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California health officials reject Obama's offer to delay insurance cancellations

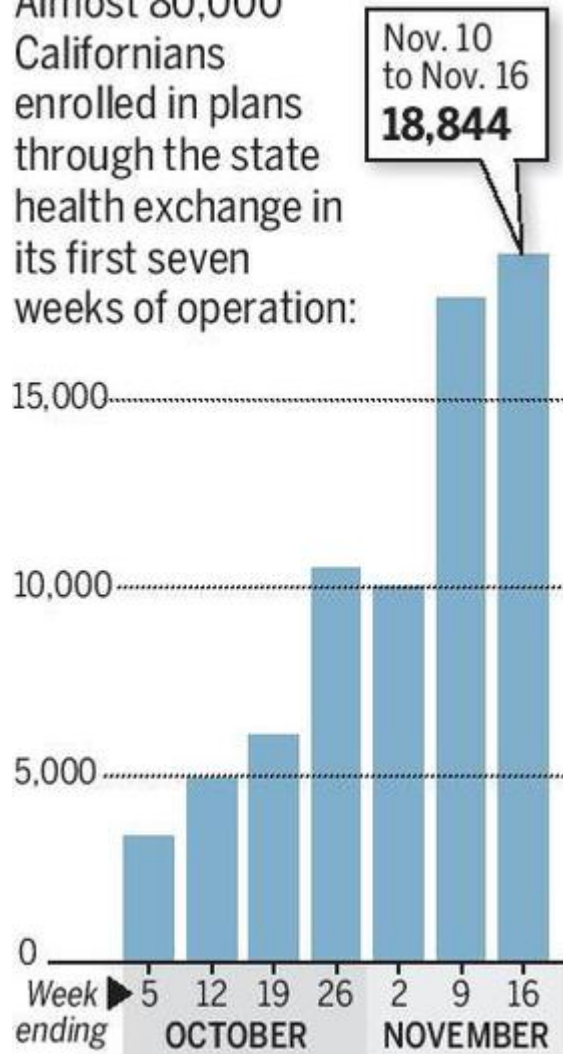
By Christopher Cadelago

ccadelago@sacbee.com November 22, 2013 Updated 1 hour ago

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PLAN ENROLLMENT

Almost 80,000 Californians enrolled in plans through the state health exchange in its first seven weeks of operation:



Source: Covered California
The Sacramento Bee

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California's health insurance exchange on Thursday declined a presidential invitation permitting insurers to grant extensions to more than 1 million customers with policies set to terminate at year's end.

Covered California officials said they were reluctant to give insurance companies more time to terminate individual policies that don't conform to the federal health care overhaul. The cancellations apply to individual plans purchased after passage of the health law in March 2010.

California officials contended that changing course could add to customer confusion and set back its efforts to attract young and healthy enrollees.

Susan Kennedy, a board member for the state exchange, acknowledged that many customers were put in a tough situation, but said that delaying the cancellations for three months or even one year would not solve any of their problems.

"There is no way to make the federal law work without this transition to (compliant) plans," she said. "Delaying the transition is not going to solve a single problem; it just pushes the problem down the road and makes it more complicated, more difficult, more confusing."

About 590,000 Californians with canceled plans could pay more for coverage under plans that under federal guidelines must include 10 types of health benefits, including mental health services, prescription drugs, maternity care and laboratory services.

"I believe in the greatest good for the greatest number, but this is very hard on some people that have done the right thing," board chair Diana Dooley said. "We are going to make it better over time, but there is a short-term dislocation that is very troubling."

Any decision to delay at the exchange's board meeting Thursday would have required working out new agreements with multiple insurers.

In a reversal from his long-held stance, President Barack Obama announced last week that states could extend millions of canceled insurance policies for another year amid uproar over his broken pledge that those who like their plans would be able to keep them.

Several states, including Washington, Minnesota and Vermont, have rebuffed calls to alter their paths.

Covered California Executive Director Peter V. Lee and other exchange officials argued that any extension could cause broad instability. He advocated maintaining the status quo while pledging to join with insurers to expand outreach.

Critics of extending canceled noncompliant policies worried that rates would increase because fewer younger and healthier people would be in the exchange risk pool.

The exchange made its decision over objections from California Insurance Commissioner Dave Jones, who rejected the argument that releasing insurers from the contract would harm the exchange or the state's implementation of the health care law. Jones over the last few weeks has already negotiated two- and three-month extensions for some customers with two of the state's largest insurers, Blue Shield of California and Anthem Blue Cross of California.

On Thursday, Jones argued that the federal health law, which he supports, includes mechanisms to protect insurers and minimize risks.

Jones said it is untrue that all existing policies were "junk insurance" and rejected the notion that renewing them would deprive the exchange of customers. He characterized the state exchange's decision as "both surprising and disappointing."

That described the feelings of Kristi Anderson, 49, of Fair Oaks. Anderson and her family of four were glad to get the temporary reprieve after their insurer failed

to give them six months' notice – and Jones threatened legal action.

Anderson said her current plan costs \$642 a month. She has a \$10,000 deductible, pays 40 percent of contracted costs and \$45 office visits.

"It was a no-brainer to extend through March 31 and it would be a no-brainer to extend through next year," she said of the plan from Blue Shield of California.

The coverage her family was offered in return had a \$1,199 monthly premium for roughly the same deductible and annual out-of-pocket maximum. Anderson, who does not qualify for a subsidy, said she felt betrayed when she learned about her new costs.

"I am a flaming, Obama-loving, health care advocating person who has been blowing this up since the law was passed," she said, describing her assurances to skeptical friends in the run-up to the exchanges opening Oct. 1. "I kind of feel stupid. I feel like I have egg on my face."

Following the state exchange's unanimous decision, Assembly Republicans announced plans to introduce legislation that would allow customers to keep their plans for another year. They also urged Gov. Jerry Brown to call a special session of the Legislature to immediately address issues they had with the rollout here.

Covered California officials said they feared that under a delay customers eligible for subsidies would unnecessarily pay rates ranging from 1.7 to 3.3 times higher than through the exchange. They warned about insurers offering "last-minute" renewals in an effort to outmaneuver competitors, destabilizing the market.

Charles Bacchi, executive director of the California Association of Health Plans, said his group is sympathetic to those with terminating plans. The association has stressed that some customers will pay more while others will experience savings.

"But these changes are coming; whether it's today, whether it's three months from now, or whether it's next year," Bacchi said.

He said one positive takeaway is that the state's website has performed relatively smoothly and people have the opportunity to explore their options.

Micah Weinberg, a senior policy adviser to the Bay Area Council, put it more bluntly: "It feels like we're having the conversation about the prenup after the wedding. It's very, very late in the game to be talking about these sorts of things. In fact, too late."

Indeed, many advocates of staying the course pointed to the exchange's enrollment numbers so far as reason not to make a change. Lee said 79,891 people had selected exchange plans through Tuesday.

In the first month, the number of people aged 45 to 64 are overrepresented, making up 56 percent of the total while representing just 25 percent of the population. Customers aged 18 to 34 enrolled at a rate just slightly above their share of the population. Peter Lee said the exchange hopes to continue enrolling young people to ensure the success of the program.

He and others acknowledged needing to do a better job of reaching non-English speakers.

Cary Sanders, director of policy analysis for the California Pan-Ethnic Health Network, called the early enrollment figures "phenomenal" while Darcel Lee, executive director of the California Black Health Network, said they prove the case that any delays would only add to the challenges of enrolling new customers.

"We are going to be so challenged with explaining this to our constituents who we already know are confused,"

Darcel Lee said. "The messaging in this is going to have to be very clear."

While keeping things largely the same, the exchange has agreed to extend the enrollment deadline for coverage taking effect on Jan. 1 to Dec. 23 from Dec. 15, and push the deadline for payments to Jan. 5 from Dec. 26. They also established a new telephone hotline at [\(855\) 857-0445](tel:8558570445), pledged to send nearly 1.13 million notices explaining customers' options, and improve efforts to spread the word through the thousands of certified agents, enrollment counselors and educators.

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