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Premium Rate Review in New York State

[*Presentation Location, etc.*]

[*Date*]

[*Name and Contact Info of Presenter*]



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Presentation Outline

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- The Problem: Rising Premiums
- Rate Review in New York
- What does this have to do with the ACA?
- What small businesses can do to keep insurance rates down.



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Health Insurance Premium Trends

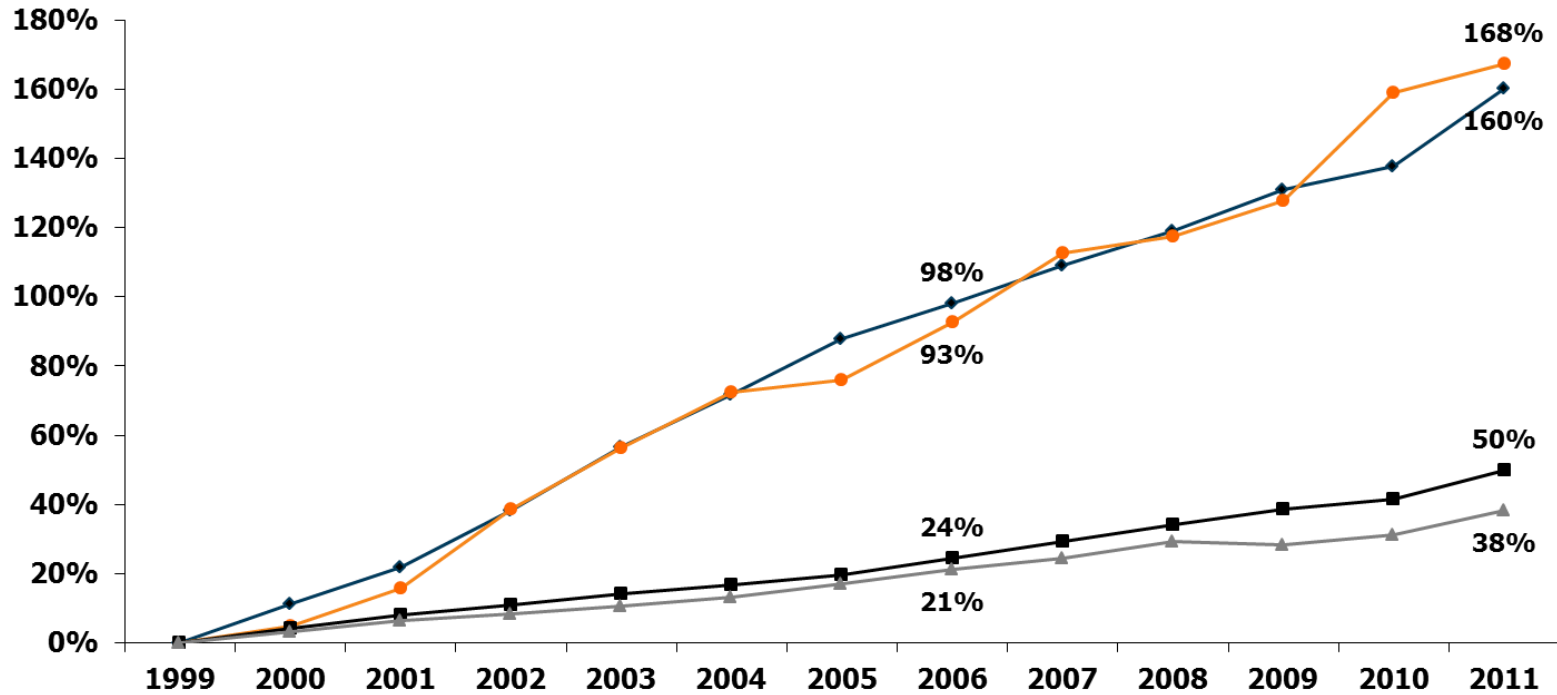


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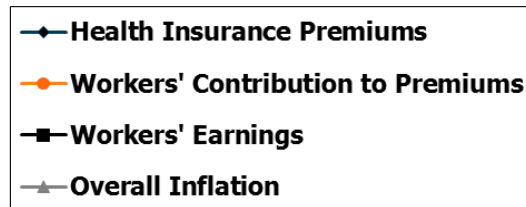
Rising Costs

Premium growth outpaces inflation and wages

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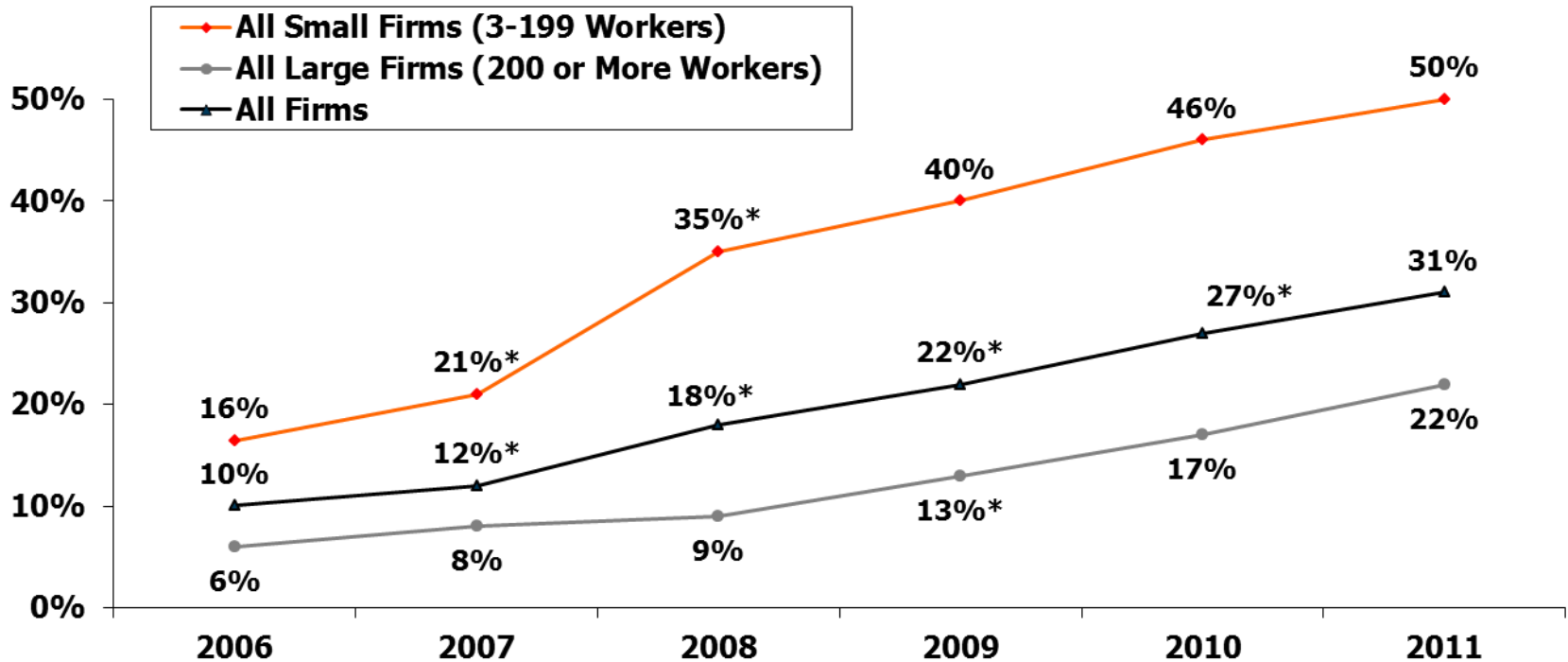


Reducing Benefits

Increased prevalence of high deductible plans

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Percentage of Covered Workers Enrolled in a Plan with Deductible of \$1,000 or More, By Firm Size



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Rate Review in New York State (Prior Approval)



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Rate Review in New York State

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Prior Approval – The Basics

- Department of Financial Services (DFS, formerly known as DOI) must approve of all rate increases before they become effective.
- The “MLR” for each product offered by each plan must be at least 82%. DFS checks the numbers before they approve a rate.
- After the year, if MLR is too low, plans must issue rebates.



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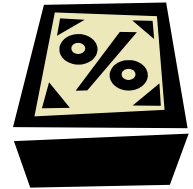
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What's an MLR?

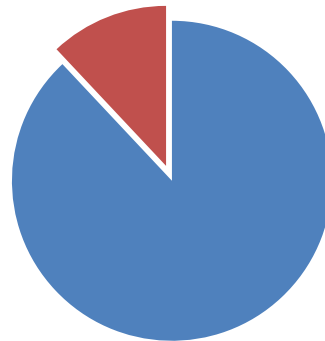
“MLR” = Medical Loss Ratio

$$\text{MLR} = \frac{\text{Total spending on enrollees' health care expenses}}{\text{Total premium revenue}}$$



If a plan has an MLR of 88%, that means that 88 cents out of every premium dollar went towards paying for enrollees' health care.

The rest goes to salaries and other overhead expenses, marketing, interest on loans, profit, etc.



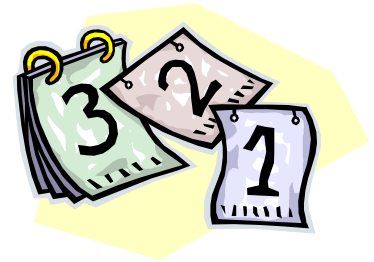
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Prior Approval – The Details

- Plans must inform DFS and subscribers 120 days before planned rate increase to become effective.
- **Public has 30 days to submit comments.**
 - This is where you can get involved.
- DFS reviews comments and issues a decision within 30 days
- Plans inform subscribers of final approved rate 60 days before it becomes effective



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Rate Review in New York State

Submitting Comments

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Submitting comments is easy.

- www.dfs.ny.gov/insurance/health/prior_app/prior_app.htm
- DFS says that comments help them negotiate on behalf of consumers.
 - Comments can be simple or technical.
- Anyone can go online and review their plan's justification for raising rates.

Insurance costs are
TOO DAMN HIGH!



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Actual comments (excerpts)



- “The 53.6% increase proposed for the Family Plan on the High Deductible Health Plan will cause a hardship for our company . . . If [my insurance company] charges their proposed increases, we may be forced to drop our coverage.”
- “As our businesses are both effected by the current pitfalls of the economy, we find ourselves with unpredictable salaries, and with a daughter off to her first year of college . . . I personally will not be able to afford this increase and will then be un-insured.”
- “It is beginning to feel like we must choose between our health and paying bills.”
- “[My insurance company’s] proposed 2012 rate increase of over 27% is unjustified, excessive, and outrageous. This increase is much, much higher than the inflation rate. . . . [My insurance company] has tried to justify excessive, exorbitant rate increases under the guise of “increasing claims costs” – without making adequate efforts to reduce its OWN administrative costs and very high executive salaries.”



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* - Excerpts of actual comments regarding one insurer’s proposed Healthy NY rate increase for January 1, 2012.

Rate Review

Results

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- Reduced rate increases for 2012 by 4.5% on average, **saving New Yorkers \$400 million.**
 - Average reduction in increase in small group market was 6.8%.
- Reduced rate increases for 2013 by 4.8% on average, **saving New Yorkers \$500 million.**
 - Average reduction in increase in small group market was 6.2%.
- **\$86.5 million in refunds** were distributed in New York in the summer of 2012.
- **\$1.1 billion** was refunded throughout the U.S.



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Rate Review in Federal Health Reform



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Federal Health Reform

Rate Review Summary

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Value for Premium Dollars:

- Minimum MLR of 80% for small groups
 - So New York's rule (82% min MLR) is tougher



Rebates

- If MLR was too low for year, must issue rebate to consumers and employers
 - First round of rebates was in August 2012
 - Unlikely to mean much in NY since State rule is tougher

Transparency

- Requires most plans to post justifications of increases of >10%.
 - Posted to companyprofiles.healthcare.gov and www.dfs.ny.gov.

Supporting States

- \$4.4 mil in federal funding for DFS to support rate review.



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What Small Businesses Can Do To Help Keep Rates Down



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What Small Businesses Can Do

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- **SUBMIT COMMENTS**

- Talk about how the rate increase affects your business
 - Talk about the importance of health insurance to your workers
 - Express your opinion if you think rates are too high
- Contact us for more information.
 - We may have financial information about the plans to help you write your comments.
 - Go online and read about why your company is raising rates.
 - www.dfs.ny.gov/insurance/health/prior_app/prior_app.htm
 - companyprofiles.healthcare.gov

Insurance costs are
TOO DAMN HIGH!



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Help For All New Yorkers

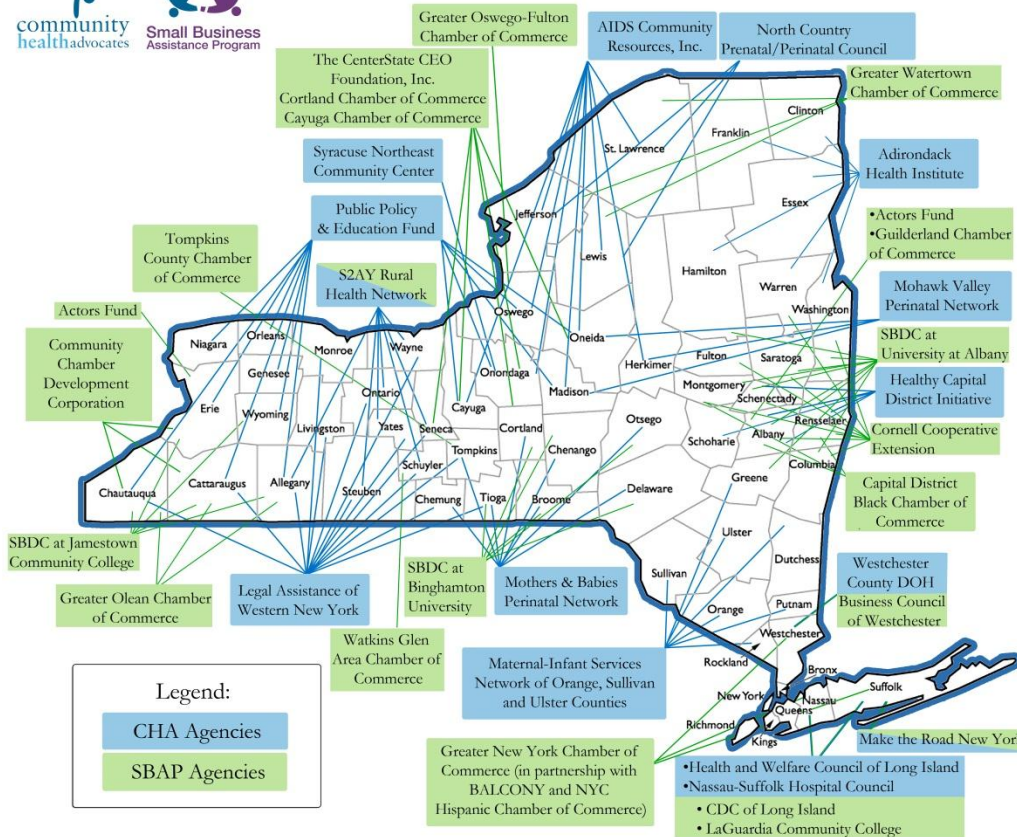
Assistance for Small Businesses and Consumers

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CHA and SBAP Statewide Network

CHA Helpline: 1-888-614-5400 | E-Help: www.communityhealthadvocates.org/get-help



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 •Community Service Society of New York
 •Center for Independence of the Disabled, New York
 •Empire Justice Center
 •Legal Aid Society
 •Medicare Rights Center

Serving New York City
 •Actors Fund
 •Asian Americans for Equality
 •Bronx Overall Economic Development Corp.
 •Brooklyn Chamber of Commerce
 •CAMBA
 •Greater New York Chamber of Commerce (in partnership with BALCONY and NYC Hispanic Chamber of Commerce)
 •Manhattan Chamber of Commerce
 •New York Women's Chamber of Commerce
 •Queens Chamber of Commerce
 •Staten Island Chamber of Commerce

Serving New York City
 •Bronx Health Link
 •Children's Aid Society
 •Emerald Isle Immigration Center
 •Gay Men's Health Crisis
 •Harlem Congregations for Community Improvement
 •Jewish Community Center of Staten Island
 •Korean Community Services
 •Make the Road New York
 •Northern Manhattan Improvement Corp.
 •Public Health Solutions
 •South Asian Council for Social Services
 •United Jewish Organization of Williamsburg



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More Resources

- NYS Dept. of Financial Services:
www.dfs.ny.gov/insurance/health/prior_app/prior_app.htm
- NY State Health Benefit Exchange: www.healthcarereform.ny.gov
- Health Care For All New York: www.hcfany.org
- Community Health Advocates: www.communityhealthadvocates.org
 - Hotline: (888) 614-5400
- HHS Information: www.healthcare.gov
- Congressional Budget Office:
<http://www.cbo.gov/publications/collections/health.cfm>
- Kaiser Family Foundation: <http://healthreform.kff.org/>
- ACA: www.healthcare.gov/law/full/index.html



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The End / Questions



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