

CALIFORNIA ADVOCATES, INC.



April 20, 2012

The Honorable Fiona Ma
Member, California State Assembly
State Capitol, Room 3173
Sacramento, California 95814

Ralph F. Simoni

Michael D. Belote

Julianne A. Broyles

Dennis K. Albiani

*Robert G. Walters
of Counsel*

**SUBJECT: AB 1800 (MA)--PRESCRIPTION COVERAGE: OUT OF POCKET LIMITS
OPPOSE UNLESS AMENDED
ASSEMBLY HEALTH COMMITTEE
SCHEDULED FOR HEARING: APRIL 24, 2012**

Dear Assembly Member Ma:

The California Association of Health Underwriters (CAHU) regrets we are **OPPOSED UNLESS AMENDED** to your **AB 1800**, as amended March 20, 2012, regarding out of pocket maximums for prescriptions.

AB 1800 requires a health care service plan contract and a health care insurance policy offering outpatient prescription drug coverage to provide for a limit on annual out-of-pocket expenses for outpatient prescription drug coverage. This change places these prescription purchases under a plan's main deductible requirements.

Both Section 3 and 4 of the bill contain provisions in their respective subsections (a)(2) that state "*This limit shall apply to any copayment, coinsurance, deductible, and any other form of cost sharing for any covered benefits, including prescription drugs, if covered.*" CAHU is concerned that this change, while well intentioned, will instead require a policyholder to meet all plan deductible requirements before any fixed dollar co-pays could apply. CAHU believes that clarifying language should be added to **AB 1800** to specifically state that the policyholders do not have to meet all plan deductibles in order for the prescription deductible to apply.

The California Association of Health Underwriters (CAHU) is the state's largest association of health insurance agents, brokers and other health insurance industry professionals. Our members help millions of individual Californians and businesses evaluate, select, purchase and use their health care coverage plans, resulting in greater health and financial security. CAHU agents and brokers also act as advocates for policyholders and their families when coverage disputes arise. CAHU agents and brokers perform many functions for small employers with respect to managing their employee benefits program-at no additional cost to the small employer.

CAHU is available to discuss our concerns regarding **AB 1800** with you and your staff at your convenience.

Sincerely,

Julianne Broyles
On Behalf of California Association of Health Underwriters

cc: Office of Governor Brown
Members, Assembly Health Committee
Teri Boughton, Committee Consultant
Kevin Hanley, Assembly Republican Caucus