

# CALIFORNIA ADVOCATES, INC.



July 11, 2014

TO: Members, Senate Appropriations Committee

FROM: Julianne Broyles *JB*  
On behalf of California Association of Health Underwriters

*Michael D. Belote*

*Dennis K. Albiani*

*Julianne A. Broyles*

**SUBJECT: AB 2533 (AMMIANO)—OUT-OF-NETWORK PROVIDERS - OPPOSE  
SCHEDULED FOR HEARING: AUGUST 4, 2014**

*Lexi Purich Howard*

*John F. O'Malley*

*Ralph E. Simoni*

The California Association of Health Underwriters (CAHU) must respectfully **OPPOSE AB 2533 (Ammiano)**, as amended May 6, 2014, to bar health plans and insurers from imposing higher out-of-pocket costs for out-of-network services

**AB 2533** requires health plans and insurers, if an insured is unable to obtain a medically necessary covered service in an accessible and timely manner, from a contracted provider, the health insurer shall arrange for, or assist the insured in arranging for, the insured to receive the care or service in an accessible and timely manner from a non-contracting provider, and shall not impose copayments, coinsurance, or deductibles on the insured that exceed what an insured would pay for services from a contracting provider.

One of the core efficiencies of the managed care model is the use of an established medical provider network to ensure integrated care for enrollees at a reasonable cost. **AB 2533** requires, in the event a contracted provider for the specialty needed is not available in the health plan's network in a timely fashion, that the health plan must locate a non-contracting provider, arrange an appointment for the policyholder, and then pay that non-contracting provider the same rates as they would pay a contracted provider.

**AB 2533** proponents tout the bill as the cure for "narrow networks". Unacknowledged by proponents, however, is the real world shortage of providers in certain parts of California that cause service bottlenecks. The bill also seeks to remove the current "efficient accessibility" as the plan standard, and replace it with "Maximum Accessibility." As a result, carriers will likely not develop new or innovative network options, and the only option left would be the very expensive maximum network. Without innovation or alternatives there will be a huge upward swing in the cost of plans sold in California.

CAHU is concerned that **AB 2533** unnecessarily drives up the cost of care while, at the same time, reducing the quality of care by undermining the ability of health care service plans to coordinate and manage care networks for their policyholders.

An additional concern is that **AB 2533** is silent on a key issue, and as a result of that silence, will permit the non-contracted provider to get paid by the health plan--without having to comply with plan network standards--and then be able to "balance bill" the patient/consumer on the entire remaining unpaid portion of the non-contracting provider's retail billing amount.

**AB 2533** does nothing to address core issue of network adequacy. CAHU believes a better solution would be for policymakers to bring stakeholders together to craft a workable, affordable, consensus solution on the larger issue of network adequacy.

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The California Association of Health Underwriters is the state's largest association of health insurance agent, 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 must request a **“NO”** vote on **AB 2533 (Ammiano)** when it comes before you for consideration

cc: Office of Governor Brown  
The Honorable Tom Ammiano  
Brendan McCarthy, Senate Appropriations Committee  
Joe Parra, Senate Republican Caucus