

The Affordable Care Act:

Getting the Most Out of Your Health Care Dollar FACT SHEET

The Patient Protection and Affordable Care Act provides you and your family with new protections, programs and resources. The Act requires that most of your health care premium – or the amount you pay to a health plan to purchase coverage – is spent on providing care and quality improvement, not administrative costs. It also requires health plans and insurers to justify health care premium increases.

What it Means for You

To make sure insurance premium dollars are spent primarily on health care and improve the quality of the care received, the new law limits how much of your premium dollar health plans and insurers can spend on administrative costs, marketing and other non-health care-related costs. These percentage limits are also known as “Medical Loss Ratios” or MLR. If your health plan or insurance company spends more on administrative costs than the law allows, it must provide you or your employer a rebate, starting in 2012.

Generally, the law requires health plans and insurers to spend at least 80 percent of premium dollars on direct medical care and efforts to improve the quality of care provided. This applies to health insurance coverage purchased by small employers and individual coverage purchased by you for you and your family.

If you work for a large employer, the health plan must spend at least 85 percent of premium dollars on medical care and improvements on the quality of care.

If you work for an employer that is self-insured, your plan is not required to follow this premium dollar requirement and is not required to provide rebates.

Since Jan. 1, 2011, all health plans are required to post their rates on the Department of Managed Health Care’s (DMHC) Rate Review website at <http://wps0.dmhc.ca.gov/ratereview>. Rate increases of 10 percent or more will also be posted to the federal government’s national consumer website at

HealthCare.gov. These sites can help you compare pricing.

The law also requires your health plan or insurer to justify unreasonable premium increases to the DMHC and Secretary of the U.S. Department of Health and Human Services.

Key Dates

If this protection applies to your plan, it will take effect when you start a new “plan year” or “policy year” on or after Jan. 1, 2011. A plan or policy year refers to a 12-month period of benefits coverage – which may not be the same as the calendar year. Check with your plan to find out when your plan or policy year begins.

The rebate program began on Jan. 1, 2011. Any rebates must be paid beginning in 2012. More details on the rebate program will be available on the DMHC website in the near future.

For More Information: For assistance, call the Help Center at 1-888-466-2219, email us at helpline@dmhc.ca.gov or log onto healthhelp.ca.gov.