



Learn about...

New Consumer Protections Under the Affordable Care Act

Putting the Brakes on Unreasonable Health Insurance Rate Increases

A new Rate Review program requires that when an insurer proposes to increase your insurance rate by 10% or more, this increase must be disclosed and justified to the public and thoroughly reviewed by State or Federal regulators.

Read more below and at www.healthcare.gov

How does the “Rate Review” program discourage unreasonable rate increases?

The Rate Review program discourages rate hikes by ensuring that proposed increases of 10% or more get close scrutiny from the public and State or Federal regulators. Starting on September 1, 2011, if your insurer proposes a rate hike of this size, it must give your State insurance regulator and the Federal government:

- Advance notice of the proposed rate;
- An explanation of why it believes the rate hike is necessary; and

- Additional information about its business, such as:
 - The number and size of benefit claims it has paid;
 - Its history of premium increases; and
 - Its projected medical and administrative costs.

You'll be able to review this information on your State insurance regulator's public website and on www.HealthCare.gov, a public website for consumers. You'll also have an opportunity to comment on a proposed increase.

Does the Rate Review program apply to my health insurance policy?

The law applies to all health insurers who sell policies to individuals and small businesses, but not to large employer group plans and “self-insured plans.” Also, if your health insurance policy or plan existed on March 23, 2010, it may be considered a “grandfathered health plan.” Grandfathered health plans are exempt from the Rate Review requirements.

Consumer Tip: If you’re not sure whether the Rate Review program applies to your health insurance plan, you can check with your employer or insurer. Your State may also have a Consumer Assistance Program that can help. Find out more at www.HealthCare.gov/consumerhelp.

What size rate increase requires review?

For rate increases proposed on or after September 1, 2011, States (or, in some cases, the Federal government) will review average rate increases of 10% or higher to see if they are unreasonable. An average 10 % increase means that some enrollees may experience rate increases higher or lower than 10%.

Starting September 1, 2012, the 10% threshold may change for some States, based on State trends in health insurance premiums and health care costs. Many states review all proposed increases, regardless of the size.

Who reviews the proposed rate increase?

States conduct the reviews, if their review process meets national standards for effectiveness. If a State lacks the resources or authority to do an effective review, the Federal government will conduct the review. The review findings will be made public on www.HealthCare.gov for all reviews. You can find out whether your state is conducting the reviews or the federal government on HealthCare.gov.

What makes a rate increase “unreasonable”?

A Rate Review program could find that a premium hike is unreasonable if, for example, the premium hike:

- Makes the health benefits a poor value for the money;
- Is based on faulty assumptions or incomplete information; or
- Charges different prices to people who pose similar cost risks to the insurer.

What happens if the rate increase is found to be unreasonable?

The Federal government will post that finding on HealthCare.gov.

If your insurer decides to increase rates that are found to be unreasonable, it must post both its explanation for the rate increase and the findings of the Rate Review program on its website for three years. The Federal government

will post the same information on www.HealthCare.gov for the same period.

Your State regulator can reject a rate increase if it violates State law, and if your State gives the regulator the

authority to reject increases it finds to be unreasonable.

The Federal government does not have the authority to reject a rate increase.

Visit www.HealthCare.gov to learn more about the Affordable Care Act and how you can make the most of your expanding health care choices.