



INSURANCE TRANSPARENCY – WHAT’S BEHIND THE PREMIUMS?

THE ISSUE

Maryland’s hospitals are among the most regulated entities in the state, and the most transparent. Hospitals’ financial information is reported regularly to the Health Services Cost Review Commission, which sets hospital rates, and is made publicly available on its Web site. Not so for Maryland’s health care insurance companies.

The federal health care reform law, the Patient Protection and Affordable Care Act, includes reforms to improve insurer accountability and transparency for consumers. The Maryland Insurance Administration will oversee many of the new federal and state insurance requirements. In 2010, the Insurance Administration received federal funding to help adhere to these new regulations; some of the funds were used to engage a consulting firm to recommend the best ways to improve the health insurance rate review process and provide information to consumers about the process.

The Insurance Administration is implementing recommendations to increase the amount of information provided to consumers about why insurance premiums go up, and provide opportunities for the public to comment on proposed rate increases. The Insurance Administration regulates insurance sold both inside and outside of Maryland’s new health insurance exchange; federal individual and employer mandates will be enforced primarily by the federal government.

WHAT WE’RE FOR

- **Clarity** – Consumers and policymakers must be fully confident in Maryland’s health insurance premium approval process; this requires a thorough review and understanding of insurers’ financial reserves, and of how much of the premiums they collect are actually spent on medical care.
- **Consumer Input** – Consumers are not part of the Insurance Administration’s premium review process. Approval of insurers’ rate requests must include input from those who actually pay for insurance, through a public hearing process and not merely via Web site input as proposed by the Insurance Administration.
- **Information** – Much of the Maryland-specific data needed to have a complete understanding of premium increases and insurer rate requests is either not collected by the Insurance Administration or not subject to public release. Work should begin during this Legislative Session to ensure that the Insurance Administration has the resources and authority to conduct thorough actuarial reviews and establish an effective state rate review system.