

Newsroom

A Bright New Day for Families and Small Employers

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For more than a decade, the cost of health insurance has risen rapidly, straining the pocketbooks of families and business. In fact, since 1999, the cost of coverage for a family of four has climbed 131 percent. These extreme increases have forced too many Americans to spend more money, and often for less coverage.

Prior to the Affordable Care Act, insurance companies in too many states were able to raise their rates without explaining their actions. Consumers often received little or no information about their premium increases and weren't told why their health insurance company was raising their rates. And insurance company profits continued to soar. But thanks to the Affordable Care Act, [things are changing](#). Starting today.

In the 18 months since President Obama signed the health care law, we have worked with state leaders and others to shine a spotlight on how insurers do business. When a California insurer tried to raise premiums by [as much as 87 percent](#), federal and state officials asked them to justify these increases. After additional scrutiny, the insurer withdrew its request, saving California families and businesses millions.

Over the last year, 42 States, the District of Columbia and the five U.S. Territories have used funds from the Affordable Care Act to help them stiffen their oversight of proposed health insurance rate increases. So far:

- 9 States have passed legislation to further enhance rate review
- 25 States have hired new staff to review rates
- 33 States have enhanced their IT capacity to review rates more efficiently
- 31 States have improved rate filing requirements to improve [transparency](#)

The Affordable Care Act gives States the support they need to review increases and take action to reduce unreasonable rates. As a former Governor and State Insurance Commissioner I know that effective rate review helps to slow premium growth and results in real savings. In the past year alone:

- Maryland was able to reduce premium increases in 10 of the 22 rate filings approved during the 3rd quarter of 2010.
- In August of 2011, Rhode Island cut a 20% rate increase request in half, to 10%.
- Oregon chopped the rate increase by one of its largest insurers almost in half, saving money for 60,000 people.

These success stories are only the beginning of a nationwide effort to curb insurance company behavior. Starting today, insurers who want to hike their rates by 10 percent or more have to explain and justify those increases in writing. Experts will scrutinize those explanations and, in many cases, can tell the insurer to reduce their price. In other cases, insurers who insist on a double-digit increase will have to post their explanations on the web. And we will post it on Healthcare.gov, too. Families and small business owners will be able to compare prices and choose the plan that best suits their needs and their budgets. That's the kind of good news we can all use.

To view a mock-up of what the rate review website will look like on Healthcare.gov, [click here](#). And to view the fact sheet, [visit this page](#).

Correction: The third paragraph in this blog has been revised.

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