



News

For Immediate Release

CONTACT: John Aloysius Cogan Jr.
Executive Assistant for Program and Policy Review
462-9636

OHIC Calls on Insurers to Retract Rate Increase Requests

Rate Hearings will commence by July 14 if no action by Insurers

Cranston, RI June 17, 2009 — The Office of the Health Insurance Commissioner (OHIC) ruled on proposed rate factors from health insurers today, refusing to approve any increase, and instead calling on the health insurers to withdraw their increase requests. Koller also told the health insurers that rate hearings will commence for each insurer on or before July 14, 2009 if the insurers do not take action.

“In written and oral public comment alike to this Office, employers and employees have made it clear that the size of the requested increases is not bearable in the current economic climate,” Commissioner Koller said. “Businesses with commercial insurance should not be asked simply to pick up costs shifted to them by the insurers from other purchasers and providers. Times are difficult. Rate increases should reflect that, not make the times worse.”

At the direction of the Commissioner, on May 15, 2009, Blue Cross and Blue Shield of Rhode Island, Tufts Health Plan and United Health Care of New England filed for OHIC review the medical inflation, administrative costs and contributions to reserves rates (or “rate factors”) they plan to use to calculate commercial health insurance premiums for the end of 2009 and 2010. These filings were released on the OHIC web site

(www.ohic.ri.gov) on May 18, 2009 and public comment was solicited through this past week.

The Commissioner had the option of ruling on the rate factors or calling for public hearing. In separate letters to the plans today, Koller noted that the rate factors appear to be “unjustified based on a review of the filings and the supporting documentation.” He also told the plans

Rhode Island employers and employees have reached a tipping point with respect to their ability to pay for health insurance. We are in a crisis and our health care system simply cannot go forward as we have in the past. . . . If accepted, the filed rate factors would only exacerbate the current cost spiral by further raising business costs. This is simply not acceptable.

The plans have until June 25 to inform Koller of whether they will rescind their requests or proceed to hearing. If no responses are received by then, rate hearings will be scheduled by OHIC to commence before July 14, 2009. By law, rate hearings are contested cases conducted by an administrative hearing officer. Parties to the hearing are the health insurer and the Office of the Attorney General. At the close of the hearing the hearing officer makes a recommendation to the Commissioner who may accept, reject or modify the recommendation. Both parties may appeal the Commissioner’s decision in State Court.

About the Office of the Health Insurance Commissioner

The Office of the Health Insurance Commissioner (OHIC) was established by legislation in 2004 to broaden the accountability of health insurers operating in the state of Rhode Island. Under this legislation, the Office is dedicated to:

1. Protecting consumers
2. Encouraging fair treatment of medical service providers
3. Ensuring solvency of health insurers
4. Improving the health care system’s quality, accessibility and affordability

The Office sets and enforces standards for health insurers in each of these four areas.
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