

Feds Want Insurance Costs to Be Transparent

BY NASEEM S. MILLER

In an effort to control rising health insurance rates and to bring transparency to the market, the federal government has proposed rules requiring insurers to publicly disclose and justify large rate increases.

Starting this year, proposed rate increases of 10% or higher will be publicly disclosed and reviewed to determine if the rate increase is reasonable, according to proposed regulations announced by Health and Human Services Secretary Kathleen Sebelius. The effort will be conducted in collaboration with the states.

The initial threshold for review is set at 10% for 2011, Ms. Sebelius said; however, starting in 2012, the states will set their own thresholds based on data and trends they gather. If a state is unable to do so, the proposed rule allows the HHS to do so.

Beginning in 2014, states will be able to exclude from the new health insurance exchanges any health plans that

show a pattern of excessive or unjustified premium increases.

Ms. Sebelius said that the states will have the responsibility to keep insurance rates in check, and that the federal government is “not going to be sitting on state commissioners’ shoulders and questioning what it is that they’re doing.”

Over the past decade, the average



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MS. SEBELIUS

health insurance premiums for family coverage have risen 131%, according to the HHS. Some states such as Connecticut and Rhode Island already have the power to review and reject excessive rate increases, but not all do and some lack the legal authority or resources to do so.

“The proposed rate review policy will empower consumers, promote competition, encourage insurers to do more to control health care costs and discourage insurers from charging premiums which are unjustified,” Jay Angoff, director of the HHS Office of Consumer Information and Insurance Oversight, said in a statement.

The Affordable Care Act makes \$250 million available to states to take action against insurers seeking unreasonable rate hikes, and so far \$46 million has been awarded to 45 states and the District of Columbia for improving oversight of health insurance rate increases, according to the HHS. The proposed regulations also will work in conjunction with medical loss ratio regulations, which were released in November.

In a statement, Karen Ignani, president and CEO of the insurance trade group America’s Health Insurance Plans, said, “While the proposed rule gives consideration to the impact of rising medical costs, it also establishes a threshold for review that is incomplete because it does

not adequately factor in all of the components that determine premiums, including the cost of new benefit mandates and the impact of younger and healthier people dropping coverage.

“Premium review must consider the unique circumstances of small employers who are struggling to afford coverage for their employees, and of the individual market in which people move in and out of coverage depending on whether they anticipate needing medical services.”

She added, “It is also important to remember that the new federal law already caps health plans’ administrative costs and profits. We welcome the opportunity to submit comments on this proposed rule.”

The proposed rule was published in the Federal Register on Dec. 23 and is open for public comment until Feb. 22. Comments can be filed at www.regulations.gov. A final rule could be issued in 6 months. For more information, visit www.hhs.gov/ocio/initiative/index.html.



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Sam's Club Offers Health Care

Wal-Mart warehouse retailer Sam's Club has begun offering a \$99 annual health care plan that includes at-home screening tests and health coaching but does not include access to a physician. The “Prevention Plan” uses an online health assessment, which is based on results from cholesterol and blood glucose tests, to develop personalized advice for participants, according to Sam's Club. The program also provides a 24/7 hotline to nurses; health alerts and reminders; and a summary of the plan for each patient's physician. The service is intended to augment, rather than replace, care from a primary care physician, according to U.S. Preventive Medicine, the company that is providing the product for the retailer.

Health Reform Helps Primary Care

The health care reform law that Congress passed last year will begin to reverse decades of neglect of the primary care system in the United States, but only if state and federal governments follow through, according to a report from the Commonwealth Fund. The new law includes multiple provisions that will strengthen primary care, including temporary increases in Medicare and Medicaid payments to such providers, support for innovation in care delivery, increased emphasis on better health outcomes and patient experiences, and more investment in the primary care workforce, according to the report. In order for the changes to work, however, they'll need to be implemented carefully and thoroughly,

and Congress will need to fund them fully, the report said.

Private Cash for Community Health

Robert and Myra Kraft have donated \$20 million to Partners HealthCare in Boston to create a new community health center and provide recruitment incentives for more than 100 physicians and master's-level nurses to practice in community health settings. The gift will fund the Kraft Family National Center for Leadership and Training in Community Health, which will create a fellowship program for training new community-based physicians, the announcement of the gift said. “Very simply, we hope to inspire a new generation of clinicians to make a commitment to solve many community health problems here in Massachusetts and across the country, and greatly improve the health of those in need,” Dr. Gary Gottlieb, Partners HealthCare CEO, said in a statement. The Krafts own the New England Patriots football team and Gillette Stadium in Foxboro, Mass., where the team plays.

Diabetes, and Its Costs, Doubled

The number of U.S. adults who were treated for diabetes more than doubled in 11 years, according to the Agency for Healthcare Research and Quality. In 2007, about 19 million adults said that they had been treated for diabetes, compared with 9 million in 1996, the agency said. The increase occurred in all age groups: The number of seniors who were treated for diabetes rose from 4.3 million to 8 million; for people aged 45-

64 years, the increase was from 3.6 million to 8.9 million; and treatment among 18- to 44-year-olds went from 1.2 million to 2.4 million. Total treatment costs for diabetes also more than doubled, from an inflation-adjusted \$18.5 billion in 1996 to \$41 billion in 2007. Prescription costs alone more than quadrupled, from \$4 billion to \$19 billion.

FDA to Review Tobacco Products

The Food and Drug Administration said that it needs to review tobacco products that were introduced or changed after early 2007. To continue marketing a product, the tobacco manufacturer must prove to the FDA that a product is “substantially equivalent” to products commercially available on Feb. 15, 2007, when legislation placing tobacco products under the agency's jurisdiction was introduced in Congress. President Obama signed the tobacco legislation into law in June 2009. The agency said that it may deny applications for substantial equivalence if the new product, as marketed, would raise different questions of public health – for example, if the new product were more addictive than the old. Manufacturers need to apply for equivalency status by March 22 of this year. After that date, tobacco companies will need to obtain marketing orders from the FDA before being allowed to sell a product.

Group Sues Over Pyramid

The animal-advocacy group Physicians Committee for Responsible Medicine has filed suit against the Department of Agriculture and the Department of Health and Human Services, saying they're ignoring a healthier vegetarian alternative to the national MyPyramid nutritional tool. In the U.S. District Court for the District of Columbia, the group charged that the departments vi-

olated federal law by failing to respond to a petition from the group offering “a simple, plant-based alternative to MyPyramid.” The petition notes that obesity and diabetes rates have skyrocketed since the food pyramid was introduced 2 decades ago, and asks that the two agencies' latest version replace the pyramid with the committee's Power Plate vegetarian alternative. “MyPyramid is confusing, and it recommends meat and dairy products despite overwhelming evidence that these foods are unnecessary and unhealthy,” said group nutrition education director Susan Levin in a statement.

—Jane Anderson

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