California voters will have an opportunity on the November 2014 ballot to approve Proposition 45 requiring that the state insurance commissioner approve proposed increases in health insurance rates. The campaign for the proposition is led by Consumer Watchdog, a group that has taken on the automobile and home insurance industries previously.

In 35 other states, insurance commissioners already have authority not just to review health insurance rates but to approve premium hikes as well. California’s insurance commissioner, who is a statewide elected official, can only review the premiums. The new state health insurance exchange, established under the Affordable Care Act negotiates rates as well as benefits and other details of plans listed by Covering California. Opponents of Proposition 45 claim that giving the insurance commissioner power to veto rates would duplicate the “active purchasing” authority of the California health insurance exchange. Only five other states' exchanges are active purchasers, where the exchanges negotiate and ultimately approve premium rates and plan details.

California voters are likely to see many more ads against Prop 45 as it is opposed by any number of health care heavy weights, including health insurance companies, the medical association, the hospital association and the state chamber of commerce as well as the California Republican Party. Ballotpedia lists campaign coffers for the anti-Prop 45 forces topping $37 million compared to about $6 million for Consumer Watchdog and its allies.

Some newspapers have taken editorial positions in opposition to Proposition 45. The Sacramento Bee advises voters: “The question of the insurance commissioner’s authority over health insurance is complicated and best left to the Legislature, not the blunt instrument of an initiative written by partisans…. If Covered California had been a flop, there might have been an argument for Proposition 45. But the Affordable Care Act is working in California. There is no reason to pile on a new layer bureaucracy envisioned by Proposition 45, and subject the health care law to more litigation and threats to its existence.”

Other papers have endorsed Proposition 45 comparing it to landmark auto insurance reform in the state that has ensured some of the lowest auto insurance rates in the nation.

According to the San Jose Mercury News editorial: “The only serious question about this initiative is whether it's compatible with the Affordable Care Act reforms and Covered California, the state's health exchange.... But the Affordable Care Act anticipates that states will have rate regulation. In several states, including Connecticut, New York, Maryland and Oregon, the rules are similar to Prop 45. They provide compelling evidence that this regulation discourages insurance companies from seeking the kinds of outrageous increases California has seen.... It's always instructive to see who's backing and opposing propositions. Health insurance companies expect to spend more than $50 million to defeat Prop 45. Their lobbying thwarted three tries in the Legislature to pass rate regulation.”

Initial polling showed Proposition 45 had popular support – 69 percent according to the Field Poll in
late June and early July, 2014. By late August support had dropped to 41 percent according to another
Field Poll [7].