

CALIFORNIA ADVOCATES, INC.



March 30, 2016

The Honorable Adrin Nazarian
Member, California State Assembly
State Capitol, Room 4146
Sacramento, CA 95814

Michael D. Belote

Dennis K. Albiani

Julianne A. Broyles

Lexi Purich Howard

John F. O'Malley

Ralph F. Simoni

SUBJECT: AB 2400 (Nazarian) Prescription: Approval and Appeal Process – OPPOSE
Assembly Appropriations Committee

Dear Assembly Member Nazarian:

The California Association of Health Underwriters (CAHU) regrets we must **OPPOSE** your **AB 2400**, as amended March 17, 2016, that shortens health plan and insurer internal grievance resolution timelines for formulary drug issues.

As currently written, **AB 2400** sets out that if health plan or insurer disapproves a request for prior authorization of a prescription, then the health plan or health insurer to resolve grievances within 72 hours for non-urgent request and within 24 hours if exigent circumstances exist. The bill also provides that a consumer is not required to file a 30 day grievance with the health plan if a health plan disapproves a request for prior authorization of a non-formulary drug. Any appeal filed must be treated as a request to obtain an external request review.

While the current process may be longer than some would like, what cannot be lost here is the quality of care the consumer receives. **AB 2400's** turnaround time of 24 or 72 hours, depending on whether or not it is an urgent/emergency situation, is unlikely to work as intended – leading to more denials by plans. CAHU is concerned that AB 2400 new expedited go-around of current grievance process, set up especially for prescription issues, is burdensome and likely to raise costs because it will create an unnecessary incentive to provide costlier services and products when more affordable options were available, in order to avoid the new grievance process.

What can get lost in this process is that there are serious ramifications involved in making the right decision over drugs. While timely decisions are always desirable, consumer/patients deserve to get the right decision, rather than the speediest decision that may have far reaching or even deadly consequences for them.

The California Association of Health Underwriters represents California's licensed health insurance agents. Our licensed members provide reliable insurance advice, act as the consumer's advocate when dealing with carriers and provide a number of essential services relating to the individual and group insurance coverage and obligations post-enrollment. Our members also act as a trusted and effective marketing and distribution channel for health insurance information for all consumers and potential consumers of health care insurance coverage.

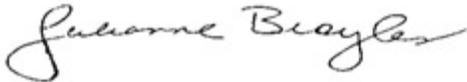
925 L Street, Suite 1250 Sacramento, CA 95814

phone: (916) 441-5050 fax: (916) 441-5859 email: mail@caladvocates.com

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For these reasons, CAHU must **OPPOSE AB 2400 (Nazarian)**. We are available to discuss our concerns with you or your staff at your convenience.

Sincerely,

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

Julianne Broyles

Cc: Members, Assembly Appropriations Committee
Donna Campbell, Office of Governor Brown
Rosielyn Pulmano, Principal Consultant, Assembly Health Committee
Lisa Murawski, Assembly Appropriations Committee
Peter Anderson, Assembly Republican Caucus
Cyndi Hillery, Assembly Republican Caucus