AFFORDABLE CARE ACT

THE HEALTH CARE LAW IS CREATING SAVINGS FOR CONSUMERS

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

- Last August, nearly 13 million Americans benefited from $1.1 billion in rebates provided by 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 insurers to meet the standard in 2011.

- This August, 8.5 million Americans will benefit from $500 million in rebates provided by their insurance companies, based on insurers' failures to meet the standard in 2012. In 2012, consumers also saved an additional $3.4 billion up front on their premiums on top of this $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 have already helped save Americans an estimated $1 billion on their premiums. Rate review ensures that, in every state, insurance companies are required to publicly submit for review and justify any premium increases they are seeking that are over 10 percent. The increases can then be publicly deemed to be "unreasonable." Since these reforms took effect, the share of double digit premium increases requested by insurance companies has plummeted from 75 percent in 2010 to 14 percent so far in 2013.

- 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.