

U.S. House and Senate Notification
Thursday , May 19, 2011

To: Congressional Health Staff

From: Amy Hall
Director, Office of Legislation
Centers for Medicare & Medicaid Services

Re: Affordable Care Act Helps Fight Unreasonable Health Insurance Premium Increases

Today, The Department of Health and Human Services (HHS) issued a final regulation to ensure that large health insurance premium increases will be thoroughly reviewed, and consumers will have access to clear information about those increases. Combined with other important protections from the Affordable Care Act, these new rules will help lower insurance costs by moderating premium hikes and provide consumers with greater value for their premium dollar. In 2011, this will mean rate increases of 10-percent or more must be reviewed by state or federal officials.

Starting September 1, 2011, the rule requires independent experts to scrutinize any proposed increase of 10-percent for most individual and small group health insurance plans. States will have the primary responsibility for reviewing rate increases. While most states will take on this responsibility, HHS will serve in a backup role in states that don't have the resources or authority to review rates. HHS has awarded \$44 million in Affordable Care Act grants to states to help strengthen their oversight capabilities. An additional \$200 million will continue to be available to states under the Act.

Starting September 2012, the 10-percent threshold will be replaced by state-specific thresholds that reflect the insurance and health care cost trends in each state. The final rule clarifies that HHS will work with states in developing these thresholds.

The regulation issued today finalizes proposed rules issued in December 2010. The final rule has several additions to the proposed rule, including a requirement that states provide an opportunity for public input in the evaluation of rate increases subject to review. This will strengthen the consumer transparency aspects of the new rule. HHS is also requesting comment from the public on applying the rule to individual and small group coverage sold through associations, which is sometimes exempt from state oversight.

The final regulation can be viewed at www.ofr.gov/inspection.aspx. It will be published in the Federal Register on May 23, 2011 and will be available at <http://www.gpoaccess.gov/fr/>. The 60 day comment period will close on July 18, 2011.

A press release regarding this regulation can be found here: <http://www.hhs.gov/news/>.

If you have any questions, please contact the CMS Office of Legislation. Thank you.