Health Insurance Rate Review Grant Program

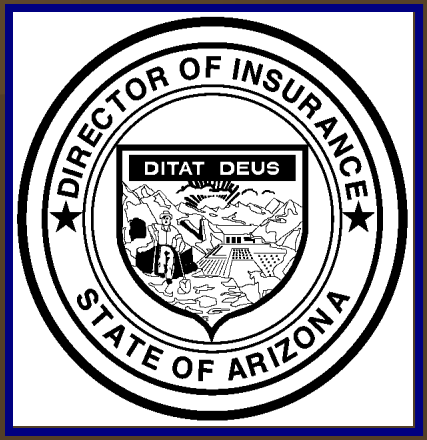
Arizona Department of Insurance

January 2011

Welcome!

- Arizona Department of Insurance
- Overview of Rate Review Grant Program
- Presentation of Rate Review Topics
- Your Comments & Questions

Arizona Department of Insurance



- Part of Arizona State Government.
- Makes sure insurance companies and agents follow insurance laws.
- There aren’t laws for everything the public wants.

Arizona Department of Insurance

Responsibilities include:

- Licensing insurance companies & agents.
- Monitoring financial condition of AZ insurance companies.
- Assisting and educating consumers.
- Reviewing certain policy forms and rates for compliance with Arizona law.

Health Care Reform

- Some provisions of the federal law took effect in 2010. For example:
  - Children can be covered on a parent's policy up to age 26.
  - Prohibits pre-existing condition exclusions for children under age 19.
  - Creates an information "Web Portal" for individuals and small employers.

Health Care Reform

- Some things will take effect later. For example:
  - Starting in 2011, plans must spend a certain amount on health care services
  - By 2014, every state will have an “Exchange” where individuals and small businesses can find insurance.

Purpose of Federal Grant

- Transparency: Improve Public Access to Rate Information.
- Compliance: Enhance the Way States Review Rate Filings
- Technology: Improve States' Data Collection and Reporting Technology

ADOI'S Grant Objectives

- Focus primarily on individual health insurance rates, where
  - Insurers have to submit detailed rate information to ADOI.
  - ADOI does limited review.
- Also look at some aspects of small employer rates, although insurers do not have to submit detailed rate information to ADOI.

ADOI'S Grant Objectives

- **Transparency**
  - Learn What Information is Most Important to Arizona Residents
    - Community meetings, surveys, etc.
  - Provide the Important Information
    - FAQs
    - Definitions and summaries
    - Graphics

ADOI'S Grant Objectives

- **Compliance**
  - Ensure That Our Rate Review Process is As Accurate & Efficient As Possible
  - Using Actuaries to Help Review Current Process

Current ADOI Review
Individual Rates

- Rates must meet a certain “anticipated loss ratio.”
- Insurers must submit rate filings with:
  - Certification that the rates comply with the law.
  - Supporting documentation, including a rate schedule and an actuarial memorandum.
  - The average rate increase for the filing.

Current ADOI Review
Individual Rates (Cont'd)

- ADOI reviews individual rate filings to be sure:
  - The filing is complete.
  - The anticipated loss ratio is correct.

- ADOI does not have the authority to disapprove individual rate filings but it can require insurers to change non-compliant items.

Current ADOI Review
Small Employer Rates

- Rates must be within a certain rate band.
- Every year, insurers must:
  - Certify in writing that the rates comply with the law.
  - Provide “index” and “base premium” rates that they use to stay within the rate band.
  - Insurers are not required to provide the rates they actually charge.
- ADOI makes sure insurers make their annual submissions.

ADOI'S Grant Objectives

- **Technology**
  - Require Electronic Rate Filings from Insurance Companies
  - Improve Internal System for Managing Review and Data Analysis
  - Electronic Reporting to Federal Government, as Required

Tell Us!!! Ask Us!!!

- Things you might want to know...
  - How Health Insurers Set Rates?
  - Why Health Insurers Raise Rates?
  - How to see Rate Filings at ADOI?
  - What is in an Individual Health Rate Filing?
  - How May Consumers Participate in this Grant Program?
  - How to Make Rate Information Easier to Understand?

Thank You

- We Value Your Input & Participation - Thank You for Attending!
- Watch our Website for Information and Updates!
- Have a Happy, Healthy 2011!

- **Public Notice:** 100% of this project is financed with federal money. The total grant award is $1,000.000; however, spending is limited to $550,441.00, which is the amount in the budget ADOI submitted with its grant application. None of the project is financed by non-governmental sources.