

CALIFORNIA ADVOCATES, INC.



June 26, 2014

TO: Members, Senate Appropriations Committee
FROM: Julianne Broyles *JB*
On behalf of California Association of Health Underwriters

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**SUBJECT: AB 1962 (SKINNER)--DENTAL PLANS: LOSS RATIO – OPPOSE
SCHEDULED FOR HEARING: JUNE 30, 2014**

The California Association of Health Underwriters (CAHU) **OPPOSES AB 1962**, as amended May 23, 2014, regarding dental plan loss ratios data collection and a stated intent in the bill to use that collected data to establish a dental loss ratio in 2018.

As amended, **AB 1962** requires all health care services plans that issue, sell, renew, or offer specialized dental health care service plan contracts and health insurers that issue, sell, renew, or offer specialized dental health insurance policies to, no later than July 31, 2015, and each year thereafter, file a report, to be known as the MLR annual report, with the Department of Managed Health Care and the Department of Insurance that contains the same information required in the federal Medical Loss Ratio (MLR) Annual Reporting Form. The bill goes on to state that this information will be used to establish a loss ratio for dental plans beginning in 2018.

CAHU is concerned that **AB 1962** proponents continue to ignore the fact that the federal Patient Protection and Affordable Care Act (ACA) 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. CAHU believes that **AB 1962's** mandate to use the data to set a loss ratio requirement on dental HMOs and PPOs in 2018 will still mean that consumers will end up with fewer affordable options for dental coverage because dental plans use and administration differ widely from medical plans. CAHU continues to believe the policy goal should be to find ways to encourage dental plans to keep offering this important coverage at a reasonable price rather than make this coverage less affordable down the line.

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, CAHU must urge a “**NO**” vote on **AB 1962 (Skinner)** when it comes before you for consideration.

cc: The Honorable Nancy Skinner
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