

Keeping Health Insurance Affordable in Illinois: Why We Need Robust Rate Review



Illinoisans need health care insurance options with affordable premiums that remain stable. Illinois small business owners should be able to offer health insurance at a reasonable cost to employees to remain competitive and grow, without worrying that their health insurance costs will spiral out of control. Yet, for many individuals and small businesses, the cost of health insurance is unaffordable, unpredictable and likely to keep rising — unless Illinois takes action now.

Robust Rate Review Would Help Illinoisians Afford Coverage

Rate review is an important process by which a state's insurance regulators review proposed health insurance rate increases. The insurance regulators determine if the increases are based on accurate, verifiable data and realistic projections of health care costs and utilization before insurance companies can charge these prices. In short, the rate review process is one key way for states to prevent unfair increases and keep health care affordable and accessible.

Unlike in many other states, Illinois regulators currently do not have the authority to *approve, modify or reject* insurance rates during the rate review process to ensure that coverage is affordable.¹ Nor does Illinois provide opportunities for the public and consumer advocates to engage in the process. Recent research² from the Shriver Center on Poverty Law and Families USA shows that a well-designed, transparent rate review process giving insurance regulators more authority is one of the most effective policies that other states have implemented to keep health coverage affordable.

Without a robust rate review process in place, Illinois regulators currently are not using all the tools available to them that could ensure health insurance costs are equitable and affordable for individuals and small businesses.

Components of Successful Rate Review Processes

Families USA and the Shriver Center on Poverty Law's recent research evaluated states with strong rate review processes. They found the process created dramatic savings for consumers and small businesses. For example, Rhode Islanders will save \$22.9 million in 2023 with the approved rate increases, which are lower than the rates requested by the commercial insurers.³ In New York, the

approved small-group rate increases were reduced by half from the requested amounts, saving small businesses \$632.4 million.⁴ Connecticut, Colorado, Oregon and Vermont have also had considerable success with their rate review results.

Based on successes in these six states, [the report](#)⁵ identified critical steps that Illinois can take to make rates more affordable. Based on these findings, specific recommendations for Illinois include:

- » **Authorize** the Illinois Department of Insurance in law to approve, modify or reject proposed health insurance rate increases.
- » **Explicitly require** in statute the Illinois Department of Insurance to use its authority to examine the affordability of proposed rates and underlying prices.
- » **Increase public representation** for consumers and small businesses in the rate review process by mandating the creation of an Office of Health Care Affordability to advocate for transparency of rate filings and provide actuarial support to consumers.

Establishing a robust rate review process in Illinois would help to ensure that residents can afford the health care they need, both now and over the long term.

A Final Note

Importantly, Illinois has already commissioned a study on “premium realignment,” an important tool for improving health insurance affordability. This would position the state as a leader in affordable health care, especially if implemented alongside rate review. These policies in tandem are critical to making insurance premiums more equitable and helping people and small businesses get coverage that they might not be able to afford otherwise.



Endnotes

¹ “Illinois Residents Struggle to Afford High Healthcare Costs: Worry About Affording Future Care; Support Government Action across Party Lines,” Altarum Healthcare Value Hub, May 2022, <https://www.healthcarevaluehub.org/advocateresources/publications/illinois-residents-struggle-afford-high-healthcare-costs-worry-about-affording-future-caresupport-government-action-across-party>; Illinois does follow the federal law that requires state agencies to review proposed health insurance premiums in extreme circumstances — when they exceed a 15 percent increase over the previous year. However, the state does not currently have the authority that many states have implemented that requires review of rate increases of all sizes and have significantly reduced premium increases as a result.

² “How Illinois Can Make Health Insurance More Affordable.” Families USA and Shriver Center on Poverty Law. January 2023, <https://familiesusa.org/resources/how-illinois-can-make-health-insurance-more-affordable/>.

³ “2023 Commercial Health Insurance Rates Have Been Approved with Modifications,” Rhode Island Office of the Health Insurance Commissioner, press release, September 21, 2022, <https://ohic.ri.gov/sites/g/files/xkgbur736/files/2022-09/2023%20Rate%20Review%20Process%20Press%20Release%20-%20Approved%20Rates.pdf>.

⁴ “DFS Announces 2023 Health Insurance Premium Rates, Saving New Yorkers \$799.5 Million,” New York State Department of Financial Services, press release, n.d., https://www.dfs.ny.gov/reports_and_publications/press_releases/pr202208171.

⁵ “How Illinois Can Make Health Insurance More Affordable.” Families USA and Shriver Center on Poverty Law.



This publication was written by Families USA and the Shriver Center on Poverty Law:
Cheryl Fish-Parcham, Director, Private Coverage, Families USA
Melissa Burroughs, Director, Strategic Partnerships, Families USA
Stephanie Altman, Director of Healthcare Justice, the Shriver Center on Poverty Law
Stephani Becker, Associate Director Healthcare Justice, the Shriver Center on Poverty Law