015) (finding that premium rate changes in prior-approval states that also implement medical loss ratio requirements were 9.7 percentage points less than changes in file-and-use states). Press Release, New York Department of Financial Services, DFS Takes Action to Ensure a Continued Healthy and Competitive 2019 New York Health Insurance Market Despite Continued Wrongful Federal Attacks on the Affordable Care Act, (Aug. 3, 2018), <https://www.dfs.ny.gov/about/press/pr1808031.htm>. See also Press Release, Rhode Island Office of the Health Insurance Commissioner, OHIC Approves Commercial health Insurance Rates for 2019 (Aug. 17, 2018), <http://www.ohic.ri.gov/documents/2018%20Rate%20Review%20Documents/2019-rates-announcement-FINAL.pdf> (saving Rhode Islanders \$21.9 million in proposed premium increases); Mike Faher, *Care board cuts Blue Cross rate request*, VERMONT DIGGER (Aug. 14, 2018), <https://vtdigger.org/2018/08/14/care-board-cuts-blue-cross-rate-request/> (examples of Vermont rate review board cutting proposed rates by up to 50%).