

## What They Are Saying About Federal Rate Review

- **Joel Ario, Pennsylvania Insurance Commissioner:** “*It could end up as a “who’s on first and what’s on second” problem,*’ he said.” (Kaiser Health News, “State Regulators Criticize Obama Plan To Create Federal Authority Over Health Insurance Rates,” 02/22/10)
- **Chicago Tribune:** “Price controls. Yes, price controls...*That practice would not work any better in health insurance than elsewhere.* It would induce companies to cut back on the procedures they cover, cutting costs by reducing services. It would also encourage WellPoint and other insurers to simply get out of the individual policy business entirely, to the benefit of no one.” (Chicago Tribune, “Editorial: Price controls?,” 02/23/10)
- **Detroit News:** “A new wrinkle added by the president would give the federal government rate-setting oversight for insurance policies. That’s a responsibility now handled by the states. *Involving Washington in rate setting would add another political layer to an already contentious process* and likely make it impossible for insurance companies to recover their costs, driving them out of business.” (Detroit News, “Editorial: Obama’s Compromise Health Care Proposal Looks Too Much Like The Old Plan,” 02/23/10)
- **Kim Holland, Oklahoma Insurance Commissioner:**
  - “*Health insurance is very localized and states already have a number of tools to monitor rates,*’ she said. ‘Overall, I think state regulators do a good job.’” (Kaiser Health News, “State Regulators Criticize Obama Plan To Create Federal Authority Over Health Insurance Rates,” 02/22/10)
  - “Holland noted that state regulators are responsible for assuring the solvency of plans, not just reviewing rates. One question about the Feinstein proposal is the consequences that could occur from having the federal government only focusing on rates without specifically having responsibility over solvency. She suggested that federal denial of rate increases could create solvency concerns...*Holland emphasized that rising medical costs are the underlying driver of rising premiums and that policymakers need to focus on those rising costs.*” (CQ, Insurers, “State Regulators Fault Federal Review of Rate Hikes,” 02/22/10)
- **Kaiser Health News:** “State insurance regulators said President Barack Obama goes too far with his proposal Monday to give the federal government new power to reject health insurance rate increases. *Three veteran state insurance commissioners said in interviews that states are in a better position to judge insurers’ premium proposals.*” (Kaiser Health News, “State Regulators Criticize Obama Plan To Create Federal Authority Over Health Insurance Rates,” 02/22/10)

- **Robert Laszewski, Health Care Policy Analyst:** “There is nothing new in it save a health insurance rate regulatory board that is an awkward political proposal at best... *Fundamentally, what good would insurance rate regulation do if the President’s plan has only tepid cost containment built into it in the first place?*” (The Health Care Blog, “The President’s Health Care Plan,” 02/22/10)
- **Los Angeles Times:** “But the more ballyhooed initiative to have *federal bureaucrats review insurance premiums...wouldn’t address the forces driving up the cost of medical care.*” (Los Angeles Times, “Editorial: Obama’s Summit,” 02/23/10)
- **New York Times:** “Economists say that holding down premiums does not necessarily hold down the cost of care, which reflects the prices charged by doctors and hospitals and the volume of services.” (The New York Times, “State Insurance Experts See Flaw in Obama’s Plan to Curb Health Premiums,” 03/09/10)
- **National Association of Insurance Commissioners:** “State insurance regulators reacted coolly Monday to provisions in the new White House health care overhaul plan that would give the secretary of Health and Human Services power to deny excessive premium increases. *‘By and large I think the states are very effective in monitoring’ insurance markets*, said an official with the National Association of Insurance Commissioners.” (CQ, “Insurers, State Regulators Fault Federal Review of Rate Hikes,” 02/22/10)
- **Portfolio.com:** “States apparently can’t do this job themselves, according to the White House’s thinking. If that’s the case, where was this proposal a year ago, when the hard work of crafting health care reform legislation began?” (Portfolio.com, “The Problem With Obama’s Plan,” 02/22/10)
- **Sandy Praeger, Kansas Insurance Commissioner:**
  - “You are not necessarily helping the consumer if you keep rates artificially low. What’s worse for the consumer: having a premium increase or having to pay the full amount of a medical expense because the company is out of business?” (The New York Times, State Insurance Experts See Flaw in Obama’s Plan to Curb Health Premiums, 03/09/10)
  - *“I think we’re chasing the wrong tail here. It’s really about health care costs...In most cases, the companies have been able to justify them, because of the economic situation. The book of business is probably getting sicker because healthier people are dropping out.”* (NPR, “Obama Plan Would Monitor Insurance Premiums,” 02/23/10)
  - *“If you want to keep costs under control, it’s not about managing health care premiums...it’s about managing the underlying health care costs.”* (Kaiser Health News, “State Regulators Criticize Obama Plan To Create Federal Authority Over Health Insurance Rates,” 02/22/10)

- **Uwe Reinhardt, Economist, Princeton University:** “Everyone is beating up on the insurance companies, but you may be *shooting at the wrong target...*” (AOLNews, “Who’s the Bad Guy in Insurance Premium Hikes?,” 02/21/10)
- **Seattle Weekly:** “*Practically, however, a rate board is unlikely to do much, judging by Washington state’s experience with similar regulation...*” Stephanie Marquis, a spokesperson for Insurance Commissioner Mike Kreidler, says her boss’s hands were tied. He has to go along with rate increases if insurance companies show that they are paying out more money than they are taking in. And the reality is, Marquis says, that insurance companies lose money in the individual market, which holds just a sliver of the total population, and one that tends to need a lot of expensive care.” (Seattle Weekly, “Washington State Offers Dismal Lesson for Obama’s New Attempt to Save Health Care Reform,” 02/23/10)
- **Mary Beth Senkewicz, Deputy Insurance Commissioner, Florida:** “If you divorce rate-setting from financial oversight, that’s a fundamental flaw. Premiums must be reasonable in relation to the benefits. That becomes a fairly complex analysis.” (The New York Times, “State Insurance Experts See Flaw in Obama’s Plan to Curb Health Premiums,” 03/09/10)
- **Dave Shove, Analyst:** “... a *federal regulator might motivate insurers to stop selling individual policies in some markets. ‘That is a very real possibility,’ he said. ‘You probably will reduce choice for consumers.’*” (AP, “Insurers see potential for plan insolvency behind Obama’s premium regulation proposal,” 02/22/10)
- **The Wall Street Journal:** “The bill’s one new inspiration is a powerful federal board that would regulate premiums in the individual insurance market. In all 50 states, insurers are already required to justify premium increases to insurance commissioners, who generally have the power to give a regulatory go-ahead, or not. But their primary concern is actuarial soundness and capital standards, making sure that companies have enough cash to pay claims. The White House wants to create another layer of review that will be able to reject any rate increase that is ‘unreasonable or unjustified.’ Any insurer deemed guilty of such an infraction by this new bureaucracy ‘must lower premiums, provide rebates, or take other actions to make premiums affordable.’ *In other words, de facto price controls.*” (The Wall Street Journal, “Editorial: ObamaCare at Ramming Speed,” 02/23/10)
- **The Washington Post:** “The president also would give the government power to block increases in health-care premiums. Given public concerns about a federal takeover of the health-care system, letting the government essentially dictate premiums hardly seems like a step in the right direction. More than half the states already require their insurance commissioners to approve rate increases in the individual or small-group markets; the House- and Senate-passed bills provide authority to review increases for insurers participating in the newly created exchanges. The White House argues that this power will help shield consumers in the four years before the exchanges are up and running, but *its recent use of the insurance industry as a political scapegoat does not bode well for its responsible use of such authority.*” (The Washington Post, “Editorial: On health care, Mr. Obama lets the next president do the hard stuff,” 02/23/10)