

American Federation of Labor and Congress of Industrial Organizations



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September 24, 2009

Mr. James J. Wrynn, Acting Superintendent
New York State Department of Insurance
One Commerce Plaza
Albany, New York 12257

Dear Acting Superintendent Wrynn:

We write to urge you to investigate the impact of the costs of health insurance companies' lobbying expenditures on health insurance premiums.

As you know, since October 1, 1994, for-profit insurers in New York have been allowed to use a "file-and-use" mechanism, whereby an insurer can implement a premium rate increase of any magnitude without the Superintendent's prior approval if the increase met the minimal statutory requirements of minimum loss ratios (the percentage of premiums that must be spent on claims) and actuarial certification set forth in Insurance Law S 3231(e)(2). Legislative Proposals are now pending to remedy this matter [A.8280 / S. 5470].

We believe that health insurance company lobbying expenditures have led to excessive rate hikes and urge you to include a review of such expenditures. Moreover, there is reason to believe that health insurers are exerting improper influence upon their employees to lobby against President Obama's health reform legislation, specifically the public plan.

Health insurers routinely claim they have little or no control over rising health care costs, but their lobbying activity is clearly designed to increase costs and their profits by eliminating any competition from a public plan. Healthcare costs have skyrocketed in recent years and healthcare spending reached 17 percent of U.S. GDP in 2008.¹ In the past 10 years, premiums for employer-based health insurance have gone up 120 percent.² In the past 10 years, the healthcare industry has also spent more than \$3.5 billion on lobbying activities, making it the second highest spending industry out of 121 industries profiled by the Center for

¹ "Health Spending Projections Through 2017: The Baby Boom Generation is Coming to Medicare," Health Affairs Web Exclusive W146, February 21, 2008, available at <http://content.healthaffairs.org/cgi/content/abstract/hlthaff.27.2.w145v1> (last accessed Sept. 9, 2009).

² Employer Health Benefits 2008 Annual Survey, The Henry J. Kaiser Family Foundation and Health Research and Educational Trust, September 2008, available at <http://ehbs.kff.org/pdf/7790.pdf> (last accessed Sept. 9, 2009).

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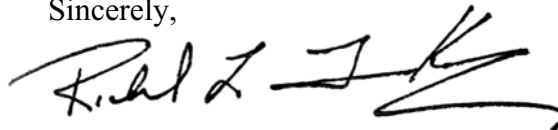
Responsive Politics.³ The healthcare industry ranks as the single highest spender on lobbying activities so far in 2009, having outspent the financial services sector by more than \$40 million.⁴

The healthcare industry's lobbying expenditures have clearly impacted consumers' healthcare costs. For example, at the same time that Anthem Blue Cross and Blue Shield was preparing to request your approval to raise insurance premiums for New Yorkers by up to 30 percent in some cases, Blue Cross and Blue Shield spent more than \$9.5 million on lobbying activities.⁵ Similarly, UnitedHealthcare Insurance Company recently proposed a rate increase for its Medicare supplement insurance while spending more than \$2.6 million on lobbying activities in the first two quarters of this year.⁶

In addition, it appears that health insurance companies may be disguising lobbying expenditures by pressuring employers outside of their government relations departments to undertake lobbying activities. UnitedHealthcare and Anthem/Wellpoint have distributed communications indicating that employees may be forced to participate in captive audience meetings intended to pressure them into supporting the employers' position to derail healthcare reform efforts.

In light of your obligations to insure that insurance rates are not excessive or unfair, we urge you to investigate the impact of health insurance companies' lobbying expenditures on health insurance premiums and adopt regulations to prevent lobbying costs from being transferred to consumers through excessive rate increases. In addition, we urge you to require all health insurance companies to file a list of all expenditures, including paid staff time by employees, spent on government outreach programs in relation to health insurance reform as part of their financial reporting obligations.

Sincerely,



Richard L. Trumka

RLT/ms
opeiu #2, afl-cio

cc: The Honorable Sheldon Silver, Speaker, New York State Assembly
Richard N. Gottfried, Chairman, New York State Assembly Committee on Health
Dennis Hughes, President, New York State AFL-CIO

³ Center for Responsive Politics, Lobbying: Ranked Sectors, All Years (1998-2009), OpenSecrets.org, *available at* <https://www.opensecrets.org/lobby/top.php?indexType=c> (last accessed Sept. 9, 2009).

⁴ Center for Responsive Politics, Lobbying: Ranked Sectors 2009, OpenSecrets.org, *available at* <https://www.opensecrets.org/lobby/top.php?indexType=c> (last accessed Sept. 9, 2009).

⁵ Center for Responsive Politics, Blue Cross/Blue Shield Client Profile: Summary, 2009, OpenSecrets.org, *available at* <http://www.opensecrets.org/lobby/clientsum.php?lname=Blue+Cross%2FBlue+Shield&year=2009> (last accessed Sept. 9, 2009).

⁶ Center for Responsive Politics, UnitedHealth Group Client Profile: Summary, 2009, OpenSecrets.org, *available at* <https://www.opensecrets.org/lobby/clientsum.php?lname=UnitedHealth+Group&year=2009> (last accessed Sept. 9, 2009).