

California Insurance Commissioner Jones Says Insurers' Power Must be Curbed

Article By:

Wendell Potter

ANALYSIS: An abiding faith in reform

Insurance Commissioner Dave Jones, second from right, talks with reporters at California's Capitol in Sacramento. Rich Pedroncelli/AP

As I wrote [last week](#), Maine and California are taking radically different approaches to implementing health care reforms within their boundaries. While the GOP-controlled government in Augusta has passed legislation that gives health insurers far more control of the health care system than they've ever had, lawmakers in Sacramento are taking California in the opposite direction. They're moving rapidly to implement the federal Affordable Care Act, and if Insurance Commissioner Dave Jones and many of his former colleagues in the legislature have their way, California will be among the first

states to implement a single-payer system in the years ahead. I spoke recently with Jones about the benefits and shortcomings of the federal reform law and why, even as commissioner of insurance, he continues to be an ardent single-payer advocate.

iWatch News : After nine months in office, what's your overall assessment of the health insurance marketplace in California?

Jones: I have been long concerned about the extraordinary market power that health insurers and HMOs have in the California market as it relates to consumers and business purchasers of their product. What I've seen...over the last 10 years or so is the exercise of that market power in ways that are ultimately unsustainable for California consumers and businesses, specifically, year after year double-digit increases in health insurance and HMO prices. These price increases are the major contributor to the large and growing numbers of Californians who cannot afford health insurance, and as a consequence, have inadequate health care. The good news is that the **federal Affordable Care Act** will, as it's ultimately implemented, provide a greater opportunity for more Californians to obtain insurance at, hopefully, a more affordable price. So we're moving forward with implementation here in California including the establishment of the health insurance exchange and all of the other elements of the new law that are providing immediate benefits to Californians and long-term benefits as well.

iWatch News : So how do you see the insurance marketplace changing as reform is implemented in California and at the national level?

Jones: One immediate benefit is that insurers and HMOs are now required to put a larger percentage of the premium dollar they collect into the provision of care...I think that's a positive thing because it makes sure that a greater share of what businesses and consumers are paying goes into actual health care, which is what they think they're buying. The other immediate positive benefits are provisions like those that allow parents to keep their children on their health insurance until age 26, the elimination of lifetime coverage caps, the limitations on copayments for preventive services, the elimination of pre-existing conditions as a basis for denying children health insurance, the rebates that are being provided to seniors who fall into the dreaded "doughnut hole" of the Medicare prescription drug benefit program, and the federal tax credit that's available for small businesses that provide health insurance. These are all immediate benefits to Californians and elements that are changing and improving the marketplace for health insurance here in California.

iWatch News : Where does the Affordable Care Act fall short?

Jones: The one critical missing piece is the absence of authority for regulators to reject excessive health insurance rate increases. I've been fighting for that here in California for years. I have that authority for auto and property and casualty insurance but not for health insurance. A bill in the legislature I strongly support, **Assembly Bill 52**, would give me that authority. I am concerned that with the imposition of the individual mandate in 2014, health insurers and HMOs will be even more motivated to continue to raise prices because then

there will be a legal requirement that people buy health insurance. I think (the mandate) is a critical component of the overall Affordable Care Act, but that requirement without a provision allowing for the rejection of excessive health rate increases means, I think, that we're going to see rates continue to go up, possibly even more because of that requirement.

***iWatch News* : Assembly Bill 52 didn't pass this year. What happened?**

Jones: We were short a few votes in the state Senate, so we're going to take the next three months before the resumption of this legislative session in January to work to persuade state senators of the importance of supporting the bill. There's no question that the health insurance industry put a lot of resources into trying to defeat the bill. That was a big factor in our not being able to accomplish passage this year, so we know we've got a continued big fight on our hands because they've got extraordinary resources and they don't want any limitation on their ability to charge as much as they can. So, that continues to be a big fight, but it's one that we'll keep engaging in.

***iWatch News* : California lawmakers twice passed legislation to enact a single-payer system in your state, but former Governor Schwarzenegger vetoed both bills. You supported single-payer when you were in the legislature, didn't you?**

Jones: I did. In fact, I was a coauthor of those measures, and I am a coauthor of Senator (Mark) Leno's current single-payer measure. I believe single-payer is the ideal solution. I'd like to see us get there sooner, but we have a significant challenge on our hands convincing more people that this is the way to go. The evidence is there. If you look at seniors in the Medicare program, by and large that program has functioned as it was intended, and that's an example of a kind of single-payer program. You also have to look at the experience in other Western industrialized nations and the health outcomes there versus the health outcomes here, and the tremendous share of GNP that we devote to health versus the amount they devote, and yet we're not getting better health care. What I counsel my friends and others, though, is that we need, first and foremost, to implement the Affordable Care Act and demonstrate that it is working and will work because, if we're not successful in that regard, either in implementation or in protecting it from the opponents who are consistently trying to mislead and mischaracterize with crazy assertions like that of the "death panels," then we're never going to get single-payer. I see this as sort of a foundation, if you will, that we need to implement well and make sure is not repealed.

Reprinted by Permission © 2025, The Center for Public Integrity®. All Rights Reserved.

National Law Review, Volume I, Number 286

Source URL: <https://natlawreview.com/article/california-insurance-commissioner-jones-says-insurers-power-must-be-curbed>

