

In this Issue

Commissioner's Greeting	1-2
Mental Health Parity	2
2017 Rate Requests Hearing	3
Limited Benefit Plans	4
Fraud Watch Network	4
Recent Press Releases	5
Upcoming Consumer Events	5

Connect with Us!

 facebook.com/PAInsuranceDept
 [@PAInsuranceDept](https://twitter.com/PAInsuranceDept)

You may contact the department at ra-in-Insights@pa.gov or through the contact form located on the homepage of our website.

A message from the Insurance Commissioner...

Governor Wolf's priority of transparency in how government does business continues to be an important initiative for the Insurance Department, especially as we consider proposed rates for individual health insurance plans for 2017.

To help consumers better understand the process the department uses when reviewing proposed rates and making decisions on final rates, I held a public informational hearing on the proposed rates. Through this hearing, I reiterated that the impact of proposed rate increases on consumers remains a key consideration as rate filings from companies are reviewed.

However, my department is also charged with maintaining the competitive market that our state now enjoys, with 18 companies offering individual plans and every Pennsylvanian having at least seven different plans from which to choose. This competition ensures that consumers have options and helps keep premiums lower. To make sure the Pennsylvania market stays competitive, it is



important insurers have actuarially sound rates and are able to appropriately price these products.

The hearing also allowed consumers to have a voice in discussing how proposed increases would impact them, which is a perspective I always value. If anyone was unable to attend and wishes to submit comments for our consideration, I invite you to submit your feedback to ra-rateform@pa.gov.

(continued on page 2)

A message from the Insurance Commissioner...

(continued from page 1)

The issue of parity in insurance coverage for mental health and substance use disorders is an important issue for many consumers, but can also be confusing. In order to help consumers and their families better understand what is covered under the law, my department issued a news release on this important issue.

I also used this as an opportunity to highlight efforts my department is making to ensure that the federal Mental Health Parity and Addiction Equity Act is properly enforced throughout Pennsylvania, including reviewing all individual and small group policies under our jurisdiction to make sure they include required parity provisions. This review will

be expanded to large group plans in 2018. This is another area where I believe we as regulators can and must work cooperatively with the industry to explain the parity laws so consumers understand what coverage they are entitled to under these statutes.

Consumers may also be confused by some health plans that are being sold that do not meet the Affordable Care Act standards in terms of what benefits are covered. While these plans can be cheaper than ACA plans, the coverage is usually not as comprehensive and pre-existing conditions may not be covered. Because these plans are not ACA compliant, people who buy them could still face tax penalties. Following an increase in the number

of complaints about these plans received by the department, I issued a consumer alert on this issue to help consumers understand what to look for when shopping for a plan.

While these plans are legal, I am calling on producers to explain the stipulations of these plans carefully and correctly to make sure consumers understand exactly what coverages they get and the possible tax penalties they may face if they choose to buy a non-ACA compliant policy.

Thank you,

Teresa Miller
Insurance Commissioner

Commissioner Stresses Importance of Mental Health and Substance Use Disorder Parity

Ensuring that consumers have access to quality coverage that improves Pennsylvanians' quality of life is always a priority of the Pennsylvania Insurance Department. Commissioner Miller reiterated that commitment last month by issuing a news release to remind consumers of coverage options for mental health and substance use disorder treatment.

"Ensuring that Pennsylvanians have access to the mental health and substance use disorder treatments they need is critical," Commissioner Miller said in the news release. "The department takes this law very seriously, and we will use our statutory authority to enforce parity requirements for plans over which we have jurisdiction."

The Mental Health Parity and Addiction Equity Act of 2008 (MHPAEA) requires equal coverage in insurance plans for mental health

and substance use disorders as for medical or surgical care. The law was incorporated into Pennsylvania law in 2010 through Act 14, and it is applicable to individual and small group plans under the ACA, large group plans that offer coverage for mental health and substance use disorders, CHIP plans, and some Medicaid plans.

Concerns have been expressed around the country regarding implementation and enforcement of this law, but Commissioner Miller asserted that her department takes enforcement very seriously.

During its annual review of individual and small group plans sold in Pennsylvania, the Insurance Department reviews policy forms to ensure that mental health and substance use disorder benefits are included in these plans and meet parity requirements outlined in the law. Though not required,

this review will be extended to large group plans in 2018 to ensure comprehensive parity enforcement.

The department is also conducting market conduct examinations of all health insurers in Pennsylvania. Mental health and substance use disorder parity is a key focus of these examinations.

Commissioner Miller also stressed the importance of consumer feedback in enforcement and urged any consumers who feel that they may not be receiving benefits required by parity laws to contact the department. The Insurance Department relies on consumer complaints to help find enforcement gaps.

Consumers can contact the department online at www.insurance.pa.gov or at 1-877-881-6388.

Insurance Department Holds Public Informational Hearing on 2017 Rate Requests

In keeping with Governor Wolf's theme of transparency in how government works, Commissioner Miller held a public hearing on proposed rates for individual health insurance plans for 2017.

The commissioner noted that the impact on consumers of rate increases is a priority as the department considers rate requests from companies, however, she also explained that a competitive market is important to provide consumers with choices in health coverage, and to help keep premiums lower.

Eighteen companies are selling individual health plans in Pennsylvania for 2017, and Commissioner Miller said it is important that products are priced appropriately so companies do not withstand losses on this business year after year; This will help keep Pennsylvania an attractive place to do business.

Arthur Lucker, a consultant with INS Companies, told those at the hearing that insurers are facing a unique set of circumstances this year, which are putting upward pressure on rate requests. Many insurers had priced aggressively during the Affordable Care Act's first two years to attract customers, and insurers had no experience with this population to know how to price policies accurately. Most underestimated the cost of providing coverage for people in the individual market. Companies are now correcting

for their underpricing of products the past two years.

In addition to this, two provisions of the ACA designed to help stabilize costs for insurers are ending this year: reinsurance protection to help cover patients with extremely high costs and risk corridors payments to compensate companies that took on sicker than average customers with profits from lower risk plans. These factors are also causing higher premium increase requests for 2017.

The insurers explained the reasons for the rates they are seeking, and Insurance Department staff had the opportunity to question the insurers on their filings. Department staff also discussed the process they use to review proposed rate requests so consumers could have an understanding of how the process works.

Consumers also had the opportunity to speak about how possible rate increases would impact them. Consumers from all over the state shared their experiences with

adapting to rising costs of premiums, deductibles, and out-of-pocket costs. Many said that they maintain coverage but do not utilize it because the out-of-pocket costs are too high, and some voiced concerns that they would not be able to afford even the least expensive plans if rate increases continue.

Commissioner Miller told consumers that she is concerned about the rate increase requests of many insurers, but she reiterated that she must make sure the market stays competitive in Pennsylvania. She also encouraged consumers to shop for coverage because every Pennsylvanian has at least seven different health plans from which they can select. She noted that 52 percent of Pennsylvanians who had plans through the federal marketplace in 2014 and 2015 chose a new plan for 2016. Those who switched were able to save an average of \$322 a year in premiums, and roughly 75 percent of Pennsylvanians are eligible for subsidies that can help lower their out-of-pocket costs.

More information on the hearing, including a video recording and presentations given, is available at www.insurance.pa.gov, by clicking on Public Hearings under Key Services on the left hand side of the homepage.

Commissioner Miller will announce final rates for 2017 in mid-October.



Actuary Rashmi Mathur, Director of the Bureau of Life, Accident, and Health Insurance Johanna Fabian-Marks, Commissioner Teresa Miller, and Health Insurance Counsel Sandy Ykema hear testimony from a company at the July 27 hearing on 2017 individual health insurance rate filings.

Commissioner Miller Advises Consumers to be Cautious When Buying Limited Benefit Plans

Health insurance can be expensive, and some Pennsylvanians shopping for individual plans may be enticed by lower premium policies that turn out to provide less coverage and fail to comply with the coverage requirements of the Affordable Care Act. These limited benefit plans can leave the buyer responsible for large out-of-pocket expenses and liable for tax penalties for having a non-ACA compliant health plan.

Commissioner Miller issued a consumer alert advising consumers to be cautious and understand the policy before purchasing a health insurance plan. The department has received a growing number of complaints and questions regarding these types of plans.

The commissioner noted that these limited benefit health plans, while legal, often advertise lower costs than ACA-compliant plans,

which can only be purchased through the federal marketplace at www.Healthcare.gov or directly from a private insurer.

These limited benefit plans are not required to meet the same coverage standards as ACA plans and may provide a more limited scope of benefits. For example, these lower cost plans may not provide the same level of coverage for routine medical visits, preventive care, and diagnostic testing. These plans also are not required to cover pre-existing conditions, meaning you could have to pay for care of these pre-existing conditions out-of-pocket.

Many of these lower premium limited benefit plans may pay only a set amount for certain services, such as \$200 for a trip to the emergency room, leaving the policyholder to cover any remaining costs. Commissioner Miller urged

consumers considering buying any of these health plans to ask several questions first, including: Does the plan cover preventive, diagnostic, and other routine services, are your doctors in the plan's provider network, and does the plan meet the minimum essential coverage requirements of the Affordable Care Act.

Consumers should also ask if they will receive a 1095 tax form to prove they have acceptable coverage. Consumers without an acceptable health plan could be subject to a tax penalty under the Affordable Care Act. The Insurance Department's Bureau of Consumer Services can help individuals understand whether the plan being considered meets ACA requirements. The bureau can be reached online at www.insurance.pa.gov or by calling 1-877-881-6388.

Consumer Liaison Participates in Fraud Watch Network Event

As part of Commissioner Miller's consumer outreach and education initiative, the Insurance Department participated in AARP's Fraud Watch Network event to provide important information to consumers on issues such as annuities, flood insurance, health care coverage, renters insurance, and auto insurance.

The event in Monroeville, Allegheny County, was headlined by Frank W. Abagnale and attracted approximately 700 attendees. Abagnale, whose life was profiled in the movie *Catch Me If You Can* where he was portrayed by Leonardo DiCaprio and chased by an FBI agent played by Tom

Hanks, offered tips on avoiding scams.

Insurance Department Consumer

Liaison David Buono handed out department fliers with tips on various types of insurance designed to help

consumers understand their insurance needs and how to get the best coverage for their money. Commissioner Miller created the consumer liaison position to meet directly with members of the public in their communities and provide this important information.

If you would like to discuss having the consumer liaison provide information or speak at an event your group or organization is sponsoring, email him at dbuono@pa.gov.



Frank Abagnale, whose life was profiled in the book and film *Catch Me If You Can*, speaks at the Fraud Watch Network event.

Insurance Department on the Road

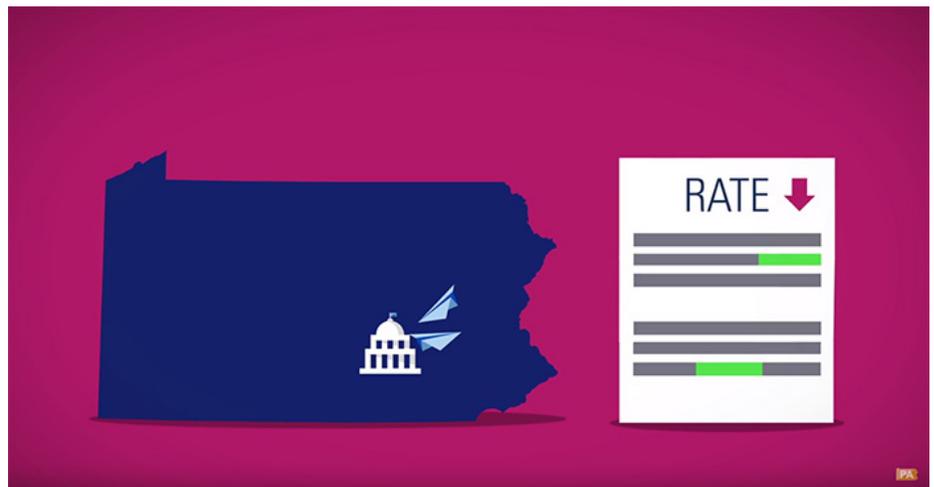
For Consumer Groups & the Public

- **8/2/2016 - Insurance 101 - Family & Consumer Sciences Academy - Lehigh Carbon Community College, Schnecksville, PA - 10 a.m. - 11 a.m.**
- **8/5/2016 - Consumer Fair - Harrisburg Senators Baseball Game - First National Bank Field, City Island, Harrisburg, PA. - 7 p.m.**
- **8/12/2016 - State Representative Martin T. Clauser's Senior Expo - KOA Arena Sports and Fitness Center, University of Pittsburgh at Bradford, Bradford, PA - 9 a.m. - 1 p.m.**

Rate Review Video

As the department continues its review of 2017 rate filings, we want to highlight our video on the rate review process so we may further educate consumers on our process for reviewing health insurance rate filings.

"How Are Health Insurance Rates Decided?" is the third video in a series designed to help consumers gain an understanding of how health insurance works. To watch the video, click the picture. To view previous videos in the series, visit our Health page.



Recent Press Releases

- July 27, 2016 - Insurance Commissioner Holds Public Informational Hearing on Health Insurance Rate Requests
- July 7, 2016 - Insurance Commissioner Advises Consumers to be Wary of Limited Benefit Plans
- July 1, 2016 - Insurance Commissioner Announces Public Informational Hearing on Proposed Rate Increases for Health Plans
- June 24, 2016 - Insurance Commissioner Conveys Importance of Mental Health and Substance Use Disorder Coverage
- June 14, 2016 - Insurance Commissioner Named to Congressional Budget Office Panel of Health Care Advisers
- June 9, 2016 - Insurance Commissioner Offers Tips to Homeowners on Severe Weather Preparation
- June 6, 2016 - Insurance Commissioner Touts Wolf Administration Work to Help Homeowners Save Money on Flood Insurance
- May 25, 2016 - Pennsylvania Market Remains Competitive As Review Process Begins for Health Plans in 2017