

Empower Calif. Insurance Commissioner to Reject Excessive Health Insurance Rates

WHEREAS, 35 states, but not yet California, give their insurance commissioner or other officer power to reject unjustified proposed health insurance rate increases, but our Insurance Commissioner can only ask insurers to file data justifying increases and publicize findings of excessive rates to try to induce them to reduce an increase or risk losing customers – unlike his authority to reject rates not justified, as required, by auto, homeowner and insurers of other types; and the California Democratic Party’s 2010 Platform, after stating “health care is a human right, not a ‘privilege’” and “the health and well-being of Californians cannot continue to be based on arbitrary ... financial decisions,” said “Democrats will ... support [requiring] HMOs and health insurers [to get] prior [state] approval ... before [raising] rates”; and

WHEREAS, the Calif. HealthCare Foundation found that in the last decade health care insurance rates in California rose 153%, over 5 times overall inflation; a Harvard study said more Californians die from lack of health insurance than in traffic accidents or homicides; and a Centers for Disease Control report said medical debt burdens 1 in 5 Americans; but after Prop. 103 in 1988 empowered our Insurance Commissioner to regulate rates, auto insurance cost *less* in California as of *2010 than in 1989*, versus a 43% average increase in all other states, according to a Consumer Federation of America analysis; and

WHEREAS, the Assembly on June 2, 2011 passed by 45-28 (with no GOP votes) AB 52, to require health insurers to justify premium hikes and let the Insurance Commissioner reject excessive rates, but after passing the Senate Health and Appropriations Committees, it was pulled from the floor; instead, an initiative was drafted, filed, circulated and qualified for the 2014 ballot, titled by proponents the “Insurance Rate Public Accountability and Justification Act,” that will: (a) require health insurance companies to disclose and justify, under oath and in public hearings, rate changes before they take effect; (b) make a public record of insurance company documents filed to justify rate increases; (c) give Californians a right to challenge excessive and unfair premium increases; (d) empower the Insurance Commissioner to reject unjustified rate increases; (e) pay all its costs of administration from fees on insurers’ applications; and also, (f) bar health, auto and home insurers from considering credit history or prior coverage in setting premiums or deciding whether to offer coverage; therefore

BE IT RESOLVED that the Democratic Party of Orange County endorses and urges the California Democratic Party to endorse the 2014 ballot initiative statute “Insurance Rate Public Accountability and Justification Act” (proponent’s title), Proposition __, [insert # when assigned] “Approval of Healthcare Insurance Rate Changes” (official title).