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### **GOVERNOR PATRICK UNVEILS REFORMS TO REDUCE HEALTH INSURANCE COSTS FOR SMALL BUSINESSES**

#### **Collaborative effort part of lead up to Governor's Economic Summit; Retailers Association of MA backs Governor's plan**

QUINCY – Tuesday, October 20, 2009 – Standing alongside business leaders and small business owners, Governor Deval Patrick today unveiled key recommendations aimed at reducing health care costs for small employers while maintaining access to quality care for employees. The series of reforms address a top concern of small business owners – who in recent years have been burdened by double-digit premium increases – and reflect the administration's ongoing commitment to collaborate with the business community on solutions to speed the state's economic recovery.

The Governor and a cross-section of business, financial, education and public policy leaders will discuss additional opportunities for collaboration between the public and private sector during a day-long summit the Governor will convene at the Boston Federal Reserve Bank on October 27<sup>th</sup>.

"Skyrocketing premium increases put a stranglehold on small business growth and place a heavy burden on employers and employees alike," said Governor Patrick. "Today, with this series of recommendations, we are tackling these challenges head on and implementing reforms that will curb costs, maintain affordable care and strengthen the business climate in the Commonwealth."

"It is no secret that today's high cost of health insurance remains one of the most pressing issues facing any Massachusetts small business owner. Health insurance premiums are causing enormous frustration and pain for those struggling just to keep the doors open," said Jon Hurst, President of the Retailers Association of Massachusetts. "We are very pleased to hear Governor Patrick's announcement today of a package of initiatives that seeks to address the issues surrounding small business health insurance costs. These are welcome and important steps on the path to achieving premium cost fairness in the health insurance marketplace for small business owners and we look forward to continuing to work with the Governor and the Legislature toward that goal."

Responding directly to concerns raised by the small business community, the Governor directed members of his cabinet to investigate potential solutions to escalating premiums. The recommendations, compiled by the secretaries of Housing and Economic Development, Health and Human Services and Administration and Finance, consist of the following initiatives:

- 1 The Division of Insurance will immediately hold hearings to examine small business premium increases, focusing specifically on work insurers are currently doing to reduce costs and future steps that may be

necessary to eliminate the substantial increases impacting the small-group market.

- I The administration will file legislation amending small-group rating rules, giving the Division of Insurance expanded power to annually eliminate any unnecessary administrative costs and align factors in ways that could reduce the premiums charged to most small businesses.
- I The administration will file legislation to expand the Division of Insurance's authority over health insurance premiums, ensuring that company rates are reviewed before going into effect and allowing the agency to disapprove rates if they are deemed unreasonable in relation to the benefits provided.
- I The Division of Insurance will immediately conduct special sessions with stakeholders to plan the development of open-access purchasing cooperatives. The creation of group purchasing cooperatives will allow small businesses and individuals to combine their purchasing power and seek out lower premiums through a larger entity. The cooperatives will not have membership restrictions, and the cooperatives will be able to choose and sponsor their own health products and health promotion programs.

"Small business owners are the entrepreneurs who help to drive our economy and create the jobs so vital to our future," said Housing and Economic Development Secretary Greg Bialecki. "By working in collaboration with the small business community, we have established a direction for reform that will offer much needed relief at a critical time."

"Small businesses face unique circumstances related to health care premium costs," said Dr. JudyAnn Bigby, Health and Human Services Secretary. "The best way to drive down costs for small businesses is to drive down the overall costs of health care. These actions are important interim steps towards helping to decrease their costs."

"These proposals help answer small businesses' call for relief from skyrocketing health care costs," said Administration and Finance Secretary Jay Gonzalez. "Containing health care costs strengthens the ability of small businesses to create jobs and offer comprehensive health coverage to their employees."

"It's critical that we take these necessary steps to help alleviate for small businesses and individuals the burden of escalating health insurance premiums," said Barbara Anthony, the Undersecretary of the Office of Consumer Affairs and Business Regulation and a member of the committee that studied the issue. "Everyone deserves access to quality health care, and these measures ensure that access isn't overly burdensome financially."

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