



## Ohio Should Support Consumer and Small Business Participation in Health Insurance Rate Review

How do individuals and small employers know if skyrocketing health insurance premiums are justified? Insurance companies' pricing formulas are very complex and so is the process to review proposed rate increases for fairness. Many Ohioans already pay too much for insurance. Because of the complexity of the formulas and review process, too many Ohioans do not know why their premiums have gone up and do not have the ability to challenge those rate increases.

The Ohio Department of Insurance (ODI), staffed with analysts and actuaries, has the authority to review and approve rate increases. Under the Patient Protection and Affordable Care Act (ACA), ODI now has increased responsibility to make sure consumers have meaningful input into the rate review process.

ODI can review health insurance rates for:

- Individual plans purchased by self-employed and other Ohioans who do not get coverage through an employer, and
- Small employer (50 or few employees) health plans.

More than 1.2 million Ohioans have insurance plans that are subject to ODI rate review.

Ohio has "prior approval" authority in the individual market, meaning rate increases must be approved by ODI before taking effect. Denials can occur if the premium is unreasonably high in relation to the benefits provided. In the small employer or group market, HMO rates are subject to prior approval but all other carriers file rate increases that are subject to retroactive review. Consumers—including small businesses—in the individual and small group markets do not have any way to participate in the current review process.

The ACA requires that the Department of Health and Human Services work with state departments of insurance to conduct an annual review of rate increases that exceed 10 percent. In addition, the ACA provides \$250 million in grant funding for state departments of insurance to improve rate review processes and enhance consumer participation. Ohio received one of these grants for \$1 million in 2010 to hire additional staff for review, to upgrade processes, systems and data analysis capabilities, and to develop a consumer friendly web application to assist Ohioans in using product and pricing information. ODI recently applied for a second grant of \$4.1 million to enhance rate review capacity with the greatest part dedicated to technological capacity improvements.

But the grant request of \$4.1 million does NOT include a commitment to make it easier for consumers to know when rate increases have been filed, to review and understand the documents that carriers submit to support their increase requests, or to provide consumers with trained advocates and actuarial assistance to have meaningful input into the review processes. We encourage ODI to work with consumer representatives to create a process through which Ohio consumers and small businesses can understand and meaningfully review proposed rate increases, and make their voices heard.

*For more information, contact Ohio Consumers for Health Coverage,  
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