

News Release

Consumers Union – Policy and Advocacy Division of Consumer Reports

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Consumers Union: MLR Rule Improves Consumer Protections, Leaves Work to be Done

Today's announcement by the Health and Human Services Department (HHS) regarding changes to the rule governing new minimum medical loss ratio (MLR) requirements reflects improvements and continued protections for consumers but leaves more work to be done, according to Consumers Union, the policy and advocacy division of *Consumer Reports*.

The revised rule helps ensure that individuals and employers know their rights and actually receive rebates through new notice requirements that explain the MLR and detail how much is owed to each consumer. Health insurers are expected to owe up to \$2 billion in rebates next year.

"Providing easy-to-understand notices of rebates is critical to ensuring that this new rule is effectively implemented for policyholders," said Sondra Roberto, staff attorney for Consumer Union. "We look forward to future guidance that makes certain notices are written in a consumer-friendly and easily understood manner."

A major concern for consumers is the continuation of a provision to allow exemptions for so called "mini-med" health plans which provide only limited benefits and may leave consumers with the false impression of adequate coverage.

"Today's announcement by HHS recognizes the need for mini-med plans to start increasing value for policyholders by requiring them to phase-in the new MLR standard," said Roberto. "But as long as these plans continue, policyholders may be left with unexpected medical debt in the event of a major illness."

Additionally, the updated rule continues to protect consumers by maintaining the requirement that fraud prevention expenses rightly be counted as an administrative expense. In drafting the rule, the Department noted that insurers "have incentives to reduce fraud regardless of how this expense is classified within the MLR." The organization agrees and applauds HHS's decision on this issue.

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