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CONTACT:

Nicole Kasabian Evans
(916) 552-2914
nevans@calhealthplans.org

**California Association of Health Plans Statement
on Special Session Health Care Legislation**

Statement from Patrick Johnston, President and CEO of California Association of Health Plans

Sacramento, CA – Today the Assembly and Senate Health Committees are hearing Special Session bills that address changes to California’s individual insurance market – coverage that individuals and families purchase on their own. The legislation also includes other elements that are key for the on-time launch of Covered California, California’s health benefit exchange.

The bills would place into state law the guarantee issue and community rating elements of the Affordable Care Act (ACA). That means health plans will offer coverage to all applicants regardless of pre-existing conditions and eliminate pricing of premiums based on health status. Current legislative language does not include a tie-back to the federal Affordable Care Act that would keep state law aligned with federal law. In prior years the Legislature has included this linkage in other ACA-related legislation.

“California should not go it alone without the framework of the federal law which carefully balances the requirement that everybody get insurance with the requirement that no one can be denied insurance,” said Patrick Johnston, President and CEO of the California Association of Health Plans. “If the federal reforms are delayed, amended, or repealed state law should be constructed in a way to adapt and follow suit.”

Before the enactment of the ACA, several states instituted forms of guarantee issue, community rating and other underwriting reforms without subsidies and coverage requirements. As a result, fewer healthy people chose to buy coverage, leading to market instability in the form of higher insurance premiums, an exodus of insurance carriers, a reduction of individual enrollment, and no significant decrease in the number of uninsured.

An additional element of the special session legislation addresses the state’s need to establish geographic rating regions for the individual health insurance market. Legislation has been proposed calling for six rating regions, a number that health plans, insurers and regulators agree is too low.

“Just last year, lawmakers passed, and the Governor signed, legislation that created nineteen rating regions for California’s small group market – extending that same rating region configuration to the individual market is a logical path forward. Utilizing the same structure that is already in place for the small group market will help minimize rate increases for consumers and will help facilitate on-time implementation of the state’s Health Benefit Exchange.

“Reducing the rating regions to just six, as has been proposed, could trigger significant rate increases for millions of Californians who currently purchase health insurance. Reconfiguring rating regions for the individual market at this point in time would make it difficult, if not impossible, for health plans to meet the deadlines required by the state’s Health Benefit Exchange in order to open on time.

“The Affordable Care Act will give millions of Californians access to health coverage, but there are significant challenges that come with implementation of the new law. New taxes, age-rating restrictions and limits on geography-based pricing will all contribute to the rising cost of health insurance. California’s health plans appreciate the opportunity to work with legislators, the Governor, regulators and the Health Benefit Exchange to identify ways we can practically and effectively implement the Affordable Care Act with maximum benefit to consumers.”

CAHP is a statewide trade association representing 39 full-service health plans. Through legislative advocacy, education and collaboration with other member organizations, CAHP works to sustain a strong environment in which our member plans can provide access to products that offer choice and flexibility to the more than 24 million members they serve. For more information, please visit www.calhealthplans.org or call (916) 552-2910.