

Idaho Statesman, Tuesday, July 19, 2011 – by Audrey Dutton

Feds reject Idaho insurance oversight

The federal decision may be the first real effect of Gov. Butch Otter's executive order this year prohibiting the state from carrying out the 2010 health care reform law. Idaho cannot meet the law's new demands on health insurance rate oversight, a state official said, so a unit of the U.S. Department of Health and Human Services will become the chief reviewer of some insurance increases in Idaho starting Sept. 1.

Idaho falls short of the federal requirement because of its unwillingness to implement the health reform law and its policy of not disclosing health insurance rate increases to the public, said Shad Priest, deputy director of the Idaho Department of Insurance. He cited a state law that says certain rate information must be treated as proprietary.

"It was not a surprise, because we had several phone conversations with the persons who were doing the review of state laws and procedures," Priest said.

The new law gives states a watchdog role in the effort to prevent unreasonable increases. Starting on Sept. 1, if an insurer wants to raise premiums for small groups or individuals by 10 percent or more, it will have to disclose that change publicly and offer a justification for it. In future years, the threshold for flagging a rate for review will be set on a state-by-state basis, considering the insurance and health cost trends in each state.

In Idaho, insurance premiums do not have to be approved by anyone, just disclosed to the state. The Department of Insurance monitors those premiums as they come through the door. If something looks fishy, the department sends it to a consulting actuary to make sure it isn't excessive or discriminatory, Priest said. The cost of health insurance coverage nationally for a family of four rose 131 percent over the past 12 years, according to the federal Center for Consumer Information and Insurance Oversight.

"Many times, insurance companies have been able to raise rates without explaining their actions," the center said in a fact sheet about the decision. "In most cases, consumers receive little or no information about proposed premium increases and aren't told why health insurance companies want to raise rates."

The federal government didn't say anything was wrong with Idaho's process, so the state will keep doing nonpublic reviews, Priest said. Idaho had secured a grant to help pay the cost of checking every double-digit rate increase. The health care reform law offered a total of \$250 million to states for the new rate reviews. Idaho got \$1 million last year to start reviewing large-group rates, automate some of the work and contract with actuaries for in-depth premium reviews.

But in March, Otter forbade all state agencies and employees from using federal money targeted to carry out the health reform law unless he granted a waiver. That meant the state could not use the \$1 million grant to launch the new rate reviews. Federal oversight means health insurers must conduct more financial analysis and fill out more paperwork. Regence BlueShield of Idaho will continue filing with the state as usual, said spokeswoman Georganne Benjamin. Blue Cross of Idaho did not immediately respond to questions.