

Small Business Health Insurance Rate FAQ

What did the Commissioner do?

Insurance Commissioner Joseph G. Murphy disapproved 235 of the 274 base rate increases filed by health insurance carriers for small businesses. The Commissioner found that the disapproved base rates included excessive increases and rates unreasonable relative to the benefits provided.

On February 10, 2010, Governor Deval Patrick – as part of his efforts to reduce skyrocketing small business health coverage costs – directed Commissioner Murphy to file an emergency amendment to an existing regulation requiring the state's HMOs to file their health rates 30 days before their effective dates. The regulation also required health carriers to submit extensive actuarial information supporting the proposed rate changes.

Following a review of these filings and the supporting information, the Division issued letters to six of the nine filing carriers, outlining the reasons for the disapprovals. Generally, the disapproved filings had at least three common deficiencies:

- The disapproved rate filings failed to illustrate how the carriers pay similarly situated providers differing rates of reimbursement based solely on quality of care, mix of patients, intensity of services, and geographic location at which care is provided.
- The disapproved rate filings failed to demonstrate that carriers have renegotiated provider reimbursement rates;
- The disapproved rate filings were significantly above the medical consumer price index and the filings could not adequately explain the wide difference.

Insurers with disapproved rate filings are now required to charge rates based on the previous year's rate filings.

Does that mean I will be getting a check if my policy was one of the ones whose rates were disapproved?

No. In the notification letters sent to the carriers, the Division directed the companies to notify all policyholders affected by the rejected rates within 10 days, and to credit affected policyholders on their next bill. If you have already paid your first month's premium at the disapproved rate, the Division directed carriers to adjust your next bill for the amount that you overpaid. In any event, you should always pay your insurance bill in order to ensure continuation of coverage.

How can I find out if my policy is one of the policies whose rates were disapproved? Is there a list?

If your policy was subject to a rate that was disapproved, your company must send you a letter informing you of the change by April 11. If you wish to find out sooner than that, you should call your insurer directly.

I decided to change to a policy with a cheaper premium and lower benefits, but now that I know the rates were disapproved, I want to switch back.

Although you cannot change back to a plan effective April 1, you can change “forward.” Plans in the small group market are guaranteed issue with open enrollment. That means that you can enroll in a new plan at any time. You can contact your company and re-enroll in your old plan, but you will have to go through the enrollment process all over again.

My policy renews this month with a large increase from last year. Should I renew the policy and assume that the premium will be adjusted on my next bill or should I switch to a cheaper plan?

Only you can decide what combination of benefits and premium is right for you. Your insurer can tell you whether your plan was among those covered by a disapproved rate filing. In most cases, your company should be able to recalculate your premium before you have to decide on your renewal.