

# America's Health Insurance Plans (AHIP) Opposes Rate Review Rule

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WASHINGTON, Dec. 21 -- America's Health Insurance Plans issued the following news release:

America's Health Insurance Plans' (AHIP) President and CEO Karen Ignagni today released the following statement on the proposed rate review rule released by the Department of Health and Human Services:

"The public policy discussion on health care costs has focused on health insurance premiums, while ignoring the root causes that are driving up the cost of coverage, including soaring medical prices, new benefit mandates and changes to health plans' risk pools. At a time when health care costs are a crushing burden on families and employers, the American people deserve to know the facts.

"For example, data from the state of Oregon show that prices of many medical services have increased at an average annual rate exceeding 10 percent. California data show that prices for a hospital stay increased by more than 150 percent between 2000 and 2009-an average annual growth rate of 11 percent. Trends like these are being seen across the country.

"We agree that states are best suited to review premiums because they have the experience, infrastructure, and local market knowledge needed to ensure that consumers are protected and health plans are solvent. The federal government is not in position to make these assessments.

"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 that 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.

"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.

Additional Resources on Skyrocketing Health Care Costs:

- New AHIP Report Examines Hospital Prices in California and Oregon (<http://www.ahipresearch.org/pdfs/PricesCaliforniaOregon2010.pdf>)
- AHIP's Health Care Cost Resource Kit (<http://www.ahip.org/content/default.aspx?bc=39|341|327>)
- Where Does a Premium Dollar Go? (<http://www.americanhealthsolution.org/assets/Health-Care-Costs/II.-Administrative-Cost-Slides.pdf>)
- The Hay Group: How Health Insurance Premiums Are Determined (<http://bit.ly/dxIQQz>)
- International Federation of Health Plans price report: Price Differences of More Than 300 Percent Between Countries (<http://www.ifhp.com/documents/IFHPPricereportfinal.pdf>)
- Center for Studying Health System Change: Wide Variation in Hospital and Physician Payment Rates Evidence of Provider Market Power (<http://www.hschange.com/CONTENT/1162/1162.pdf>)
- Kaiser Health News: California Hospitals: Prices Rising Rapidly, But Quality Varies (<http://www.kaiserhealthnews.org/Stories/2010/October/17/california-hospital-costs.aspx>)
- AEI Health Policy Outlook: Addressing Geographic Variation and Health Care Efficiency: Lessons for Medicare from Private Health Insurers (<http://www.aei.org/docLib/2010-7-No-2-g.pdf>)