

U.S. House and Senate Notification

Friday, February 22, 2013

To: Congressional Health Staff

From: Lauren Aronson
Director, Office of Legislation
Centers for Medicare & Medicaid Services

Re: CMS Finalizes the 2014 Market Rules

Today, The Centers for Medicare & Medicaid Services (CMS) issued a final rule related to market rules and a new report has found that the Affordable Care Act's transparency provisions have already resulted in a decline in double-digit premium increases filed: from 75 percent in 2010 to, according to preliminary data, 14 percent in 2013. Today's rule implements five key consumer protections from the Affordable Care Act that are applicable to non-grandfathered health plans, and makes the health insurance market work better for individuals, families and small businesses. The final rule contains the following provisions:

- **Guaranteed Availability:** Nearly all health insurance companies offering coverage to individuals and employers will be required to sell health insurance policies to all consumers. No one can be denied health insurance because they have or had an illness.
- **Fair Health Insurance Premiums:** Health insurance companies offering coverage to individuals and small employers will only be allowed to vary premiums based on age, tobacco use, family size, and geography. Basing premiums on other factors will be illegal. The factors that are no longer permitted in 2014 include health status, past insurance claims, gender, occupation, how long an individual has held a policy, or size of the small employer.
- **Guaranteed Renewability:** Health insurance companies will no longer refuse to renew coverage because an individual or an employee has become sick. You may renew your coverage at your option.
- **Single Risk Pool:** Health insurance companies will no longer be able to charge higher premiums to higher cost enrollees by moving them into

separate risk pools. Insurers are required to maintain a single state-wide risk pool for the individual market and single state-wide risk pool for the small group market.

- **Catastrophic Plans:** Young adults and people for whom coverage would otherwise be unaffordable will have access to a catastrophic plan in the individual market. Catastrophic plans generally will have lower premiums, protect against high out-of-pocket costs, and cover recommended preventive services without cost sharing.

In preparation for the market changes in 2014 and to streamline data collection for insurers and states, the final rule amends certain provisions of the rate review program. And, CMS has increased the transparency by directing insurance companies in every state to report on all rate increase requests.

The final rule can be found here: http://ofr.gov/OFRUpload/OFRData/2013-04335_PI.pdf

The report can be found here:

<http://aspe.hhs.gov/health/reports/2013/rateIncreaseIndvMkt/rb.cfm>

If you have any questions, please contact the CMS Office of Legislation at 202-690-8220. Thank you.