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Topics

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Forced Transparency for Health Insurers

The Patient Protection and Affordable Care Act (ACA) encourages transparency as a mechanism to achieve better healthcare quality, increased access to healthcare, and lower healthcare costs.¹ In October 2011, the Department of Health and Human Services (HHS) launched a federally controlled website, www.companyprofiles.healthcare.gov, where consumers can discover whether an insurer has raised rates and for what reason.² Several ACA provisions and the climbing cost of insurance premiums were the impetus for the website's design, which aims to increase transparency in healthcare.³

The site does not provide an exhaustive list of all insurers and, to date, only includes those who have raised their rates. Under the ACA, beginning September 1, 2011, companies that increased rates ten percent or more for either individual or small group plans must provide customers with justifications for rate increases by posting explanations on the company website.⁴ The ACA also requires companies to justify rate increases to the federal government, and these justifications will be published on the healthcare.gov website.⁵ HHS Secretary Kathleen Sibelius stated that the data would serve to examine trends in companies' rationale for rate increases and to ensure such actions are both public and justifiable. Additionally, the information will enable consumers to make informed decisions about the acceptability of a rate increase.⁶

The Kaiser Family Foundation's 2011 Employer Health Benefits Survey found that premiums for employer-sponsored plans for a family of four increased nine percent and single-coverage increased eight percent since 2010. These increases are significant in comparison to 2010 prices, which only grew three percent since 2009.⁷ 2011 family premiums are 31 percent higher than in 2006 and 113 percent higher than 2001.⁸ Continued premium increases, compounded by insurance company average earnings, which surpassed projections by 46 percent, have raised even more concerns about the high price of healthcare throughout the United States.⁹

Sibelius has stated that the new site is just the beginning, and even more information will be publicly available in the future.¹⁰ Such information may include facts and figures about insurer rebates mandated by the ACA. Starting in 2012, insurers will owe rebates to consumers

for expenditures on non-health related services (i.e., administration or salary increases) that exceed 15 percent of total plan spending.¹¹ The site may also eventually include a section that allows consumers to comment on various rate increases. Critics warn consumers that when deciding to buy or keep a particular plan, they should be aware that some rate increases are justifiable. Overall, however, many have shown support for the site, noting that the more consumers know about healthcare costs, the better.¹²

1 "The Triple Aim: Care, Health, and Cost" By Donald M. Berwick, et al., *Health Affairs*, Vol. 27, No. 3, 2008, p.759.

2 "Your Insurance Company & Rate Increases" U.S. Department of Health and Human Services, <http://companyprofiles.healthcare.gov> (Accessed 10/20/2011).

3 "Patient Protection and Affordable Care Act" Public Law 111-148, Section 1323, 124 STAT 194 (March 23, 2010); "New Site Lets Consumers Monitor Health Insurance Rate Hikes" By Kelly Kennedy, USA Today, October 7, 2011, <http://www.usatoday.com/money/perfi/insurance/story/2011-10-07/health-insurance-rate-hike-website/50682044/1> (Accessed 10/13/2011).

4 "Health Insurers Must Justify Rate Increase Under New Rules" HealthLeaders Media, September 2, 2011, <http://www.healthleadersmedia.com/content/HEP-270459/Health-insurers-must-justify-rate-increases-under-new-rules.html##> (Accessed 10/13/2011).

5 Ibid.

6 Kennedy, "New Site Lets Consumers Monitor Health Insurance Rate Hikes," 2011.

7 "Employer Health Benefits: 2011 Annual Survey" The Kaiser Family Foundation and Health Research and Educational Trust, Menlo Park, CA: September 2011, p. 10.

8 Ibid, 11.

9 Kennedy, "New Site Lets Consumers Monitor Health Insurance Rate Hikes," 2011.

10 Ibid.

11 "Patient Protection and Affordable Care Act," 2010.

12 Kennedy, "New Site Lets Consumers Monitor Health Insurance Rate Hikes," 2011.



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