

Alliance for Health Reform

Rate Review Landscape Pre- and Post- Affordable Care Act

David Cusano, J.D., R.N.

Center on Health Insurance Reforms
Georgetown University Health Policy Institute

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Presentation Overview

- Rate review landscape prior to the Affordable Care Act (ACA)
- New rate review requirements under the ACA
- Rate review landscape post-ACA
- Interplay between Departments of Insurance and Marketplaces



Rate Review Landscape Prior to ACA

- File and use vs. prior approval
- Rigor of review varies on a state-by-state basis
 - *Example*: Idaho is a file and use State, but was able to use its general authority to engage insurers in informal discussions about rate filings which, in some cases, resulted in reductions in the filed rates. (See “Rate Review: Spotlight on State Efforts to Make Health Insurance More Affordable,” Kaiser Family Foundation, December 2010)
- Minimal transparency and consumer input
 - Rates generally not published
 - No mechanism for consumers to review rate submissions and provide input

New Rate Review Requirements under ACA

- HHS will review all rate increases *unless* it has determined that a State has an effective rate review program
- HHS does not have authority to disapprove rates
- As of April 16, 2014, 45 States and the District of Columbia have effective rate review programs
- HHS provides a pool of \$250 million in grant funding to States to improve their rate review programs

New Rate Review Requirements under ACA Cont'd

- An effective rate review program must:
 - Receive sufficient data and documentation concerning rate increases to conduct an examination of the reasonableness of the proposed increases
 - Consider at least 15 factors identified in the regulation when reviewing rate increases
 - Make a determination of the reasonableness of the rate increase
 - Make available on the State's website either the rate filings or justification required by HHS
 - Provide a mechanism for receiving public comments on proposed rate increases
 - Report results of rate reviews to HHS



Rate Review Landscape Post-ACA

- **New Mexico:**
 - Received approx. \$7.2 million in total grant funding from HHS
 - Passed legislation to allow improved transparency:
 - » Rate filings are posted on-line
 - » Conducts public hearings on rate submissions
 - Plans to use Cycle III grant funding to pursue more in-depth analysis of coinsurance, co-pays, and deductibles and analyze and publish pricing data in coordination with premium and rate filing information
 - See <http://nmhealthratereview.com/home.aspx>.



Interplay between Depts. of Insurance and Marketplaces

- Departments of Insurance are solely responsible for reviewing and approving rates
 - Note: HHS does review rates in those 5 states that it has determined do not have an effective rate review program
- Premiums for Qualified Health Plans offered on the Marketplaces reflect the underlying rates approved by Departments of Insurance
- **However**, the Marketplaces create premium transparency across insurers, driving pricing competition among them



Resources

- “Rate Review: Spotlight on State Efforts to Make Health Insurance More Affordable,” Kaiser Family Foundation, December 2010.
<http://kaiserfamilyfoundation.files.wordpress.com/2013/01/8122.pdf>
- The Center for Consumer Information & Insurance Oversight within CMS. Link to rate review website page:
<http://www.cms.gov/CCIIO/Programs-and-Initiatives/Health-Insurance-Market-Reforms/Review-of-Insurance-Rates.html>
- National Conference of State Legislatures. Link to rate review website page:
<http://www.ncsl.org/research/health/health-insurance-rate-approval-disapproval.aspx>



Questions?

David Cusano J.D., R.N.

Center on Health Insurance Reforms

Georgetown University Health Policy Institute

dc1025@georgetown.edu

(202) 687-4940



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