Legislative Update

By Scott Leavitt

IAHU Legislative chair

Even though the Idaho Legislature is not in session again until next January, there still has been a lot of activity regarding the Health Insurance Industry here in Idaho and in Washington DC.   Most you have been affected by the effects of MLR and the reduction of commissions for individual business. NAHU has been working hard to get agent commissions taken out of the MLR and make them a pass through. Congressman Rogers- Michigan has introduced a bill, HR 1206, that would help fix the MLR issue. The bill currently has over 100 co-sponsors and has been endorsed by both the NAIC & NCOIL . We are very hopeful that this bill and the companion bill that is being introduced soon in the Senate will pass by the end of the year.

The Exchange working group has started to meet this summer to determine whether to create an Idaho based Health Insurance Exchange or to allow the Federal Government to create and run an Exchange here in Idaho. IAHU has two members that are sitting on the Exchange working group that working hard to make sure the best interests of the Consumers, the Agents and the Private Sector are included. We need to make sure the use of Agents are included in the Exchange. Idaho will need to pass a law this next session to be able to create the Exchange by the 2013 deadline.

You may have heard that Idaho is one of 10 states that the Federal Government will now be conducting rate reviews for increases of 10 percent or more. I spoke to Deputy Director Shad Priest to get a better understanding as to why and he provided me with these comments to share with you:

"The Department of Insurance was recently notified by HHS that Idaho does not meet the PPACA effective rate review requirements. Here is some background regarding our rate review process and the reason for the HHS determination.

The Idaho Department of Insurance conducts a careful review of small group and individual health insurance rate filings for compliance with Idaho law. If any potential areas of concern are identified, the filing is referred to a consulting actuary for an in depth evaluation. If problems are found, the filing is disapproved and the insurer is required to correct its rates to conform to the requirements of Idaho law.

HHS did not cite any problems with the effectiveness of Idaho's current review process.   Instead, the two areas of concern noted by HHS related to the Department's ability to make rate filing information public by posting it on its website and the ability to provide rate analysis information to HHS. Idaho law treats certain small group and individual rate development information as proprietary and limits the ability of the Department to disclose that information to others. In addition, the Governor's Executive Order 2011-03 prohibits state agencies from assisting the federal government in implementing or enforcing PPACA unless the agency obtains the Governor's written consent. Because of the limitations on sharing information with the public and the prohibition against assisting in the implementation and enforcement of PPACA, HHS concluded that Idaho was not able to comply with the effective rate review requirements. This means that in September, rate increases for small group and individual products may be reviewed by HHS as well as the Department of Insurance.

The Department is still reviewing the HHS determination to determine whether further action should be taken. The HHS notice permits the state to request another review at any time, so the determination is not final. In the meantime, it is important to note that nothing in the HHS determination affects the ability of the Department to continue its review of rate filings for Idaho. The Department will continue to conduct a careful review of small group and individual health insurance rate filings to make certain the rates used in this state meet the requirements of Idaho law, and will take action where appropriate."

The IAHU Legislative Council will be working hard for you this next year to make sure our message is heard!