

Newsroom

Increasing Insurance Industry Transparency

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Today, HHS published proposed consumer disclosure notices, required by the Affordable Care Act, which insurers will have to complete and report electronically when they propose rate increases over 10 percent. The information provided would give consumers detailed information about proposed increases that can be easily accessed on the HHS website. Posting this information would help consumers know what their insurance companies are proposing while the rate increase requests are being reviewed.

Disclosing proposed increases, along with the insurer's justification, will allow consumers to better understand the reasons and rationale behind the proposed increases. This unprecedented level of transparency in the health insurance market will promote competition, encourage insurers to do more to control health care costs, and discourage insurers from charging rates that are unreasonable.

You can take a look at the proposed [consumer disclosure notices here](#), listed under "CMS-10379." You'll see that the notices provide some basic information about insurance rate increases and their review, and then detailed information about the specific increase that your insurer has proposed. You can also see what the insurance company believes is driving the increase in premiums, and how much of the increase is going to profit and administrative expenses.

These notices are related to the Affordable Care Act premium [rate review regulation](#) that HHS proposed in December of 2010, which would apply to non-grandfathered insurance plans in the individual and small group markets.

Under the proposed rules, if your insurer [tries to raise rates](#) at or above a certain threshold amount that rate increase is subject to review by either State insurance officials or HHS if the State does not have an effective process for reviewing rates. The proposed threshold for the first year is 10%. After 2011, a state-specific threshold will be set for disclosure of rate increases, using data and trends that better reflect cost trends particular to that state

The proposed consumer disclosure notices will include an easy to understand breakdown of insurers proposed rate increase - helping make sure that, as the rate increase is being reviewed, consumers that would be affected by the increase have access to clear information about their insurance rates.

Under the proposed rule, this review of rates could begin as early as July 2011. And, once rates begin being reviewed, HHS will work to post information on these proposed rates as quickly as possible.

Putting this important information in consumers' hands is just one of the many ways the Affordable

Care Act is improving transparency and helping to hold down premiums.

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