

DAVE JONES TO SUBMIT HEALTH INSURANCE RATE PRIOR APPROVAL LEGISLATION

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In 2007 and 2009, CA Assembly member Dave Jones (now running for the office of Insurance Commissioner) introduced proposed legislation to extend the prior approval rate requirements of Proposition 103 (which currently only applies to property and casualty insurance) to health insurance -- essentially meaning that health insurers would have to first obtain regulatory approval over new rates that they seek to charge.

Though these prior attempts were stalled in committee, Jones recently stated that he would re-introduce this proposed legislation later this month. The third time may be the charm as there is good reason to believe that this proposed legislation will have more legs this time around given the current climate and public ire over the cost of health insurance (not to mention the recent criticism of Anthem's proposed rate increase).

In a recent statement in sfgate.com (article [here](#)), Jones explains:

"Under my legislation, which I plan to reintroduce later this month, prior approval would have to be obtained before health insurance rates could be increased. HMOs and health insurers would need to receive approval from the Department of Managed Health Care or the Department of Insurance for proposed rate increases. Rates requiring approval would include premiums, co-payments, coinsurance obligations and deductibles. That also means that if the insurer changes the product - like increasing the deductible or changing the benefits provided - the insurer would need to seek approval for the change. Increases would be denied if deemed excessive or unfair."

The changes that Jones proposes appear to be in line with the latest iteration of his 2007 bill (AB 1554, found [here](#)) and 2009 bill (AB 1218, found [here](#)) which tracks much of the language created by Proposition 103. Not mentioned in his statement, but included in his last bill, are provisions to allow intervention by members of the general public and the awarding of advocacy fees to those acting in the interest of consumers who make a substantial contribution to any final order.