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PRESS RELEASE

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NEW BILL TO INFORM CALIFORNIANS CHARGED WITH UNREASONABLE PREMIUMS, PROVIDE NEW OPPORTUNITY TO SWITCH PLANS

SACRAMENTO, CA – Today, legislation introduced by Senator Ed Hernandez, chair of the Senate Health Committee, would require individuals and small business owners to be notified if the premium for a plan they choose is “unreasonable” or “unjustified,” and be given the opportunity to shop for another plan as a result. The bill, SB908 is sponsored by Health Access California, the statewide health care consumer advocacy coalition.

Each year, millions of California consumers and small business owners shop for health insurance plans and some unknowingly choose plans with rates that were deemed “unreasonable” or “unjustified.” When state regulators find that a health insurance premium is unreasonable, the insurer sometimes rolls back or retracts their proposal, but other times they go ahead with the rate hike. These consumers are often locked into the plan with the unfair rate for an entire year, until they can shop again for another plan.

“Consumers deserve to know if their health insurance plan is charging unreasonable or unjustified rates, and should have the option to switch plans if they want.” said Anthony Wright, executive director of Health Access California. “This bill is basic transparency for consumers. If insurers decide to offer plans with rates that have been deemed unreasonable or unjust by state regulators, they should have to disclose this information to consumers. We have seen too many instances of insurers go ahead with charging unreasonable rates, while consumers and employers remain uninformed and unable to shop for alternatives. Policyholders shouldn't have to check a regulator's website to find out if they are being charged a unreasonable rate.”

Since 2011, California regulators are required to review the rates for individual and small business health insurance plans and determine if the proposed rates are unreasonable or unjustified, which are posted to the regulators' websites but no other notice is required. Regulators and their actuaries review the projected cost increase and can request plans to modify or reduce rate increases if the regulator finds the rate increase unreasonable or unjustified. In California, health plans can decide whether to comply with the request or move forward with an unreasonable rate.

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