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Headline: Ballot Measures Aims To Curb Health Insurance Rate Hikes

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An expensive battle is looming over a November ballot measure that would regulate the price increases of health insurance in California.

This is a report for *California Healthline*, a daily news service of the California HealthCare Foundation. I'm Kenny Goldberg.

As a self-employed businesswoman in the Bay Area town of Benicia, Marti Conger has bought her own health insurance for years.

In 2005, her Blue Shield PPO plan, which had a \$1,000 deductible, cost \$191 a month. Half a dozen years later, it was a different story.

(Conger): "By 2012, I was up to a 30% co-pay, \$7,000 deductible and a \$661 per month premium."

To make matters worse, Conger says she hasn't gotten a price break through Covered California.

Conger and her husband are at their wits' end.

(Conger): "I don't know what we're going to do. It just kills us. That's why we sold our house."

Most of the dramatic double-digit percentage increases have hit the individual and small group markets -- people like Conger. The cost of employer-based coverage has risen as well, though not as sharply.

Since 2002, California health insurers have raised the premiums on employer-based plans by 182%. That is more than five times the rate of inflation.

(Court): "Thirty-five other states have the ability to say no when health insurance companies raise rates unreasonably, but not California."

Jamie Court is president of the Santa Monica-based not-for-profit Consumer Watchdog. His group is the main backer of a November ballot initiative that would regulate price increases by health insurers.

Currently, the state insurance commissioner reviews every rate increase, but doesn't have the enforcement power to reject them.

This measure would change that.

A similar system is already in place for auto and homeowner's insurance in California.

Court says at a time when everyone is required to have health insurance, it's crucial to make sure it's affordable.

(Court): "Because right now, health insurance companies can raise their rates at will. There is no one and nothing that can stop them in California. This initiative, at least provides a process by which insurance companies have to show a level of proof, before they're allowed to raise their rates."

But health insurers, hospitals and other opponents have formed a coalition called Californians Against Higher Health Care Costs. Spokeswoman Robin Swanson says the measure is a terrible idea.

(Swanson): "We all agree that controlling health care costs is important, but we can't afford to make irresponsible changes to our complex system, without thinking through the repercussions. And that's exactly what this initiative does."

For example, Swanson says the measure gives too much authority to one elected official.

What's more, she says it would undermine a new commission that reviews health insurance plans for Covered California. The commission can exempt policies from the insurance exchange that are too expensive.

Ted Mazer is an ear, nose, and throat specialist, and speaker of the House of Delegates for the California Medical Association. He doesn't like the initiative, and thinks it could have unintended consequences.

(Mazer): "If you allow regulators to dictate the rates for all comers, for the providers, you end up creating a scenario like we see for Medi-Cal patients. There's no access to care because none of the providers can afford to provide care under the rates that the state thinks is reasonable."

The coalition opposing the ballot initiative has already amassed a substantial war chest. As of late April, it raised more than \$25 million.

Swanson says a statewide TV ad campaign isn't cheap.

(Swanson): "Of course we're going to have to spend money to educate voters about how reckless and deceptive this measure is."

In contrast, Consumer Watchdog spent about \$2 million to qualify the measure for the ballot.

Court says they currently have about \$150,000 to spend. In some ways, he seems to relish the contrast.

(Court): "We're David versus Goliath, so we need to use the slingshot."

That means concentrating on the Internet, news events and word of mouth, he said.

Independent researchers point out that, like many things related to health care, rate regulation is more complicated than it looks.

Dylan Roby, director of health economics at the UCLA Center for Health Policy Research, says rate regulation doesn't always lead to lower prices.

(Roby): "But I would say overall on average, the states that have policies that allow rate regulation, actually do better in terms of avoiding high premium increases, versus states that don't have any rate regulation, and only have the power to review increases, but not actually deny them."

R. Adams Dudley is a professor of health policy at UC-San Francisco and he says insurers actually have little control over health care costs -- including the price of new drugs and new medical devices. Dudley believes as long as those costs keep rising, both insurers and consumers will get squeezed.

(Dudley): "So, it's sort of like saying, I'm going to go stick my finger in the garden hose, and I'm just going to hold it there. That's what insurance rate regulation is. I'm just going to hold my finger there, no matter how much pressure builds up, while at the same time, other people are pumping more and more water into the hose. At some point, it's going to blow."

The initiative will be assigned a ballot number in June, and that's when the media battle over it is expected to really heat up.

This has been a special report for *California Healthline*, a daily news service of the California HealthCare Foundation.

If you have feedback or other issues you'd like to have addressed, please email us at CHL@CHCF.org. I'm Kenny Goldberg. Thanks for listening.