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## California Commissioner

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Apr. 04, 2013

April 04 — California's insurance commissioner Tuesday criticized another rate increase by Anthem Blue Cross, even while acknowledging he's powerless to stop it.

Commissioner Dave Jones ripped Anthem for raising rates 5.2 percent, effective Monday, on small businesses. He said Anthem's rates on those customers have jumped 10.5 percent in the past year, which he called "excessive and unreasonable."

It's hardly the first time California's insurance commissioner has tried to jawbone companies into rolling back health insurance rates. The commissioner has the authority under California law to regulate auto and homeowner premiums, but not health insurance.

Given the shaky economy, Jones said "it's simply galling that Anthem Blue Cross would impose another increase on small employers." He added that Anthem is exaggerating its health care inflation forecast, and folding in costs that it doesn't have to pay until next year.

Jones, speaking at a news conference, said Anthem is raising rates despite earning a 25 percent return on equity — a measure of profit — in 2012.

But Anthem spokesman Darrel Ng said Jones "is trying to rewrite the dictionary" and the company's profit from covering small businesses was only 1 percent.

The company, which has squabbled with insurance commissioners over previous rate hikes, called the latest increase a matter of "economic reality faced throughout

the entire industry.”

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The increase demonstrates the limits of President Barack Obama's Affordable Care Act.

Jones said small businesses, such as Express Office, could begin purchasing health care next year from Covered California — the state-run online exchange that's being set up to implement the federal law.

But the commissioner said “there's a very open question whether that product will be any more affordable” than what's currently available.

Anthem was going to raise rates on individuals 18 percent earlier this year. After receiving a private request from Jones, it shaved the increase to 14 percent, Ng said.

And three years ago, the company caused a major furor when it announced a 39 percent rate hike on individuals. It eventually scaled back the increase considerably.

Jones has been seeking authority to reject rate increases he deems excessive. Insurance commissioners in 37 other states have that authority or the power to roll back rates.

A measure that has qualified for the November 2014 state ballot — with Jones' backing — would give the state insurance commissioner that authority. As a state lawmaker, Jones made unsuccessful attempts to give the insurance commissioner rate-regulating authority.

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