



Charles N. Kahn III
President and CEO

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Letters to the Editor
The Wall Street Journal
200 Liberty Street
New York, NY 10281

Via email: wsj.ltrs@wsj.com

Dear Editor,

In the recent article, "Medical Insurers Slam Proposed Supervision," AHIP President Karen Ignagni points to increases in hospital and doctor bills "that are 40% to 50% higher than last year" as the cause for double-digit premium increases.

While we cannot speak to the internal actuarial experience of insurance companies or how they price their products, Ms. Ignagni's comments are at best a distraction from concerns over rising insurance premiums and at worst give the impression that hospitals and doctors are to blame.

Let's get the facts straight to avoid any misimpressions. According to figures released earlier this month by the actuaries at the federal Department of Health and Human Services, national health expenditures rose 4.4% in 2008 and were estimated to rise 5.7% in 2009 and 3.9% in 2010. Drilling down, hospital expenditures rose 4.5% in 2008, and are projected to rise 5.9% in 2009 and 3.7% in 2010. And, drilling down one layer further, private insurance hospital expenditures increased 5.2% in 2008, and are estimated to rise only 3.5% in 2009 and 1.7% in 2010.

Clearly, there is a disconnect between the impression left by Ms. Ignagni's statement and the facts. We will let the readers connect the dots.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles N. Kahn III".

CNK/ss