

June 29, 2010

To: Commissioner Sandy Praeger and the B Committee

Consumer Watchdog concurs in full with the comment by NAIC Consumer representatives dated June 28. The comment noted that in view of the large computation errors found in a full actuarial review of rate filings by Aetna and Anthem Blue Cross in California, the information to be provided to NAIC by insurers under PPACA is likely insufficient to determine if a proposed rate is unreasonable. The comment called for more robust information to be filed.

Consumer Watchdog further notes that few if any states have funds for the full outside actuarial reviews that the Department of Insurance commissioned in California on a one-time basis. The first two out of four planned reviews in California found substantial errors, in the case of Blue Cross enough to raise the proposed individual policy rates by 40% (correcting the errors would take an average of 10,2 points off of the 25.4% increases.). This raises strong suspicion of a pattern, one that can only be confirmed or dispelled by retrospective independent actuarial examinations of filings by various insurers in several states. Consumer Watchdog requests a response to this issue from the B committee, and a proposal for solutions that will provide consumers protection from such surprisingly large errors in favor of the insurer, whether produced by incompetence or by design.

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