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INSURANCE COMMISSIONER IMPROVES OVERSIGHT OF HEALTH INSURANCE PREMIUMS

Baltimore, MD Following an in-depth study of the Maryland Insurance Administration's ("MIA") process for reviewing health insurance premiums, Maryland Insurance Commissioner Therese M. Goldsmith announced changes in that rate review process that will help ensure that consumers receive value for their premium dollar. Among other things, the MIA will closely scrutinize and publicly disclose medical trend data and other information submitted in support of proposed changes in premium rates. The MIA also will develop a mechanism for consumers to comment on proposed rates. The new rate review process will provide part of the regulatory framework to support Maryland's Health Benefit Exchange, a new marketplace for health insurance policies for individuals and small employers.

"Although Maryland has an effective rate review process, we can and will do more to review proposed health insurance premiums," said Goldsmith. "As consumers look at new benefit plan choices in 2014, they need to know the premiums are fair and reasonable. The changes implemented over the next few years will be key to consumer confidence."

The MIA will apply the new procedures initially to plans proposing rate increases of 10 percent or more, as required under the Affordable Care Act, but will phase in their application to all individual and small group health insurance policies in Maryland. Public disclosure of premium rate requests and final approved premium rates will allow consumers to see the value of a rigorous regulatory review process.

In applauding the MIA's action, Lieutenant Governor Anthony G. Brown said, "Today's announcement is another step towards more affordable health care in Maryland. Through a variety of approaches, Maryland is using the tools in the Affordable Care Act to reduce cost, expand access, and improve the quality of health care."

Using federal grant funds, the MIA engaged Oliver Wyman Actuarial Consulting, Inc. ("Oliver Wyman") to conduct the study and provide recommendations on how to improve the premium rate review process, including how to provide information to consumers about changes in premium rates. Oliver Wyman's reports were presented at a public hearing on June 23, 2011. Copies of Oliver Wyman's reports and the Insurance Commissioner's conclusions are available

on the MIA's website at

http://www.mdinsurance.state.md.us/sa/docs/documents/report_on_health_insurance_rate_review_process-information_provided_to_consumers.pdf.

The MIA will need additional resources to fully implement these changes and has applied for a second federal grant to obtain the necessary funds.

The Maryland Insurance Administration (MIA), founded as the Maryland Insurance Division in 1872, is an independent State agency located in downtown Baltimore. This agency regulates Maryland's \$26 billion insurance industry and makes certain that insurance companies, health plans and producers (agents and brokers) comply with Maryland insurance law. The MIA also licenses over 110,000 producers and approximately 1,500 insurance companies, regulates insurance rates, monitors insurer solvency, investigates consumer complaints and travels across the State providing consumers with educational materials on insurance. These materials also may be found at www.mdinsurance.state.md.us.

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