

***Healthcare Advocate Lembo and the Center for Medicare Advocacy  
Criticize Insurance Department's Approval of 30% Insurance Premium Increase***

*The 30% increase for GENWORTH follows on the heels of a 30% and 26% increases granted by the Insurance Department over the last two years.*

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Medicare Supplemental plans are designed to provide supplemental coverage for services not covered or only partially covered by traditional Medicare. Although the plans are primarily regulated by federal law, the Connecticut Insurance Department approves or disapproves rate increases requested by the plans.

State Healthcare Advocate Kevin Lembo notes, "We each wrote letters last week expressing our grave concern for the consumers of Genworth's plans. They have been burdened by outrageous increases over the last few years and now the company is back for more. If the company is unable to stabilize their CT program, the Commissioner should have denied the increase and referred the plan to the federal government for review. The action today postpones the inevitable and throws good money after bad."

Judith Stein of the Center for Medicare Advocacy noted that while she appreciated the Insurance Commissioner's response to her May 5<sup>th</sup> letter urging rejection of the rate request, the response itself was disappointing. Stein commented, "The Commissioner's response seemed to present an argument on behalf of Genworth's requested rate increase. The Connecticut Insurance Department (CID) appears not to have acted as a neutral arbiter in approving these extraordinary rate increases. The new rates will price many older and disabled people out of the Medigap market."

There was no mention of the interest of consumers in the Commissioner's decision.

Lembo said, "All Medicare Supplemental carriers face the same issues noted by Genworth in its rate filing, yet none of them has requested and been granted 26%, 30% and 30% rate increases over the last three years. All carriers face these same issues, yet all are not clamoring for these incredible increases."

Stein is dismayed by the misstatement of the law. "There is no requirement that the Medicare Supplemental plans achieve a 65 % loss ratio despite the repeated statements to that effect in the letters and subsequent decision. The 65% figure is a **minimum** loss ratio. In other words, the ratio must not fall below 65% to ensure that 65 cents of every premium dollar is spent on health care. There is no legal obligation or support for the position that the Department must somehow assist in driving down the loss ratio to a target of 65% by granting large rate increases."

The advocates stress that the Insurance Department should be encouraging a much higher loss ratio than 65% to ensure that a high percentage of consumers' premium is spent on medical services.

Lembo continued, "I worry about the 2,049 older and disabled Connecticut consumers who are enrolled in the Genworth plans and who will now see huge premium increases because of the Commissioner's decision to grant another 30% rate increase. It is particularly worrisome during this very tough economic time."

State Senator Edith Prague (19<sup>th</sup> District) and U.S. Rep. Joe Courtney (CT-2) also communicated their concerns in letters to the Commissioner last week.