

“The Insurance Rate Public Justification And Accountability Act”

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What will the ballot measure do?

- ✓ Require health insurance companies to publicly disclose and justify, under penalty of perjury, proposed rate changes before they take effect.
- ✓ Make every document filed by an insurance company to justify a rate increase a public record.
- ✓ Require public hearings on proposed rate increases.
- ✓ Give Californians the right to challenge excessive and unfair premium rate increases.
- ✓ Prohibit health, auto and home insurers from considering Californians’ credit history or prior insurance coverage when setting premiums or deciding whether to offer coverage.
- ✓ Give the insurance commissioner authority to reject unjustified rate increases.
- ✓ Allow the insurance commissioner to order rebates for consumers and businesses that are paying excessive rates.

Why do we need to regulate health insurance rates?

Health insurance is becoming increasingly unaffordable for California families, but there’s no transparency in how health insurance companies set prices and no accountability for unjustified premium increases.

- ✓ The California HealthCare Foundation finds that insurance premiums in California have gone up 185% in the last decade – 5 times faster than the rate of inflation.
- ✓ Four health insurance companies – Kaiser, Anthem Blue Cross, Blue Shield of California, and Health Net – control 71% of California’s health insurance market.
- ✓ More Californians die every year because they are uninsured than from traffic accidents or homicides, according to Harvard researchers.

Do health insurers have to justify and get approval for rate increases in other states?

Yes. At least thirty-five states, but not California, already require health insurance companies to justify and get rate increases approved before they take effect.

What happens now in California when a rate increase is excessive?

Nothing at all. This year, one insurance company raised rates by up to 19.9% for almost 270,000 Californians, despite the fact that the state insurance commissioner found that the rate increase was excessive. The insurance commissioner has no authority to stop excessive rate increases.

Laurel Kaufer is a self-employed single mom who has struggled for the last decade with rising health insurance premiums. She said it best when she asked: "If I have to get preapproval from my insurance company every time I want my health care paid for, shouldn't they have to get approval when they want me to pay more?"

Doesn't federal health reform take care of this problem?

No. The Affordable Care Act contains many important consumer protections to stop unfair practices by insurance companies and get more people insured. But it has one big loophole: It did not give anyone in California the power to say no to health insurance companies when they impose excessive rate hikes.

Other states with the power to regulate rates are using it to lower health insurance prices under federal health reform. That's why United States Senator Dianne Feinstein, the first person to sign the ballot petition, is an honorary co-chair of the campaign, and California Insurance Commissioner Dave Jones supports the measure.

Health insurance rates are too high, but can regulation really hold down premiums?

Yes. California voters approved an insurance reform law called Proposition 103 at the ballot in 1988. That law requires auto, homeowners and other business insurance companies to open their books and publicly justify rate increases. This initiative simply applies the same rules to health insurance.

The Consumer Federation of America reported this year that California drivers saved over \$100 billion on their auto insurance thanks to rate regulation.

California is the only state in the nation where auto insurance premiums have actually gone down over the last 25 years. What other product has gone down in price since 1989? Auto insurance premiums increased an average 43% over the same time period nationally.

Proposition 103 has also fostered healthy profits for the insurance industry, and California is the fourth most competitive state for auto insurance in the nation.

Public justification and accountability have prevented excessive auto insurance rates in California, and will give consumers the same protection against excessive health insurance rates.

When is the initiative measure on the ballot?

The Insurance Rate Public Justification and Accountability Act is on the next general election ballot in November 2014.