

Senator John D. (Jay) Rockefeller IV, Chairman

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ROCKEFELLER RELEASES STAFF REPORT ON IMPACT OF MINIMUM MEDICAL LOSS RATIO

*Report released during today's hearing on delivering health care
value to consumers*

WASHINGTON, D.C. – Chairman John D. (Jay) Rockefeller IV today released a staff report titled, "Delivering Consumers Better Health Care Value for their Premium Dollars: The Success Story of the Minimum Medical Loss Ratio Law". The report details the legislative history of the Affordable Care Act's (ACA) minimum medical loss ratio (MLR) provisions, including the impact of the provisions on consumers and insurers.

"The minimum medical loss ratio is a very simple idea, but it appears to have had a powerful, and very positive, effect on the health insurance market. Consumers are getting a better deal than they were getting five years ago," Rockefeller said during the hearing.

The medical loss ratio (MLR) is the proportion of health care premium dollars paid by consumers that is ultimately spent by insurers on health care costs as opposed to insurers' other expenses. The MLR assists consumers in assessing whether an insurer is spending its premium dollars on services that have greater potential consumer benefits.

Hearings and investigations conducted by Chairman Rockefeller in the Commerce Committee in 2009 established a clear record that health insurance companies were not

voluntarily providing consumers with the information they needed to make informed choices when purchasing health insurance.

The MLR provisions of the ACA were designed to improve the value consumers receive for their health insurance payments, and improve transparency by requiring detailed reporting by health insurers on how consumer dollars are spent. These provisions incentivize insurers to provide consumers high value for premium dollars by requiring them to pay rebates to policyholders when they do not spend a minimum percentage of premium dollars on medical care as opposed to non-medical administrative costs that do not directly benefit consumers.

To date, the ACA's MLR provisions have saved consumers billions of dollars, and two years of data indicate that the provisions are working to incentivize efficient health insurer spending that increases the value of consumers' premium dollars.

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