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ROCKEFELLER AND FEINSTEIN STATEMENT ON THE ADMINISTRATION'S PROPOSED RULE-MAKING ON RATE REVIEW

Washington, D.C.—Senators Rockefeller and Feinstein issued the following statement on the notice of the Administration's proposed rule-making implementing the rate review provisions in the health reform law:

“Before the health reform law passed, health insurance companies operated in the shadows, hiking health insurance premiums year after year without any real justification to their customers and the public. As a result, hard-working people have been left at the mercy of double-digit premium increases even when many are struggling to pay the bills,” said Senator Rockefeller. “The health reform law has already provided new resources to West Virginia to thoroughly review rate increases proposed by health insurance companies and to provide more information to the public about health insurance rates. These new proposed regulations build on those efforts, helping state insurance departments protect consumers, discouraging unreasonable rate increases, and helping keep health care costs under control.”

“The health insurance rate review regulations announced by the Department of Health and Human Services today will help protect consumers from unreasonable rate hikes like the 39 percent premium increase that Anthem Blue Cross proposed in California earlier this year. These new regulations will help to check the unprecedented profit-making of the health insurance sector by requiring companies to provide justification for double-digit rate increases that many propose. Establishing these regulations is a good first step, but I believe both the Administration and Congress must go further,” said Senator Feinstein.

Background:

Senator Rockefeller and Senator Feinstein both fought for strong rate review provisions in the health reform law to protect consumers from excessive premium increases. Section 2794 of the health reform law requires the Secretary of Health and Human Services to work with States to establish an annual review of unreasonable rate increases, to monitor premium increases and to award grants to States to carry out their rate review process. Senator Feinstein authored the Health Insurance Rate Authority Act of 2010, which would give the U.S. Secretary of Health and Human Services the authority to deny or modify premium or rate increases that are found to be unjustified.

Senators Feinstein and Rockefeller plan to introduce Rate Review Legislation in the first days of the next Congress. This legislation will give states the authority to not only review rates, but also to block or modify rates they find unreasonable. In states where the Insurance Commissioner is not equipped to review, modify, and block unreasonable rates, the legislation would grant the Secretary of Health and Human Services the authority to do so.

The proposed regulation, issued on December 21, 2010, will:

- In 2011, require that all insurers seeking rate increases of 10 percent or more in the individual and small group market publicly disclose the proposed increases and the justification for them. Such increases are not presumed unreasonable, but will be analyzed to determine whether they are unreasonable.
- 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.
- Under the proposed regulation, States with effective rate review systems would conduct the reviews. If a State lacks the resources or authority to do thorough actuarial reviews, HHS would conduct them. Meanwhile, HHS will continue to make resources available to States to strengthen their rate review processes.

On August 16, 2010, West Virginia received a grant of \$1 million to help improve the review of proposed health insurance premium increases, take action against insurers seeking unreasonable rate hikes, and ensure consumers receive value for their premium dollars. West Virginia is using the funding for IT enhancements to make public consumer-friendly descriptions of rate filings and hire consulting actuaries to review current rate filing requirements and recommend additional data elements needed to strengthen review process.

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