

CALIFORNIA ADVOCATES, INC.



August 19, 2014

TO: Members, California State Assembly

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

Michael D. Belote

Dennis K. Albiani

Julianne A. Broyles

SUBJECT: **SB 1182 (LENO)--LARGE GROUP REGULATION AND DATA REPORTING – OPPOSE
ASSEMBLY THIRD READING**

Lexi Purich Howard

John F. O'Malley

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The California Association of Health Underwriters (CAHU) regrets we must **OPPOSE SB 1182 (Leno)**, as amended August 18, 2014, that imposes new large group health plan rate review and establishes new data reporting requirements on health plans and health insurers sold in the large group market.

SB 1182 requires, if a plan proposes a rate increase of 5 percent or more to a large group health plan, that plan must create a voluminous report of detailed data that must be delivered to the Department of Managed Health Care, but then will not be used for any purpose.

SB 1182 goes to great lengths to establish new aggregate data reporting requirements related to annual medical trend factors by service category, as well as claims data or de-identified patient-level data for a health plan or health insurers. As agents, we know that health plans go to great lengths to provide as much information as possible (and to the extent permissible under personal medical information privacy requirements) to all size group purchasers to help them evaluate coverage options for their workers in the highly competitive group market. **SB 1182's** extraordinary data demands are not necessary.

Any new statute that adds unnecessary new administrative costs to the healthcare delivery system, as proposed by **SB 1182**, has the potential to raise premium cost down the line for individuals or employers. Raising costs through unjustified new data mandates just as the Exchange begins to prepare for 2014 open enrollment is counterproductive, in our view. The first open enrollment was rocky to say the least and has been very difficult for consumers, plans and licensed agents. CAHU believes the 2015 policy goals should instead be laser-focused on making the new Health Benefit Exchange/Covered California and SHOP work as promised in order to provide a successful, affordable marketplace for all health care consumers.

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 must request a “**NO**” vote on **SB 1182 (Leno)** when it comes before you for consideration.

cc: Office of Governor Brown
The Honorable Mark Leno
Benjamin Russell, Assembly Health Committee
Peter Anderson, Assembly Republican Caucus

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