Policy Insights

Beyond Rebates: How Much Are Consumers Saving from the ACA's Medical Loss Ratio Provision?

Methodology*

Rebate estimates are based on insurer Medical Loss Ratio (MLR) filings to the National Association of Insurance Commissioners (NAIC) in the 2012 Supplemental Health Care Exhibit (SHCE). The source of the data was the Health Coverage Portal ™, a market database maintained by Mark Farrah Associates, which includes information from the NAIC. The data were downloaded on May 8, 2013.

We limited our analysis to the 50 states and the District of Columbia. Data do not include California HMOs, as managed care plans are not required to report data to the NAIC.

Total rebates in 2011 represent actual rebate amounts, as reported by Health and Human Services (HHS). Total rebates in 2012 are based on insurer-reported estimates of MLR rebates unpaid for the current year plus any amount reported as already paid by the insurer. When insurers reported negative values, the absolute value was used.

Premium savings for each year represent estimates of what consumers would have spent if the ratio of claims to premiums had stayed at 2010 levels. For example, individual market premium savings in 2011 were calculated by subtracting the inverse of the weighted average individual market MLR in 2011 from the inverse of the weighted average individual market MLR in 2010, then multiplying the result by the total individual market claims in 2011.

* For full text of report, see: Kaiser Family Foundation "Beyond Rebates: How Much Are Consumers Saving from the ACA's Medical Loss Ratio Provision?" June 6, 2013. Available at: http://kff.org/health-reform/perspective/beyond-rebates-how-much-are-consumers-saving-from-the-acas-medical-loss-ratio-provision