

*“Medical loss ratio” set to protect Americans’ health care and pocketbooks*

*CHICAGO, IL – (November 22, 2010) Today Rep. Jan Schakowsky (D-IL) released the following statement in response to the Department of Health and Human Services’ implementation of the “medical loss ratio,” which requires insurers to spend at least 80 cents of every premium dollar on medical care. Insurers that spend less will be required to issue rebates to consumers.*

“I want to congratulate HHS Secretary Kathleen Sebelius for today announcing new “medical loss ratio” rules that will provide billions of dollars in relief to individuals, families and businesses that buy health insurance policies. Today’s rules – an essential part of the Affordable Care Act – will ensure that premium dollars go to pay for medical care, not bloated administrative costs and executive bonuses.

“More than 20% of consumers purchase plans where more than 30 cents out of every premium dollar is spent on something other than health care – including profits, red tape and waste. The new rules guarantee that at least 80 to 85 cents of each premium dollar must be spent on medical services, giving consumers more value for their health care dollars. Insurance companies will be held accountable, paying rebates to consumers if they don’t meet the new ratio.

“These are critical protections for Americans’ health care and pocketbooks – protections that will be eliminated if the Republicans are successful in their attempts to repeal the Affordable Care

Act.

“The Affordable Care Act gives HHS the ability to enforce these rules, but we still need to act to protect consumers in states like Illinois, which lacks the authority to deny excessive premiums and rate increases. I will continue to fight for passage of my bill, the Health Insurance Rate Authority Act of 2010, which was introduced in the Senate by Sen. Dianne Feinstein (D-CA).”