

CALIFORNIA ADVOCATES, INC.



May 22, 2014

TO: Members, California State Senate

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

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**SUBJECT: SB 1446 (DESAULNIER)--GRANDFATHERED SMALL GROUP PLANS:
EXTENSION - SUPPORT
SENATE THIRD READING**

The California Association of Health Underwriters (CAHU) **SUPPORTS SB 1446 (DeSaulnier)**, as amended May 12, 2014, to provide small employers with non-grandfathered health insurance plans purchased by October 1, 2013 (including those policies renewed by December 31, 2013) the option to renew their existing coverage for at least one year.

As amended, **SB 1446** provides employers with 50 or fewer employees the ability to renew their small employer health care service plan or health insurance policy in effect on October 1, 2013, including those that early renewed by December 31, 2013, and still in force at the time **SB 1446** is signed in to law as an urgency measure. Plans that meet this definition are now being referred to as "grandmothered" plans.

CAHU believes that **SB 1446** moves state requirements closer to recent federal policy changes that allow for a longer transition period to ACA-compliant group policies. The extension in **SB 1446** will ensure less disruption in the small group market by providing extra time to convert to new coverage (December 31, 2015 or longer, should federal rules change). **SB 1446** only applies if the small business had not already purchased an ACA-compliant policy. Grandfathered plans in effect prior to March 23, 2010, are not impacted by this bill. CAHU believes **SB 1446** will provide some small employers additional flexibility by providing the additional time to transition to new policies.

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.

CAHU urges an **AYE** vote on **SB 1446 (DeSaulnier)** when it comes before you for consideration.

cc: Office of Governor Brown
The Honorable Mark DeSaulnier
Teri Boughton, Senate Health Committee
Joe Parra, Senate Republican Caucus

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