

NEWS – CONGRESSMAN PETE STARK

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NEW CONSUMER PROTECTION WILL HELP FAMILIES GET MORE FOR THEIR HEALTH INSURANCE PREMIUMS *Stark Lauds Implementation of Critical Provision in Health Reform Law*

WASHINGTON – Rep. Pete Stark (D-CA), Chairman of the House Ways and Means Health Subcommittee, and Rep. Sander Levin (D-MI), Chairman of the House Ways and Means Committee, today praised the implementation of the "medical loss ratio" consumer protection in the health reform law. This provision calls for health insurers to spend at least 80 cents of every premium dollar on medical care. Those insurers that spend less on medical care will be required to issue rebates to policyholders.

Chairman Stark: **"The new medical loss ratio standard will help consumers get better value for their health insurance -- ensuring that at least 80 cents of every patients' premium dollar is spent on medical care. This important consumer protection is another example of how health reform will help consumers even before full implementation of the law in 2014."**

Chairman Levin: **"Today's announcement is yet another example of how health reform is putting the consumer first and guaranteeing that Americans will get the full value of their premium dollar."**

Currently, in the individual market:

- Over 20 percent of consumers are in plans that spend more than 30 cents of every premium dollar on administrative costs;
- An additional 25 percent of consumers are in plans that spend between 25 and 30 cents of every premium dollar on administrative costs.

Once this consumer protection takes effect:

- Up to 74.8 million insured Americans will be protected from excessive spending on profits, CEO bonuses, and bureaucracy;
- Up to 9 million Americans may be eligible for rebates starting in 2012, worth up to \$1.4 billion;
- These rebates could average as much as \$164 per person.

Chairman Stark continued: **"By pledging to repeal health reform, House Republicans would eliminate this important protection and allow insurance companies to continue unlimited spending on CEO bonuses, profits and lobbying -- and less on patients' health care. The Republican response to today's announcement will be telling. Will they stand with working families or the health insurance industry?"**

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