

CALIFORNIA ADVOCATES, INC.



June 27, 2013

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The Honorable Richard Pan
Member, California State Assembly
State Capitol, Room 6005
Sacramento, California 95814

**SUBJECT: AB 1180 (PAN)--STATE-FEDERAL HEALTH CARE
REQUIREMENTS: CONFORMITY – SUPPORT
SENATE HEALTH COMMITTEE
SCHEDULED FOR HEARING: JULY 3, 2013**

Dear Dr. Pan:

The California Association of Health Underwriters (CAHU) **SUPPORTS** your **AB 1180**, as amended June 20, 2013, that will help individuals eligible for guarantee issue coverage under the Federal Health Insurance Portability and Accountability Act of 1996 (HIPAA) and state conversion laws move into the new guarantee issue market created by the Affordable Care Act (ACA).

Under current law individuals, organizations, and agencies that meet the definition of a covered entity under HIPAA must comply with HIPAA requirements to protect the privacy and security of health information and must provide individuals with certain rights with respect to their health information. HIPAA regulations directly affect those who meet the definition of a covered entity, and include insurance companies, health maintenance organizations, company health plans and government programs that pay for health care, such as Medicare, Medicaid, MediCal.

With guarantee issue coverage available to all under the ACA, existing laws requiring guaranteed coverage for subgroups of individuals are obsolete and in direct conflict with the ACA. This is because state law places limits on the rates charged to HIPAA and conversion eligible members that cannot be met in the future because, under the ACA, rates may only vary by the factors specifically outlined in federal law and guidance. Existing state law also requires HIPAA and conversion offerings to be based on individual market products that will no longer be ACA compliant in 2014 because of comprehensive changes to benefits and cost-share arrangements. This coverage can only continue for those in "grandfathered" HIPAA and conversion plans that existed when President Obama signed the ACA into law.

CAHU believes AB 1180 provides an urgently needed state and federal conformity that will help avert the problem where health plans would be required to sell products out of compliance with the ACA. AB 1180 does this by requiring plans to provide HIPAA and conversion members with appropriate and timely notice about their options in the new guarantee issue market while simultaneously making inoperative laws that are non-ACA compliant. The bill also contains important "tie-back" provisions, that in the unlikely event the ACA is ever repealed, these provisions will be reinstated in law. Last, those in grandfathered plans will still be able to continue with their coverage.

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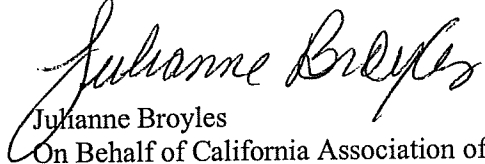
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The California Association of Health Underwriters is the state's largest association of health insurance agents, brokers and other health insurance industry professionals. Our members help millions of individual Californians and businesses evaluate, 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 looks forward to working with you and your staff in **SUPPORT** of **AB 1180**.

Sincerely,

A handwritten signature in cursive script that reads "Julianne Broyles".

Julianne Broyles

On Behalf of California Association of Health Underwriters

cc: Office of Governor Brown
Members, Senate Health Committee
Tanya Robinson-Taylor, Senate Health Committee
Joe Parra, Senate Republican Caucus