

Lawmakers Revive Call For Federal Rate Review; CA Bill Could Turn Into To Ballot Measure

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Sen. Dianne Feinstein (D-CA) joined consumer advocates and the insurance commissioner from Maine in calling for passage of legislation that would grant HHS authority to reject proposed insurance rate increases. The legislation, sponsored in the House by Rep. Jan Schakowsky (D-IL), comes as California is in the midst of a battle over legislation that would provide the state's insurance and managed care commissioners the same authority, with a similar ballot initiative expected in 2012.

The federal law would be a "simple, uncomplicated fallback" for the 17 states, including California, that do not possess authority to block or modify rates increase proposal, Feinstein said during a congressional briefing on Wednesday. She noted that California has a strong advocate in recently elected Insurance Commissioner Dave Jones, who currently only has authority to review rate filings. Feinstein further said that after working on this issue for some time, she's convinced insurers are only concerned about their bottom line, and added that no believes all insurers should be non-profit.

The California senator also acknowledged that passage of the pending federal rate review bill -- which did not make it into the health reform law despite White House support -- could be a heavy lift. She threw her strong support behind the California bill, signaling states should act on their own.

California's law, AB. 52, recently passed the health committee, will head to the assembly's appropriations committee on May 27, and is slated to hit the floor the first week of June, a Feinstein aide said. If the bill fails to pass the legislature, it is highly possible that similar language could pass as a ballot measure, says consumer advocate Harvey Rosenfield.

Rosenfield is founder of the organization Consumer Watchdog and author of the California's Prop 103, which placed rate review authority of the property and auto insurance industries, and established a process wherein consumers could "intervene" if they found rate increases too large.

He tells Inside Health Policy that someone is definitely already drafting a ballot measure on health insurance rate review. Voters are angry enough at recent insurance rate increases and such a ballot measure could be even stricter than the legislation currently moving through the Assembly, he said, adding that insurers would be wise to "stand aside" and let it pass.

But insurers have no intention of doing that. In a meeting last week, officials with the California Association of Health Plans railed against the legislation and complained about Jones' propensity to attack industry with press releases and the bully pulpit. Rate regulation does nothing to address the underlying costs of medical care, the officials argue.

Jones' has no sympathy for that case. He said in a meeting with reporters last week that "medical costs are what they are" and argues that the providers he has spoken with say that they've had a difficult time

bargaining with insurance. Jones also charges that while industry often says that they have low margins, they never mention their return on investment, which, he says, is much higher.

In addition to rate review authority by regulators, AB 52 also allows consumers to “intervene” in the process, and Rosenfield points out that part of the \$1 million in rate review grants went to fund outside entities that could assist in that process.

Maine Insurance Superintendent Mila Kofman, who was also at the briefing, has used that state's law to conduct comprehensive reviews of rate increases -- including public hearings, consumer intervenors and transparency requirements -- in a bid to protect consumers from unnecessary rate increases.

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