

## Newsroom

# Shining a Light on Insurance Premiums

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Over the last 10 years, the cost of family health insurance has jumped an amazing 131 percent and today coverage is out of reach for millions of people and business owners. The Affordable Care Act was passed last year to address this critical problem. By setting new ground rules for insurers and strengthening State and federal oversight, we are already seeing signs of moderation in the cost of insurance. Today, we are taking an important step to continue to apply downward pressure on the cost of insurance.

Starting September 1, large rate increases proposed by insurers in every State will be reviewed by independent experts to guarantee the increase is reasonable and warranted. This process, [called “rate review,”](#) will require insurance companies to justify increases of 10 percent or more in the first year, and insurers will be required to publish those explanations on their website. And we will post those justifications on [www.hhs.gov](http://www.hhs.gov). I explain this [in more detail](#) in a recent Healthcare.gov blog post.

Today, the Department of Health and Human Services issued a final regulation to help implement this protection. The rate review provision will bring scrutiny and transparency to the market through the following actions:

- **Rate Review:** Starting September 1, 2011, insurers seeking rate increases of 10% or more for non-grandfathered plans in the individual and small group marketplace are required to disclose the proposed increases and the justification for them. Such increases will be thoroughly reviewed by experts in the field. Starting September 1, 2012, state-by-state thresholds will be set, using data that reflect insurance and health care cost trends particular to that State.
- **Better Information for Consumers** - Information about rate increases will be available to consumers in a [simple and easy to understand format](#), posted both on an HHS website and insurers’ own websites. Consumers will be able to see a summary of the factors driving rate increases, along with a justification provided by insurance companies for those increases determined to be unreasonable.
- **Support for States:** States with effective rate review systems will conduct the reviews, but if a State lacks the resources or authority to conduct actuarial reviews, HHS would conduct them. Already, HHS has awarded \$44 million in Affordable Care Act grants to help States strengthen or create rate review processes. HHS will continue to make resources available to States to strengthen their rate review processes.

To learn more about the rate review process, you can also watch this White House White Board that HHS Secretary Kathleen Sebelius taped recently:



Now, more than ever, strong and transparent review processes are necessary to help bring down costs for consumers. Rate review will ensure that all increases are reasonable and reflect evaluation of real time trends in the health care industry, protecting consumers from unsubstantiated rate hikes.

To find out more about this important consumer protection, [visit this page](#).

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