

TUFTS Health Plan

July 2, 2009

Christopher F. Koller
Health Insurance Commissioner
1511 Pontiac Avenue
Building #69, First Floor
Cranston, RI 02920

Dear Commissioner Koller:

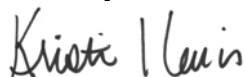
This letter is in response to your request that Tufts Health Plan withdraw its request for a rate increase due to the state's economic climate.

We believe it is important that we express our concerns regarding this request. When formulating these rate factors, we undertook a thoughtful and deliberate process to ensure that premiums remain as low as possible, while the needs of our customers and the solvency of our health plan are protected. We understand that businesses across the state are experiencing dire economic conditions and we are no exception. Taking those factors into consideration, the increase to our rate factors included no surplus and reflected administrative costs consistent with a mature book of business, foregoing any startup costs associated with our entrance into a new market. Our proposed increases were also significantly lower than those of our entrenched competitors.

As you know, there is a direct correlation between medical costs and insurance premium increases. For Tufts Health Plan, nearly 90 cents of each premium dollar goes directly to medical expenses. Medical costs are the key driver of our premium increases and unless rising medical costs are addressed, rate trends will continue to increase.

While we believe our proposed rate factors are fair and we feel we have addressed the concerns expressed in your letter, we are withdrawing our current rate increase request and will reevaluate our current proposal. We remain committed to serving new and existing clients while we work with OHIC to address any questions or concerns in order to refile in fall. However, we continue believe our resources and those of the state are better spent by focusing public attention on the true drivers of affordability of health care coverage in Rhode Island and the effect of rising medical costs on premiums.

Sincerely,



Kristin L. Lewis
Director, Public Policy & Government Affairs