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Health insurance rate hikes in nine states deemed excessive by HHS

Secretary Sebelius calls on insurance companies to drop unreasonable rate hikes

Health and Human Services (HHS) Secretary Kathleen Sebelius announced today that health insurance premium increases in nine states have been deemed “unreasonable” under the rate review authority granted by the Affordable Care Act.

"Thanks to the Affordable Care Act consumers are no longer in the dark about their health insurance premiums," said Secretary Sebelius. "Now, insurance companies are required to justify rate increases of 10 percent or higher. It's time for these companies to immediately rescind these unreasonable rate hikes, issue refunds to consumers or publicly explain their refusal to do so."

Secretary Sebelius also released a new report today showing that, six months after HHS began reviewing proposed health insurance rate increases, consumers are already seeing results. Since the rate review program took effect in 2011, health insurers have proposed fewer double-digit rate increases. Furthermore, more states have taken an active role in reducing rate increases, and consumers in all states are getting straight answers from their insurance companies when their rates are raised by 10 percent or more. As of March 10, 2012, the justifications and analysis of 186 double-digit rate increases for plans covering 1.3 million people have been posted at HealthCare.gov, resulting in a decline in rate increases. According to the report, in the last quarter of 2011 alone, states reported that premium increases dropped by 4.5 percent, and in states like Nevada, premiums actually declined.

In the decisions announced today, HHS determined, after independent expert review, that two insurance companies have proposed unreasonable health insurance premium increases in nine states—Arizona, Idaho, Louisiana, Missouri, Montana, Nebraska, Virginia, Wisconsin, and Wyoming. The excessive rate hikes would affect over 42,000 residents across these nine states.

In these nine states, the insurers have requested rate increases as high as 24 percent. These increases were reviewed by independent experts to determine whether they are reasonable. In this case, HHS determined that the rate increases were unreasonable, because the insurer would be spending a low percentage of premium dollars on actual medical care and quality improvements, and because the justifications were based on unreasonable assumptions.

Most rates are reviewed by states and many states have the authority to reject unreasonable premium increases. Since the passage of the health care law, the number of states with this authority increased from 30 to 37, with several states extending existing “prior authority” to new markets.

The report released today shows that:

* States like Texas, Kentucky, Nevada and Indiana are reporting fewer requests for rate

increases over 10 percent.

* States like California, New York, Oregon, and many others, have proactively lowered rate increases for their residents.

* The rate review program has made insurance companies explain their increases, and more than 180 have been posted publicly and are open for consumer comment on companyprofiles.healthcare.gov.

This initiative is one of many in the health care law to ensure that insurance companies play by the rules, prohibiting them from dropping coverage when a person gets sick, billing consumers into bankruptcy through annual or lifetime limits, and, soon, discriminating against anyone with a pre-existing condition.

Information on the specific determinations made today is available at:

<http://companyprofiles.healthcare.gov/>

The rate review report released today is available at:

<http://www.healthcare.gov/law/resources/reports/rate-review03222012a.html>

General information about rate review is available at:

<http://www.healthcare.gov/law/features/costs/rate-review/>

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