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Anthem Blue Cross to cut rate hikes for some California customers

The state's largest for-profit health insurer will raise rates 8.2% on average, down from its earlier request of 10.4%, in response to pressure from state officials.

By Chad Terhune, Los Angeles Times

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Anthem Blue Cross agreed to trim its rate increases for nearly 600,000 customers in California in response to pressure from state officials, but many families still could see premiums rise 20% starting in May.

California's largest for-profit health insurer will raise rates 8.2% on average, down from its earlier request of 10.4%. The maximum rate hike will be 20% instead of 30%, according to the California Department of Insurance.

State officials said Anthem's estimates for future medical expenses were unjustified and they pressed the company to lower premiums. Janice Rocco, the insurance department's deputy commissioner for health policy, said the changes will save policyholders \$41.4 million.

"This does provide some relief to policyholders, but not as much as many of them would like to see," Rocco said. "Many of the health insurers are projecting medical costs for next year that are not supported by claims data from the previous year."

The California Department of Managed Health Care said it was still reviewing a separate request from Anthem for a 13.8% increase on average for 110,000 members who hold different policies.

Darrel Ng, a spokesman for Anthem, said "in modifying our rate filings we were sensitive to the challenges increasing healthcare costs place on our individual members."

Insurers in California must submit proposed rate increases for review to see whether they meet certain requirements, but state officials don't have the authority to reject rate hikes for being excessive. These continued rate hikes will give consumer advocates new reason to campaign for a proposed ballot measure on tougher rate control.

Last month, Anthem notified Josh Libresco, a 57-year-old marketing researcher in San Rafael, that his family's monthly premium would increase 29% to \$1,636, effective May 1. This is after Anthem raised

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the deductible for the family of four to \$5,900 from \$5,000 last fall as well as increasing co-payments for doctor visits and prescription drugs.

"I don't know how people can afford these increases every year. We are about at our limit," Libresco said. "Whether it's 20% or 29%, it's still an enormous number."

In January, the state insurance department persuaded Aetna Inc. to lower a 13.7% increase to 9.3% for 50,000 members, citing the same reason of excessive estimates for future medical costs.

The proposed ballot initiative would give the state insurance department the same authority to approve or reject health insurance rate increases that the department now has over property and auto policies.

Consumer Watchdog, the Santa Monica group that championed California's Proposition 103 in 1988 that enacted rate controls on auto and property insurance, said it has collected about 100,000 of the 505,000 valid signatures needed by early May to qualify the ballot measure for the November election.

"The irony is the health insurance companies are helping us get ballot signatures by getting people so angry," said Jamie Court, the group's president.

The state's largest insurers and hospital, physician and business groups launched an opposition group last week in preparation for an expensive campaign against the measure in the coming months. That coalition, calling itself Californians Against Higher Health Care Costs, said the ballot initiative would create an unnecessary bureaucracy and didn't address the underlying problem of rising medical costs.

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