

Regence rate increase Aug. 2010

We certainly understand your frustration over the rising cost of health insurance and share your concerns over the lack of affordable health care. We've heard from many consumers upset about the rising costs in their healthcare plan.

We tried for several years to regain our authority over individual rates – we were successful in 2008. (It was lost by Kreidler's predecessor in 2000).

Unfortunately, our authority is very limited – we had wanted the authority to look at a company's surplus and to create a public process – but there wasn't enough legislative support.

Now, we do a careful review of the company's rate filing, but if they can actuarially justify the change, we must accept it. **Regence lost \$6.5 million last year in the individual market and because of this, could justify an average rate increase of 16.4%. Even with this increase, the company is expected to lose \$15.2 million next year.**

- The current rate change is based on several factors, including medical costs and the amount it's paying out in claims compared to the premium it's collecting – **it is not due to health reform.**
- If your rate increase is above 16.4% it's likely that you or someone in your family covered by the plan jumped into the next 5 year-age band.

There are some new consumer protections taking effect this fall, but the major elements of health reform don't start until 2014.

Next year, our authority over individual rates expires. We will be proposing legislation to retain our role and to create more transparency of the rate review process.

We believe you have the right to know how much of your premium pays for direct medical care and how much is going to administrative costs and profit. Currently, state law bars our office from releasing that information.

To strengthen our review of health insurance rates, we also sought and received a \$1 million federal grant through health care reform. We'll use these funds over the next year to collect detailed information from carriers and to build a consumer website where you can see information about a carrier's rate filings.

There may be other plans available in your area that would meet your needs. Here's a link to all of the plans available in Washington by county and their prices:

<http://www.insurance.wa.gov/consumers/health/rates.shtml>. Here's additional information about

other ways to pay for health care services:

http://www.insurance.wa.gov/consumers/FirstAid_Uninsured/index.shtml.