

# CALIFORNIA ADVOCATES, INC.



May 14, 2012

TO: Members, Assembly Appropriations Committee

*Ralph F. Simoni*

FROM: Julianne Broyles   
On Behalf of California Association of Health Underwriters

*Michael D. Belote*

*Julianne A. Broyles*

SUBJECT: **AB 1800 (MA)--PRESCRIPTION COVERAGE: OUT OF POCKET LIMITS  
OPPOSE UNLESS AMENDED  
SCHEDULED FOR HEARING: MAY 16, 2012**

*Dennis K. Albiani*

The California Association of Health Underwriters (CAHU) is **OPPOSED UNLESS AMENDED** to **AB 1800 (Ma)**, as amended May 1, 2012, regarding out of pocket maximums for prescriptions.

*Robert G. Walters  
of Counsel*

**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.

For these reasons, CAHU urges your "NO" vote on **AB 1800 (Ma)** when it comes before you for consideration.

cc: Office of Governor Brown  
The Honorable Fiona Ma  
Lisa Murawski, Assembly Appropriations Committee  
Anthony Archie, Assembly Republican Fiscal Office