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****FLOOR ALERT****

AUGUST 7, 2014

AB 1917 (GORDON) UNNECESSARILY JEOPARDIZES THE FUTURE AFFORDABILITY OF HEALTHCARE IN CALIFORNIA.

WHAT IS DOES: **AB 1917** caps what health plans and insurers can charge enrollees for prescription drug co-payments at 1/12 of the annual out-of-pocket maximum (\$529 for 2014).

WHY THIS IS A PROBLEM: While we are sympathetic with the author's goal to allow low-income enrollees with costly medications to spread their health care expenses out over a longer period of time, **AB 1917** is the wrong way to deal with expensive drug prices. Specifically:

- The ACA requires health plans to cover a specific percentage of an enrollee's healthcare costs. As such, **AB 1917** merely forces plans to increase cost-sharing in other areas to maintain each plan's rating under federal law. According to the bill analysis by the California Health Benefits Review Program (CHBRP), this would decrease usage of these other products and services, which could bring about negative health impacts that outweigh the benefits provided to the small handful of enrollees who actually use high-cost or specialty prescription drugs.
- The CHBRP analysis of **AB 1917** also states that the bill will increase utilization of high-cost and specialty prescription drugs, increasing net expenditures in California by over \$100 million in 2015. It would also increase employer premiums by \$28 million in 2015. Similarly, a recent Kaiser Health News story stated that, "specialty drugs account for less than 1 percent of all prescriptions but more than a quarter of the spending." Given that other high-cost specialty drugs are currently being developed to treat cholesterol and diabetes, which could be utilized by millions of Californians, **AB 1917** poses a real threat to the future affordability of health care in California.

WHY IT IS UNNECESSARY: The ACA and California law already provide a number of protections to help make health care costs more manageable for enrollees and protect lower-income individuals from medical bankruptcy.

- The ACA prohibits plans and insurers from charging any co-payment, deductible, or other form of cost-sharing for preventative care.
- The ACA requires that all individuals have access to plans that provide meaningful levels of coverage for a range essential health benefits, and makes those plans affordable by subsidizing premiums for individuals who make less than 400 percent of the poverty line.
- The ACA provides additional support for individuals with income below 250 percent of the poverty line by providing them with cost-sharing reductions that substantially lower their deductibles, co-payments, and other monthly health-related expenses when they are required.
- Last year, SB 639 by Senator Hernandez established a cap on what any individual or family can be asked to pay towards co-payments, deductibles, and other forms of cost sharing in a single year. In 2014, the cap for individuals is \$6,350 and for families it is \$12,700. No matter how expensive a prescription drug is, or how high the co-payment required by a particular health plan or insurer is, no individual can be asked to pay more than \$6,350 in a single year for all forms of cost-sharing. Once that number is reached, all additional medical services and prescriptions must be provided for free.

For these reasons and more, we must **OPPOSE AB 1917 (Gordon)** and urge your **"No"** vote.

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California Chamber of Commerce
California Association of Health Underwriters
California Association of Joint Powers Authorities
California Manufacturers and Technology Association
National Federation of Independent Business

Cc: The Honorable Richard Gordon
Lark Park, Office of the Governor
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MG:cb