

The Green Mountain Guide to Health Insurance Rate Review

A publication of Vermont's Green Mountain Care Board

Federal Law

In 2010, the Affordable Care Act brought an unprecedented level of scrutiny and transparency to health insurance rates by holding insurance companies accountable for how they spend insurance premium dollars. For example, health insurance companies are required to provide an easy-to-understand, consumer-friendly justification explaining the need for any rate increase of 10% or more, and are generally required to spend 80% of premium dollars on health care, as opposed to administrative costs.

Vermont Law

Until 2011, the Department of Financial Regulation (then the Department of Banking, Insurance, Securities and Health Care Administration) had sole authority for reviewing health insurance rates to ensure that they were not excessive, inadequate or unfairly discriminatory. Beginning in 2011 with the passage of Act 48, followed by Act 171 in 2012, the Legislature assigned the GMCB the responsibility for monitoring and controlling major medical health insurance rates and making final rate decisions.



Read more at:

ratereview.vermont.gov

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The “whys” and “hows” of Vermont rate regulation

Vermont's Legislature assigned the Green Mountain Care Board (the GMCB or the Board) the task of reviewing health insurance rates so that Vermonters will pay a fair price for their health insurance coverage. The review process is one way in which the GMCB can ensure that quality health care in Vermont is accessible and affordable.

The GMCB reviews rates in the individual and small group (businesses with 50 or fewer employees) markets. It also reviews certain factors that affect the large group (more than 50 employees) market, such as the rate at which medical or pharmaceutical costs may rise on an annual basis. The Board does not review rates for self-insured employers, the pricing of limited benefit plans such as stand-alone vision or dental insurance, or the rates for disability or long-term care insurance.

Of all the GMCB's responsibilities, insurance rate review probably affects Vermonters most immediately. Each time an insurer proposes a rate increase, some Vermonters will be paying more for the benefits they receive. In its role as regulator of health insurance rates, the GMCB must assess the impact of any rate changes and decide

whether the changes are justified and affordable for those affected.

How it works

Insurance companies in Vermont set insurance rates by reviewing current and historical costs and utilization (usage) of health care for a given population, and predicting how much these things will change for the coverage period. An insurer files a rate request setting forth the proposed rate it believes it must receive to cover its expenses—including administrative costs and any profit or surplus—with the GMCB. The GMCB then has 90 days to review and approve, disapprove, or modify the request. During the course of review, the GMCB will work with its consulting actuaries—specialists in analyzing risk—before deciding whether the request is reasonable.

Vermonters have a say in this process. The GMCB welcomes and takes into consideration public comment from those affected by the rate request, and the Health Care Advocate's Office may become a party to the rate review proceeding and represent the public's interests. To find out more about how and when to comment on a rate filing, check this website:

www.ratereview.vermont.gov

How rate review works in Vermont



Filing



The process begins when an insurance carrier submits a “filing” to the GMCB. The filing often requests a change in the rates charged for a particular health insurance plan offered to Vermonters. The GMCB posts new rate requests on its website within five days of receiving the filing. Anyone who wishes to receive automatic alerts about new filings to the GMCB may do so by visiting the Vermont rate review website and signing up for special notifications through an “RSS Feed.”

The insurance company applying to have its rate request approved by the Board is a “party” to the formal rate review filing. Vermont’s Office of Health Care Advocate, a division of Vermont Legal Aid, may also choose to participate as a party representing Vermont health care consumers. In addition, a person may qualify as an “interested party” if he or she can demonstrate a direct and substantial effect from the outcome of the review.

Public Comment



Once a rate filing is posted on GMCB’s website, a public comment period begins. Anyone who wishes to submit a comment or question about the filing may do so on the web, on the phone, or by mail by following the directions posted on the GMCB website. Public comment extends for 15 days after the GMCB makes all required postings to its web site, as explained below.

Opinions



Within 60 days of the original receipt of a rate filing, the GMCB must post on its website documents detailing the official opinion of an actuary discussing the reasonableness of the rate change, and the opinion of Vermont’s Department of Financial Regulation (DFR) regarding the impact of the requested rate change on the solvency of the health insurance carrier named in the filing.

Decision



The GMCB decides to approve, modify, or disapprove a rate request within 90 days from the date it was filed. This decision is the result of an analysis by the Board that answers these questions:

- Is the rate affordable?
- Does the rate promote quality care?
- Does the rate promote access to care?
- Is the rate adequate to cover the insurer’s costs?
- Is the rate unjust, unfair, inequitable, misleading, or contrary to law?
- Is the rate excessive, inadequate or unfairly discriminatory?

The Board posts its written decision on its website. Official “parties” to the filing may appeal to the Vermont Supreme Court within 30 days of the decision.

The Green Mountain Care Board wants to hear from you. To comment or ask questions, visit the GMCB website, call our offices, or attend our meetings—which are always open and usually occur on Thursday afternoons in Montpelier.

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