



Template for Creating State-Specific Rate Review Fact Sheets

The chart below provides general arguments using national data on why it is important for states to have a robust rate review process. In addition, we have created questions that can guide your state-specific research to make the case for the importance of rate review.

Health insurance rates are skyrocketing	
Making the Case Nationally	<ol style="list-style-type: none"> 1. For individuals who bought their own health insurance and are not part of a group, premiums have increased an average of 20 percent at renewal.¹ 2. Premium rates for insurance plans sold to employers in the small group market have increased 12-15 percent annually.² 3. Individual market premium increases caused some people to buy less costly plans that have less comprehensive coverage and may lead to gaps in care.³
Making the Case in Your State	<p>Demonstrate the magnitude of the problem and need for regulatory authority to protect consumers.</p> <p>Upon request, your insurance commissioner may make documents containing helpful data available to you.</p> <ul style="list-style-type: none"> • Information about insurance rates may or may not be considered public information in your state. Before requesting information, it will be helpful to understand how much information the insurance commissioner has previously disclosed and what if any s/he is obligated to share. • Some state advocates have invested in hiring their own actuaries to evaluate the insurance rate information they receive from state regulators. An actuary can carefully evaluate the insurer's assumptions in determining rates and help your organization determine whether the

	<p>rate requests correlate to anticipated insurer expenses and risk. Your organization may want to consider raising or allocating some resources for an actuarial review.</p> <p>Questions to ask:</p> <ol style="list-style-type: none"> 1. What have the average, annual rate increases in the individual and small group markets been over the past five years? 2. Are rate filings available for public inspection? 3. If not, try to gather information about: <ol style="list-style-type: none"> a. How many filings are made annually? b. What is the average or range of rate increase requests or proposals? c. What percentage of rate increase requests are disapproved or reduced? <p>Possible sources for this information: The insurance commissioner, research publicly available from another entity, such as a local health care think tank, consumer protection organization, or academics in your state who have reviewed health insurance rates</p> <p>Determine your insurance department’s willingness to challenge proposed rates, hold insurers accountable, and protect consumers by:</p> <ul style="list-style-type: none"> • fulfilling its consumer protection role and carefully evaluating each insurance premium rate increase • exercising its authority within the full extent of the state’s law <p>Questions to ask:</p> <ol style="list-style-type: none"> 1. If your insurance commissioner has prior approval authority (where rates cannot be used by an insurer until the insurance commissioner has approved them), what percentage of rate filings were approved, disapproved, or adjusted? 2. If your state has a deemer provision (where filed rates become automatically approved if not disapproved by the insurance commissioner in a certain period), what percentage of rates have been “deemed” approved? 3. What percentage of rates filed in your state receive a comprehensive review, including an analysis by a certified actuary?
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	<p>Possible sources for this information: The insurance commissioner or news reports on government action to reduce or disapprove proposed rate increases.</p> <ul style="list-style-type: none"> • Recent reporting in California demonstrates that even where the insurance commissioner uses the power of the bully pulpit to drive down rate increases, statutory prior approval authority is still the best tool.⁴
<p>Health insurers are making record profits</p>	
<p>Making the Case Nationally</p>	<ol style="list-style-type: none"> 1. Despite the recession, the five largest, for-profit, health insurers shared an \$11.7 billion profit in 2010, a 17 percent increase over 2009 profit.⁵ 2. From 2008 to 2010, insurer profits rose 51 percent, while consumers dropped coverage due to rising premium prices.⁶
<p>Making the Case in Your State</p>	<p>Tell a persuasive story on the need for government regulation to protect consumers from corporate greed (Combine data on premium increases with information on insurance company profits.)</p> <p>Request annual financial earnings reports for insurers in your state, which are often public. These reports may break down the profitability of particular insurance product lines.</p> <p>Possible sources for information: The insurance commissioner, a corporations division of a secretary of state, or an attorney general office</p>

Public participation protects consumers	
Making the Case Nationally	<ol style="list-style-type: none"> 1. Public disclosure of proposed rate increases forces insurers to be accountable for the premiums they charge consumers and gives consumers the opportunity to review premium prices in light of insurers’ overall financial health.⁷ 2. Public participation, either through a public comment period or during a public hearing or formal appeals process, ensures that consumers get a chance to weigh in on proposed premium rate increases.⁸
Making the Case in Your State	<p>Health insurance rates should be regulated by the state with government and public oversight and engagement.</p> <p>Questions to ask:</p> <ol style="list-style-type: none"> 1. Is there a mechanism in your state whereby health insurers are accountable for the premiums they charge and where premium rates are viewed in light of insurers’ overall financial health? 2. Do consumers have the opportunity to weigh-in on proposed premium rate increases through a public comment period, public hearing, or formal appeals process? 3. Does the public – or a representative such as the attorney general, a consumer advocate, or an ombudsman – play a role in any other rate setting, such as utility rate determinations? If so, did that positively impact consumer protection? <p>Possible sources for information: The insurance commissioner or local news reports describing how public opposition to a rate increase resulted in either a denial or reduction in the increase.</p>

Illinois and Oregon provide persuasive examples of state specific fact sheets.

¹ Kaiser Family Foundation. Survey of People Who Purchase Their Own Insurance. June 2010. <http://kff.org/kaiserpolls/upload/8077-R.pdf>

² American Association of Health Plans. Rising Costs in the Small-Group Market: Issues and Options. May 2003. http://www.ahipresearch.org/pdfs/RisingCostsInSmallGroupMarket_050603.pdf

³ Kaiser Family Foundation. Survey of People Who Purchase Their Own Insurance. June 2010.

⁴ Los Angeles Times. Editorial: Watching the Health Insurers. April 26, 2011. <http://www.latimes.com/news/opinion/opinionla/la-ed-insurance-20110426,0,4653156.story>

⁵ Health Care for America Now. HCAN Analysis Shows Health Insurers Pocketed Huge Profits in 2010 Despite Weak Economy. March 3, 2011. http://hcfan.3cdn.net/b61802440a3b0e08a6_gum6bhxaw.pdf

⁶ Ibid.

⁷⁷ Kaiser Family Foundation. Rate Review: Spotlight on State Efforts to Make Health Insurance More Affordable. December 2010. <http://www.kff.org/healthreform/upload/8122.pdf>

⁸ Ibid.