


CALIFORNIA ADVOCATES, INC.



May 13, 2015

TO: Members, Senate Appropriations Committee

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

SUBJECT: **SB 546 (LENO)—RATE REGULATION: LARGE EMPLOYERS – OPPOSE
SET FOR HEARING: MAY 18, 2015**

Michael D. Belote

Dennis K. Albiani

Julianne A. Broyles

Lexi Purich Howard

John F. O'Malley

Ralph F. Simoni

California Association of Health Underwriters (CAHU) regrets we must **OPPOSE SB 546 (Leno)**, as amended April 30, 2015, which would require rate review for large group care service plans and health insurers by the Department of Managed Health Care (DMHC) and the Department of Insurance (CDI).

CAHU **OPPOSES SB 546**, that while rate approval by regulators was removed from the bill, **SB 546** still sets unreasonable triggers for rate review for large group products when there are increases that are greater than a plan's or insurer's average rate increase across all product lines or if the rate increase triggers the ACA's excise tax, among other provisions.

Large employers typically design specific health care options in cooperation with their health plan/insurer and set up a drug formulary, cost-sharing requirements, and deductibles to help control utilization and costs. It is important to note that the Affordable Care Act purposefully left out the large group market, as it has, and continues to be, a stable market.

Under **SB 546**, large employer plan rate review would happen regardless of the fact that the requesting employer specifically negotiated that particular plan. As with prior legislation, CAHU remains concerned that rate review legislation, such as **SB 546**, still ignores the fact that this review does nothing to drive down the real cost driver of health care: medical treatment costs. **SB 546** would instead raise the cost of health care by requiring the establishment of a costly new rate review bureaucracy.

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 also perform many functions for small employers with respect to managing their employee benefits program--at no additional cost to the small employer.

For this reason, CAHU urges your "NO" vote on **SB 546 (Leno)** when it comes before you for consideration.

cc: Office of Governor Brown
The Honorable Mark Leno
Brendan McCarthy, Senate Appropriations Committee
Kirk Feely, Senate Republican Fiscal Office

925 L Street, Suite 1250 Sacramento, CA 95814

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