State Law Needed to Keep Insurers' Greed in Check

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When President Obama signed the Affordable Care Act (ACA) last year, he gave states more power to strengthen their oversight of health companies and the premiums they charge.

California must take advantage of that by passing key legislation pending in the state Assembly, AB 52. The bill, sponsored by Mike Feue Angeles, would require insurers to obtain approval from state regulators before increasing medical insurance rates.

In recent years, insurance premiums have spiked significantly. For instance, the average annual health care cost for a Los Angeles house increased by nearly 46% since 2006. A family of four now has to shell out $19,391 a year in health insurance. And if ta family member has existing condition, the cost is even more. Nearly half of all African-Americans have some kind of disability or chronic disease.

Particularly hard hit are those who are self-employed, in temporary work, or in jobs that don't provide employer-based health coverage. Wi to negotiate on their behalf, these folks now are at the total mercy of the insurers.

Starting in 2014, the new federal health care law will stop insurance companies from charging people more money on the basis of their hea But Californians also need the state to do something to prevent unjustified rate increases to *all* consumers. If costs keep going up, it will dr Californians to drop coverage and delay needed care.

California regulators have been looking at insurers' rate filings with new scrutiny since the federal health law was passed. And they discove problems -- from math mistakes to unsubstantiated claims.

Last January, Aetna Inc. and Anthem Blue Cross scaled back planned premium hikes after state Insurance Commissioner Dave Jones four proposed increases as excessive. The California Department of Managed Health Care (DMHC) reviewed the proposed rate hikes and dete them to be "unreasonable,"The insurers could have stood their ground, but luckily didn't, saving 865,000 policyholders from having to spe inordinate amounts.

Even so, more than 120,000 Anthem Blue Cross policy holders' rates went up earlier this month an average of 16 percent. What makes it s that the company has been making record profits for three straight years.

Of course, there is no silver bullet to check rising health care costs, but AB 52 could provide one essential tool to check unjustified rate inc Other states with a similar law have proved how effective a tool it can be. Six months after Colorado enacted prior approval legislation in 2(half of the proposed rate increases sought by insurers were denied or withdrawn because they were not justified.

Oregon, which strengthened its prior approval authority in 2010, has agreed to lower-than-requested health insurance rates in half of the reviewed, saving consumers and small businesses more than $25 million. New York reinstated its prior approval authority last year, after a concluded that, "New York's deregulation of health insurance premiums has resulted in excessive rate increases that force many New York more for health insurance than they should, and force some to drop coverage altogether."

Prior-approval authority will give California the ability to zero in on the underlying causes for rate increases and to force insurers to detail w they are taking to hold down costs. Regulators will also be able to determine whether insurers are padding their books to justify higher rate

It' s time for California's legislators to give our regulators the power to hold insurers accountable when they try to increase their profits at th
of our health.

Comments

Anonymous

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It's about time we hold insurance companies accountable for their arbitrary rate increases. How far will they go before someone reigns them in? I for one, am not interested in continuing to subsidize the middle man. Insurance rates are already too high for working people. It's time we put a stop to this!