

News Release

Consumers Union – the policy and advocacy division of Consumer Reports

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NAIC Shifts Stance on Medical Loss Ratio, Risks over \$1 Billion in Consumer Rebates

Consumers Union, the policy and advocacy division of *Consumer Reports*, strongly opposes today's decision by the National Association of Insurance Commissioners to weaken a new consumer protection that brings value to health insurance.

In a divided vote, a majority of state insurance commissioners voted today to send a resolution to Congress in support of suspending or altering the calculation of the Medical Loss Ratio equation.

"This is a significant setback in the struggle to protect consumers and provide better health insurance values," said Lynn Quincy, NAIC consumer representative and Senior Policy Analyst at Consumers Union.

The move by a block of insurance commissioners stands in contrast to the NAIC's own findings that consumers stand to lose more than one billion dollars in expected rebates. Further, the NAIC report found that "states with higher MLR requirements have not observed any problems with consumer access to insurance or to [agents and brokers]."

"The NAIC has worked diligently and openly to balance the interest of all stakeholders in implementing the Affordable Care Act since the law's passage," said Quincy. "Today's decision is a significant departure from the laudable process used by the NAIC in most other areas. It is also a step back for working families."

Data from the National Association of Health Underwriters, a group that represents brokers and agents, shows that in many states commissions haven't decreased from 2010 to 2011. Furthermore, the NAIC's own report on the issue found mixed evidence showing increased and decreased broker and agent commissions.

"Congress should flatly reject this proposal," said Quincy. "Prior to today, implementation of the new requirement that insurers spend more of premiums on actual health care has balanced the concerns of insurers, brokers, agents, and consumers. Today's resolution from the NAIC puts the interests of brokers and agents far above that of Americans struggling to pay ever-increasing insurance premiums."

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