

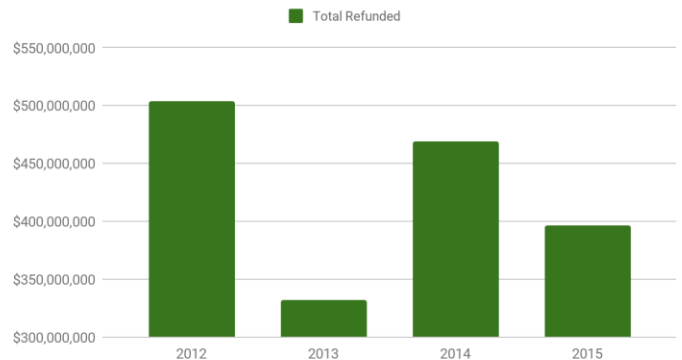
Changes to the Medical Loss Ratio (MLR) Would Roll Back This Important Consumer Protection

Prior to the ACA, many health insurance carriers spent a substantial portion of consumers' premium dollars on administrative costs and profits, including executive salaries, overhead and marketing. States had the power to regulate this equation, but they didn't. The ACA established the *medical loss ratio (MLR)* in an effort to require insurers to prioritize consumers' healthcare above profits and salaries. Specifically, insurers must spend:

- At least 80 percent of premiums on actual medical care and activities that improve the quality of care for small businesses and individuals who buy coverage on their own.
- For large employer customers, the standard is 85 percent.

Insurers that fail to meet the applicable standard in any given year must repay the difference to policyholders. In its inaugural years, the MLR rule helped moderate health insurance rates and rate increases, with insurers either reducing their health insurance rates to meet the new MLR standard or, after rates have been set, paying rebates to consumers. From 2012 to January 2016, insurers paid consumers a total of **\$2.4 billion in rebates**.¹ Between 2012 and 2015, over **25 million** rebate checks were sent to consumers.

Total Refunded to Consumers Nationwide



The Better Care Reconciliation Act (BCRA) would roll back an important consumer protection, bringing into question whether medical care will continue to be prioritized over profit and administrative expenses when it comes to spending premium dollars.

No matter where they live, all Americans deserves access to affordable, high quality, healthcare without being overcharged. For consumers, it's not clear what would be gained by eliminating the MLR rule from the ACA, but it is clear what could be lost.

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¹ CMS.gov Press Release, *Health Care Law Results in \$2.4 Billion in consumer Rebates on Premiums Since 2011*, (November 19, 2015), available at <https://www.cms.gov/Newsroom/MediaReleaseDatabase/Press-releases/2015-Press-releases-items/2015-11-19.html>.