

Another View: State must regulate health insurers' rates

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Re "Blame game is a weak card to play" (Editorial, Feb. 25): The recent Assembly Health Committee hearing on health insurance rate hikes produced new evidence of the need for health insurance rate regulation.

Anthem Blue Cross announced last month an up to 39 percent increase in health insurance rates. They are not alone. Californians have suffered year after year with double-digit health insurance rate hikes. It's no wonder that there are 6.7 million Californians without health insurance.

I scheduled a hearing of the Assembly Health Committee to investigate the rate hikes. Despite agreeing to provide documents related to the company's decision to increase premiums four days before the hearing, Blue Cross did not provide any documents until the night before the hearing. Blue Cross also withheld documents responsive to our request. This made it extremely difficult for a meaningful analysis prior to our hearing.

Nonetheless, the Assembly Health Committee hearing produced important information. Blue Cross executives admitted that they expect approximately 250,000 individual policyholders to disenroll in conjunction with the rate increases. Witnesses testified that Blue Cross made \$3 billion in profits that they passed on to their out-of-state parent company WellPoint from 2007 to 2009. WellPoint made \$4.7 billion in profits last year alone.

We also learned that Blue Cross has hundreds of millions of dollars in surpluses far in excess of what regulators require. All of this evidence undercuts Blue Cross' assertion that it needs to raise rates yet again. Interestingly, Blue Cross executives refused to answer questions about their own compensation, bonuses and stock options.

Information obtained at the Assembly Health Committee hearing was used by members of Congress in their hearing the next day. And The Bee used testimony obtained during our hearing in its editorial.

In light of Blue Cross' failure to produce documents and refusal to answer certain questions, I requested that the Assembly issue a subpoena for this information.

Although Blue Cross' obstructionism made our work more difficult, we had a successful hearing that informed the public and the Legislature about the rate hikes and the need for a legislative response. Blue Cross officials told us they intend to move forward with their rate hikes May 1. Other health insurers have announced dramatic rate hikes as well.

Californians should be protected from unjustifiable rate increases. We need to pass my Assembly Bill 2578 to ensure that the state regulates health insurance rates and rejects unjustifiable rate increases.

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