

Rep. Schakowsky Announces Bill to Review Proposed Increases and Protect Consumers

CHICAGO, IL (April 12, 2010) – Today Rep. Jan Schakowsky, Illinois 9th Congressional District, praised the passage of Comprehensive Health Care Reform and also called for strengthening the provisions in the law that protect consumers from excessive insurance premium hikes. Speaking with Michael T. McRaith, Director of the Illinois Department of Insurance, and several Illinois residents who are facing crippling double-digit premium increases this year, Schakowsky called for immediate action for families, individuals, and small businesses. This action would come with the passage of legislation she has introduced with Sen. Dianne Feinstein, the Health Insurance Rate Authority Act of 2010, H.R. 4757.

“I have been spending time in my district listening to people talk about how glad they are that we passed Health Care Reform—from seniors stuck in the doughnut-hole who are going to get immediate relief, to young adults who get to stay on their parents’ policy up to age 26, it is proof positive that together we did something truly historic,” said Schakowsky, “But we need more protection now, which is why I’ve introduced the Health Insurance Rate Authority Act of 2010.”

Importantly, Schakowsky’s bill would provide the Secretary of Health and Human Services the authority to actually block or modify insurance rate increases deemed unreasonable, and to order insurance companies to pay rebates to consumers. Schakowsky successfully offered an amendment in the Energy and Commerce Committee last summer to require prior review of high premium rate increases. Because of that amendment, the final health law requires that insurance companies justify rate increases to HHS, state regulators and the public. Building upon that new requirement, the Schakowsky-Feinstein Health Insurance Rate Authority Act of 2010 would provide additional authorities to protect consumers.

Health care reform allows the Secretary the ability to expose unreasonable premium increases immediately, and in 2014 insurance companies that excessively raise rates to be blocked from participating in the Exchange, a newly-created marketplace for buying insurance. But people across Illinois are facing double-digit premium increases this year, some as high as 60%. That represents considerable financial hardship that is being felt across the country. And Illinois is among the 26 states that have no authority to prevent this from happening to its residents.

“Comprehensive reform provided the foundation to review rates at the federal level. I’ve

introduced legislation to strengthen it so that we can protect consumers from unreasonable rate hikes starting right now," said Schakowsky.

Illinois Director of Insurance, Michael T. McRaith, supports Schakowsky's call for enhanced consumer protections. "Families and businesses in Illinois spend hard-earned dollars paying health insurance premiums, but our Department does not have authority to approve or deny rate increases," said McRaith. "Illinois-based premium approval authority would assure that Illinois consumers do not experience unreasonable rate increases but do receive benefits that are reasonable in relation to the premium charged."

Importantly, Schakowsky's bill provides a federal backstop for states like Illinois that don't have the ability to prevent premium hikes. "It does not usurp power from states that already have the ability to review and modify unreasonable rate increases and it does not say that states can't go above and beyond what they're already doing," said Schakowsky.