

AFFORDABLE CARE ACT

March 2014

THE HEALTH CARE LAW IS CREATING SAVINGS FOR CONSUMERS

Rebates for Consumers Whose Insurers Fail to Give Them Good Value for Their Dollar

- In August 2012, nearly 13 million Americans received \$1.1 billion in rebates from their insurance companies due to the health care law. Under the health care law, insurers must spend at least 80 percent of premiums on medical care – rather than CEO pay, profits and administrative costs. Each summer, all insurers that failed to meet this standard the previous year must pay rebates to their customers. These rebates were based on the failure of some insurers to meet the standard in 2011.
- This past August, 8.5 million Americans received \$500 million in rebates from their insurance companies, based on insurers' failures to meet the standard in 2012. Furthermore, in 2012, consumers also saved an additional \$3.4 billion up front on their premiums on top of the \$500 million in rebates as insurance companies operated more efficiently due to the "80/20" requirement on insurers and other provisions of the ACA.

Rate Review

- The health care law's rate review provisions ensure that, in every state, insurance companies are required to publicly submit for review by experts any premium increases they are seeking that are over 10 percent. In 2012, 6.8 million Americans saved an estimated \$1.2 billion in health insurance premiums after their insurers cut back on planned premium increases as a result of this process.
- The health care law also provides \$250 million in Health Insurance Rate Review Grants to the states. As a result, many states are using these grants to strengthen their ability to review and prevent excessive premium increases.