



CA INSURANCE COMMISSIONER ADMITS 'AFFORDABLE CARE' COSTS 55% MORE



by [CHRISS W. STREET](#) (/COLUMNISTS/CHRISS-W-STREET) 30 Jul 2014 10
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As someone who saw his monthly health insurance premium double from \$780 in 2013 to \$1,460 this year, I was interested to see how long it would take for California's Democrat leaders to fess up that there is nothing affordable about their version of the Affordable Care Act (Obamacare).

Facing political shock and awe as ten million working Californians are soon to get notices of big insurance premium increases for next year, Democrat Insurance Commissioner Dave Jones admitted (<http://www.latimes.com/business/la-fi-insurance-rates-20140730-story.html>) July 29th that rates for individuals that enrolled in Covered California jumped by an average of 55% last year.

Patrick Johnston, Chief Executive Officer of the California Association of Health Plans, said (<http://www.kaiserhealthnews.org/stories/2013/october/21/cancellation-notices-health-insurance.aspx>) last year just before the launch of Covered California, "The arithmetic is inescapable." Costs must be spread, so while some consumers will see their premiums drop, others will pay more – "no matter what people in Washington say."

After two years of swearing that Covered California (<https://www.coveredca.com/>) would save money for working state residents, Insurance Commissioner Jones in a news conference said, "The rate increase from 2013 to 2014, on average, was significantly higher than rate increases in the past." He eventually got around to admitting that "significantly higher" meant average healthcare insurance premium increases of 22% to 88%.

Jones also admitted for the first time that Covered California health insurance premium increases were the most punishing for young people in Los Angeles County age 25. The Commissioner stated rates jumped for the middle-of-road "silver plan" coverage by 52% for the young versus 38% more for the same plan for someone age 55.

The biggest contributor to this cost increase appears to be those paying for health insurance to subsidize the 1.5 million increase in the state's Medi-Cal enrollment (http://www.dhcs.ca.gov/dataandstats/statistics/Pages/Monthly_Trend_Report.aspx) to 8.6 million or 22% of the entire population of the State of California.

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The exploding costs of Covered California and other “affordable” regulations help explain why 81 (http://www.breitbart.com/Breitbart-California/2014/07/27/Brown-Heads-to-Mexico-to-Explain-Why-50-Higher-Unemployment-is-Better#disqus_thread) to do business in the nation for the last three years running. This is reflected in the grim detail that California’s unemployment rate (https://ycharts.com/indicators/california_unemployment_rate) for the last three years has been at least 50% higher than the unemployment rate in neighboring Mexico (<http://www.tradingeconomics.com/mexico/unemployment-rate>).

However, having already financially pained a couple million Californians, Insurance Commissioner Jones is now lobbying voters to pass Proposition 45 (http://ballotpedia.org/California_Proposition_45_Insurance_Companies_Required_to_Justify_Their_Rates_to_on_the_November_ballot_and_add_another_layer_of_“affordable_regulations”_Jones_claims) (http://ballotpedia.org/California_Proposition_45_Insurance_Companies_Required_to_Justify_Their_Rates_to_will):

- Require that health insurance rate changes must be approved by the [California Insurance Commissioner](http://ballotpedia.org/California_Insurance_Commissioner) (http://ballotpedia.org/California_Insurance_Commissioner) before taking effect.
- Require a sworn statement by health insurance companies submitting rate change requests certifying the accuracy of the information they submit to the Insurance Commissioner to justify the rate change they are proposing.
- Provide for public notice, disclosure and hearing on health insurance rate changes and subsequent judicial review.
- Prohibit health, auto and homeowners insurers from determining policy eligibility or rates based on lack of prior coverage or credit history.

Proposition 45 would expand regulation of California healthcare in a similar way to how Proposition 103 in 1988 ([http://ballotpedia.org/California_Proposition_103_Insurance_Rates_and_Regulation_\(1988\)](http://ballotpedia.org/California_Proposition_103_Insurance_Rates_and_Regulation_(1988))) supposedly imposed “cost containment” on California automobile insurance rates. Commissioner Jones argued that without passing Prop 45, “We’re going to continue to see rates go up simply because... no one has the ability to stop excessive rates.”

A recent study by [Insure.com](http://www.insure.com/car-insurance/car-insurance-rates.html) (<http://www.insure.com/car-insurance/car-insurance-rates.html>) found the average middle-of-the-road auto insurance coverage for a 40-year-old driver with a 12-mile commute to work in California is the 6th most expensive in the nation, with an annual premium cost of \$1,991. The annual premium cost for auto insurance in California was 54% higher than the average of neighboring Oregon at \$1,306 and Nevada at \$1,300.

Insurance Commissioner Jones would rather try to distract the public from the debilitating costs of Covered California by adding another layer of regulation in Proposition 45 that could lead to even more debilitating costs. Although Jones failed to admit that rate increases are as high as the doubling of cost I am paying, at least he admitted that California health insurance rates may skyrocket next year.

The author welcomes feedback and will respond to reader comments. Chriss Street just returned from teaching “Entrepreneurship and Capitalist Business Strategy” at Ho Chi Minh University in Vietnam.

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