How You Can Be Heard

Consumers can access information about proposed rate increases of 10 percent or more that affect Louisiana policyholders at www.ldi.la.gov/HealthRates.

Consumers can submit comments on rate increases at healthrates@ldi.la.gov, or by mail to 1702 N. 3rd Street, Baton Rouge, LA 70802. Consumer comments will be taken into consideration when the LDI makes its final determinations.

Frequently Asked Questions

Why did my health insurance premium go up? I have not been ill or filed any claims with my insurance company.

Even though you have not filed any claims, other individuals who are insured by the same type of policy have presented claims. The claims experience and utilization of all individuals insured under a given plan or policy directly affect rates.

What makes health insurance rates increase?

Rates change in response to the cost of care as well as how much health services are utilized. As the price or cost of care increases, whether from technological changes or inflationary pressures, rates increase to cover the changes. Even if costs remain the same but the services are used more frequently, rates will be adjusted to make up for the increased utilization.

Where can I go for guidance on purchasing health insurance?

If you have questions about how to enroll in a health insurance plan, you can find a list of licensed agents and companies on the LDI website. Remember that you can always verify with the Department that the person or company you are working with is licensed to conduct business in this state. You can do this at www.ldi.la.gov or by calling us at 1-800-259-5300.

Louisiana Department of Insurance

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Baton Rouge, Louisiana 70804

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Louisiana Department of Insurance

Health Insurance Rates for Individuals and Small Groups

- How Rates Are Determined
- What factors affect rates
- Departmental Rate Review Process
- How You Can Be Heard

Whether you are talking about car insurance, homeowners insurance or health insurance, the premium you pay is calculated based on a rate. The federal government has standardized what factors can now be used to determine health insurance rates.

How Rates Are Determined

This is an overview of the process:

Index rate - The first step is determining an index rate. The index rate is the average costs of the claims from all enrollees in the state.

Adjusted Index Rate - After the index rate is developed, it is adjusted to add risk factors, taxes and other required fees.

Plan Variations – The Adjusted Index Rate is then revised to account for a specific health plan's expanded coverage (e.g. one plan may offer richer or more coverage than another.)

Premium – The premium is the amount paid by a customer after the four rate determining factors are included. (Age, Tobacco use, Geographic zone, Family size)

What Factors Affect Rates

Standardizing the rate creation process can be helpful for a number of reasons, including consumer protection, enhanced transparency and improved competition. The four factors that can affect your rate are:

- **Age**
  - ◊ Premiums are limited by law. For example a 63 year-old enrollee cannot have a premium more than three times greater than a 21 year-old on the same plan.
- **Tobacco use**
  - ◊ Tobacco users can be charged up to 50% more than those who do not use tobacco.
- **Geography**
  - ◊ Issuers can vary insurance premium rates based on geographical rating areas within any given state (see map).
- **Individual or family plan**
  - ◊ Insurers can charge more for a plan that covers a spouse and/or dependents.

Starting in 2014, **gender, health status and preexisting conditions** can no longer be used to determine rates.

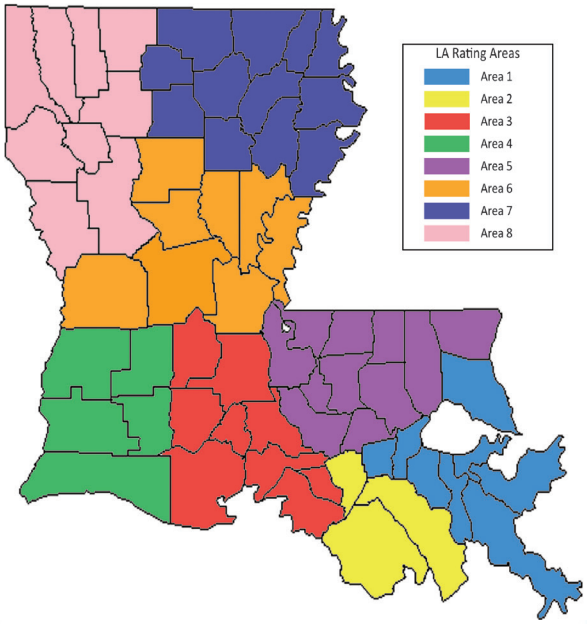
Departmental Rate Review Process

The Department of Insurance does not have approval authority over health insurance rates. The LDI reviews proposed health rate filings from insurers using a detailed mathematical process called actuarial review. This review involves many factors, including:

- Seeing whether rate increases are in compliance with Louisiana and federal law.
- Assessing whether the assumptions used by the company are reasonable; for example, the LDI would check whether or not the company is overestimating medical inflation or future medical claims costs.
- Evaluating whether methodologies used to develop rates are actuarially (mathematically) sound.

LA Geographic Rating Zones

Louisiana has 8 zones used for rate determination.



Our Mission

The Louisiana Department of Insurance (LDI) is committed to providing consumers with information about proposed health insurance rate increases. LDI reviews proposed rate increases and determines whether each is actuarially justified. Actuarial justification means that an insurance company or HMO must demonstrate that claims experience supports the increase and the premiums collected are reasonable compared to the benefits provided by the plan.