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## News Release

Contact: HHS Press Office  
(202) 690-6343

**FOR IMMEDIATE RELEASE**  
February 16, 2012

### HHS ensures consumers get better value for their health insurance dollar

*Administration actions saved consumers up to \$323 million*

Health and Human Services Secretary Kathleen Sebelius announced today that consumers will soon begin receiving unprecedented information on the value of their health insurance coverage, and some will receive rebates from insurance companies that spend less than 80 percent of their premium dollars on health care.

The Affordable Care Act requires that insurance companies this year begin notifying customers how much of their premiums they have spent on medical care and quality improvement. Beginning in 2011, insurers were required to spend at least 80 percent of total premium dollars they collect on medical care and quality improvement. Insurance companies that do not meet the 80/20 standard (also known as the Medical Loss Ratio) are required to pay rebates to their customers this year.

"Before the Affordable Care Act, insurance companies could spend your premium dollars on administrative red tape and marketing," said Secretary Sebelius. "With today's notice, we're taking a big step toward making insurers accountable to consumers. Some of these insurance companies have already changed their behavior by lowering premiums or spending more on medical care and quality improvement, while the remainder will need to refund this money to their customers this year."

The proposed consumer notices about whether their insurance company has met the new standard have been posted on HealthCare.gov, and HHS is seeking public comment to help ensure the notices are useful transparency tools for consumers.

In the individual market, the Affordable Care Act allows the Secretary to adjust the medical loss ratio standard for a state if it is determined that meeting that standard may destabilize the state's individual insurance market. HHS has concluded its review of 18 state requests for adjustments to the medical loss ratio rule. As a result of HHS' decision to deny insurance companies the ability to spend more premium dollars on administrative overhead costs rather than on medical claims, consumers will receive up to \$323 million in rebates this year compared to what would have been owed if all state adjustment requests were fully granted, according to data from state regulators and issuer reports.

These adjustment request determinations were made as a result of a transparent and data-driven process, and the documentation related to each state's request has been publicly posted. In total, HHS determined that no adjustment was necessary in ten states, approved an altered adjustment in six states, and approved the request sought by one state. This includes a denied adjustment for Wisconsin, and an altered adjustment for North Carolina, both announced today.

Today's announcement is part of the Obama Administration's effort to increase transparency in the health insurance marketplace. The notification will let consumers know if their insurer did not meet the 80/20 standard -- and that they or their employer will receive a rebate. HHS is also considering requiring insurers notify consumers if their insurer did meet the 80/20 standard. For the text of these proposed notifications, please visit: <http://cciio.cms.gov/resources/other/index.html#mlr>

For more information on the MLR provision in the Affordable Care Act, please visit: <http://www.healthcare.gov/news/factsheets/2010/11/medical-loss-ratio.html>

For documentation of state requests for MLR adjustments, including specific information on rebates saved by HHS' MLR adjustment determinations, visit: <http://cciio.cms.gov/programs/marketreforms/mlr/index.html>

For more information on how the Affordable Care Act is creating a transparent market for health insurance, visit: <http://www.healthcare.gov/news/factsheets/2010/12/increasing-transparency.html>

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Note: All HHS press releases, fact sheets and other press materials are available at <http://www.hhs.gov/news>.  
Last revised: February 16, 2012

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