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Contact: Scott Mulhauser/Erin Shields
(202) 224-4515

BAUCUS CHAMPIONS GRANTS TO HELP STATES CRACK DOWN ON INSURANCE COMPANIES' RATE HIKES

Finance Chairman Fought to Include Funding in Health Reform to Help States Protect Consumers, Lower Premiums

Washington, DC – Senate Finance Committee Chairman Max Baucus (D-Mont.) lauded the first round of federal grants announced today to help states, including Montana, review and improve the oversight when insurance companies propose increases to consumers' health insurance premiums. These grants will help to crack down on insurance companies seeking unreasonable rate hikes and protect consumers. Baucus fought to pass as part of the new health care reform law more than \$250 million dollars in grants to allow states to closely review proposed increases in insurance rates. The first round of grants announced today will provide Montana and 45 other states and the District of Columbia with \$1 million each.

"Insurance commissioners across the country need more resources to crack down on insurance company abuses," said Baucus. **"These grants will help protect consumers and hold insurance companies accountable for unjustified premium increases."**

The grants announced today are designed to prevent steep increases in premiums that are being increasingly proposed by some insurance companies.

[Baucus recently called on health insurance companies](#) to stave off significant or excessive premium increases in 2011 after major insurers posted significant profit growth. A thorough review by states of proposed increases in insurance rates is critical, not only because current profits do not indicate a need for significant or excessive rate increases, but also because one major insurance company was recently found to have made significant errors in calculating increases that were later found to be unwarranted.

After [first calling for more information related to rate increases in February](#), Baucus, along with Finance Committee Ranking Member Grassley, [wrote WellPoint requesting further details and explanation](#) of the causes leading up to a plan the company had announced to increase individual policyholders' rates by as much as 39 percent, including reported miscalculations identified by an independent actuary. These types of rate hikes and errors are what today's grants will prevent.

To protect consumers, Baucus also fought to include a medical loss ratio requirement for all health insurance companies in the health care reform law. This provision requires insurance companies to spend at least 80 to 85 percent of the premium dollars they collect on providing health care to customers, as opposed to spending it on administrative costs or executive bonuses. The law requires companies that do not meet that requirement to provide a rebate check for the difference to their customers.

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