

WASHINGTON, DC (March 4, 2010) – Today Rep. Jan Schakowsky, D-IL, and Sen. Diane Feinstein, D-CA introduced the Health Insurance Rate Authority Act of 2010, legislation to help families and small businesses whose access to health insurance is threatened by excessive premium increases. The legislation, H.R. 4757 in the House, would provide unprecedented authority to block unreasonable premium increases before they are allowed to take effect.

“Families and small businesses across the country are facing yet another round of double-digit premium increases,” said Rep. Schakowsky. “They deserve to know that someone is looking at those premiums and is empowered to take action to prevent price-gouging and unreasonable increases.

“Anthem Blue Cross of California recently proposed a 39% increase for some policyholders – but that is just the tip of the iceberg. In my state of Illinois, individual policyholders can expect to see their premiums go up by as much as 60% and consumers in states from Maine to Colorado to Indiana are experiencing similar hikes.”

“In 26 states, including Illinois, there is no requirement for prior review or approval of health insurance premium hikes. In other states, even if rates aren’t justified, insurance regulators have no authority to take action to block them or require rebates for families and businesses. Our bill will help consumers and small businesses who are struggling to pay for health coverage and watching as insurance profits and CEO salaries soar.”

The Health Insurance Rate Authority Act of 2010 would give the U.S. Secretary of Health and Human Services the authority to deny or modify premium and rate increases found to be unreasonable. It would create a 7-member Health Insurance Rate Authority, including consumer representatives and insurance experts, to make recommendations on how to lower rates. The HHS Secretary would work with the state insurance departments and the bill would provide \$250 million to help states implement these new policies. Insurance companies would have to disclose their justifications for rate increases and that information would be available to the public.

While both the House and Senate health reform bills include language requiring rate review, based on an Schakowsky amendment offered in the Energy and Commerce Committee last July, this newly-introduced legislation expands on those provisions, includes resources for states, and would take effect beginning in 2011, providing the American people with much needed consumer protection.