

CMS NEWS

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Affordable Care Act Consumer Disclosure Notices to Bring  
Unprecedented Level of Transparency to Health Insurance Marketplace  
*Proposed notices detail information insurance plans would have to  
give to consumers to justify rate increases over 10 percent*

Today, the Centers for Medicare & Medicaid Services (CMS) published proposed consumer disclosure notices, required by the Affordable Care Act, that insurers would be required to complete and report electronically when they propose rate increases over 10 percent. The information provided would give consumers detailed information about proposed increases that could be easily accessed on the HHS website. The notices would help consumers know what their insurance companies are proposing while the rate increase requests are being reviewed.

“People have been kept in the dark when it comes to the reasons behind their health insurance rate increases,” said Steve Larsen, Director of the Center for Consumer Information and Insurance Oversight. “The information reported by insurers would provide an unprecedented level of transparency in the health insurance market, promoting competition, encouraging insurers to do more to control health care costs, and discouraging insurers from charging rates that are unreasonable.”

The proposed consumer disclosure notices would include an easy-to-understand breakdown of an insurer's proposed rate increase - helping make sure that, as the rate increase is being reviewed, consumers who would be affected by the increase have access to clear information about their insurance rates. The notices would provide some basic information about health insurance rate increases and their review, as well as detailed information about the specific increase that an insurer has proposed. Consumers would also be able to see what the insurance company believes is driving the increase in premiums and how much of the increase would go to profits and administrative expenses.

These proposed notices are related to the Affordable Care Act [premium rate review regulation \(http://edocket.access.gpo.gov/2010/pdf/2010-32143.pdf\)](http://edocket.access.gpo.gov/2010/pdf/2010-32143.pdf) that HHS issued in December of 2010, which would apply to non-grandfathered insurance plans in the individual and small group markets.

Under the proposed rules, if your insurer tries to raise rates at or above a certain threshold amount that rate increase is subject to review by either State insurance officials or HHS if the State does not have an effective process for reviewing rates. The proposed threshold for the first year is 10%. After 2011, a state-specific threshold will be set for disclosure of rate increases, using data and trends that better reflect cost trends particular to that state

The review of rates under the rate review regulation could begin as early as July 2011. And, once rates begin being reviewed, HHS will work to post information on proposed rates as quickly as possible.

Putting this important information in consumers' hands is just one of the many ways the Affordable Care Act is improving transparency and helping to hold down premiums.

The proposed [consumer disclosure notices can be found here](http://www.cms.gov/PaperworkReductionActof1995/PRAL/itemdetail.asp?filterType=none&filterByDID=-99&sortByDID=2&sortOrder=descending&itemID=CMS1245637&intNumPerPage=10)  
(<http://www.cms.gov/PaperworkReductionActof1995/PRAL/itemdetail.asp?filterType=none&filterByDID=-99&sortByDID=2&sortOrder=descending&itemID=CMS1245637&intNumPerPage=10>)  
listed under "CMS-10379."

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