

CALIFORNIA ADVOCATES, INC.



April 3, 2014

The Honorable Nancy Skinner
Member, California State Assembly
State Capitol, Room 6026
Sacramento, CA 95814

**SUBJECT: AB 1962 (SKINNER)--DENTAL PLANS: LOSS RATIO – OPPOSE
ASSEMBLY HEALTH COMMITTEE
SET FOR HEARING: APRIL 8, 2014**

Michael D. Belote

Dennis K. Albiani

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Lexi Purich Howard

John F. O'Malley

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Dear Assembly Member Skinner:

The California Association of Health Underwriters (CAHU) regrets we must **OPPOSE AB 1962**, as introduced, that unnecessarily raises premiums and limits consumer choice by imposing a dental loss ratio requirement of 80 or 85 percent (depending on group size) on dental plans and policies.

As introduced, **AB 1962** requires that every specialized health plan contract and insurance policy providing dental care benefits that issued, sold, renewed, or offered shall provide an annual rebate to each enrollee if the dental loss ratio exceeds 80 or 85 percent, depending on group size.

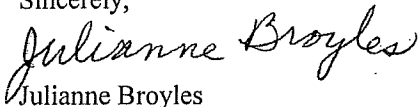
CAHU is concerned that **AB 1962** would establish a loss ratio for specialized dental health care service plan contracts and specialized dental health insurance policies. We believe this is an inappropriate application of a medical plan concept to dental HMOs and PPOs. CAHU believes the dental loss ratio (DLR) mandate within **AB 1962** makes it impossible for dental plans to provide competitively priced products. CAHU believes the policy goal should be to encourage quality dental plans to offer this important coverage at a reasonable price. CAHU is concerned that **AB 1962** goes in the opposite direction and will result in less consumer choice and lead to an unnecessary drop in continuity of dental care for many Californians.

Policymakers should also be concerned that **AB 1962** does not conform to the federal Patient Protection and Affordable Care Act (ACA), which explicitly exempts dental from medical loss ratios (MLR). The ACA exempts dental plans from medical MLRs because Congress recognizes that dental benefits operate under a completely different cost structure. By applying loss ratio requirements to dental HMOs and PPOs, CAHU is concerned that consumers will end up with fewer affordable options for dental coverage.

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.

For that reason, we must **OPPOSE AB 1962**. We are available to discuss our concerns regarding **AB 1962** with you and your staff at your convenience.

Sincerely,


Julianne Broyles

On Behalf of California Association of Health Underwriters

cc: Office of the Governor
Members, Assembly Health Committee
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