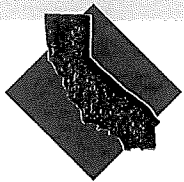


CALIFORNIA ADVOCATES, INC.



CONFIDENTIAL

September 18, 2013

The Honorable Edmund G. Brown, Jr.
Governor, State of California
State Capitol
Sacramento, CA 95814

Dennis K. Albiani

Michael D. Belote

Julianne A. Broyles

John F. O'Malley

Ralph F. Simoni

**SUBJECT: SB 746 (LENO) – HEALTH CARE COVERAGE: NEW PAPERWORK
MANDATES – REQUEST FOR VETO**

Dear Governor Brown:

The California Association of Health Underwriters (CAHU) respectfully requests a **VETO** of **SB 746 (Leno)**, which is currently on your desk awaiting action.

As before you, **SB 746** is a special interest legislation that attempts to insert a statutory mandate for specialized data disclosure in the large group health plan market with the real intent of providing leverage to one side of a private sector contract discussion.

SB 746 establishes new data reporting requirements on health plans and health insurers sold in the large group market. The bill then goes to great lengths to establish new specific 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 insurer that exclusively contracts with no more than two medical groups in the state to provide or arrange for professional medical services for the enrollees of the plan.

As you are likely aware, the one plan that meets this roundabout definition in **SB 746** is Kaiser Permanente—a respected plan that licensed health insurance agents market to individuals and employers throughout the state. 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 746's** extraordinary data demands are not necessary.

CAHU is concerned that **SB 746's** excessive new reporting mandate is really an attempt to insert state government into an ongoing contract discussions between the targeted plan and certain plan customers. Any new statute that adds unnecessary new administrative costs to the healthcare delivery system, as proposed by **SB 746**, 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 heads into open enrollment is counterproductive, in our view. CAHU believes policy goals should instead be laser-focused on making the new Health Benefit Exchange/Covered California and SHOP successful, affordable health insurance marketplaces.

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.

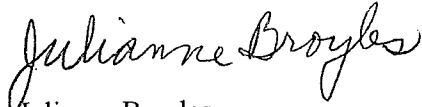
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The Honorable Edmund G. Brown, Jr.
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For these reasons, CAHU respectfully requests a **VETO** of **SB 746 (Leno)** when it comes before you for consideration.

Sincerely,

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

Julianne Broyles
On Behalf of California Association of Health Underwriters