

# American Federation of Labor and Congress of Industrial Organizations



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September 24, 2009

Commissioner Thomas R. Sullivan  
Connecticut Insurance Department  
P.O. Box 816  
Hartford, Connecticut 06142-0816

Dear Commissioner Sullivan:

We write to urge you to investigate the impact of the costs of health insurance companies' lobbying expenditures on health insurance premiums. Pursuant to the authority granted to the Insurance Commissioner under Sections 38a-474 and 38a-495a of the Connecticut General Statutes, health insurance companies are required to obtain your approval prior to increasing rates. We believe that health insurance providers' lobbying expenditures have led to excessive rate hikes and urge you to include a review of such expenditures as part of the approval process for all future rate increase filings.

Healthcare costs have skyrocketed in recent years and healthcare spending reached 17 percent of U.S. GDP in 2008.<sup>1</sup> In the past 10 years, premiums for employer-based health insurance have gone up 120 percent.<sup>2</sup> 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 Responsive Politics.<sup>3</sup> 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.<sup>4</sup>

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 Connecticut residents by up to 30 percent in some cases, Blue Cross and Blue

<sup>1</sup> "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).

<sup>2</sup> 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).

<sup>3</sup> 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).

<sup>4</sup> 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).

Letter to Commissioner Thomas R. Sullivan

September 24, 2009

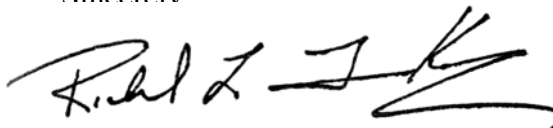
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Shield spent more than \$9.5 million on lobbying activities.<sup>5</sup> Similarly, United Healthcare Insurance Company recently proposed a rate increase for its Medicare supplement insurance while spending more than \$2.6 million on lobbying activities in the first two quarters of this year.<sup>6</sup>

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. We have also written to members of the Connecticut General Assembly urging them to investigate possible violations of Connecticut General Statutes § 31-51q by health insurance companies UnitedHealthcare and Anthem/Wellpoint arising from communications that appear to coerce employees into taking political action on behalf of their employers.<sup>7</sup> 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 under Sections 38a-474 and 38a-495a of the Connecticut General Statutes 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

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opeiu #2, afl-cio

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<sup>5</sup> 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).

<sup>6</sup> 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).

<sup>7</sup> Letter attached.