



July 20, 2011

The Honorable Diana Dooley, Chair
The Honorable Kim Belshé
The Honorable Paul Fearer
The Honorable Susan Kennedy
The Honorable Robert Ross, M.D.
California Health Benefit Exchange

Re: Exchange Staff Recommendations on AB 1083 (Monning)

Dear Chair and Members of the Board:

I am writing in advance of the July 22 board meeting where you will discuss pending legislation that will impact the California Health Benefit Exchange. Small Business Majority is a co-sponsor of AB 1083, authored by Assemblymember Monning, which would align California's small group insurance market law to the reforms outlined in the federal Affordable Care Act (ACA).

We appreciate the exchange staff's recommendation of support for the provisions of this bill that conform state law to the ACA. We also note staff members' recommendations to add language to AB 1083 that would allow premium flexibility tied to wellness and prevention incentives. When introduced, AB 1083 contained language to allow for premium differentials tied to wellness incentives. However, due to a diversity of opinion amongst insurers, consumer advocates and employers, the language was removed.

Small Business Majority is a strong supporter of prevention and wellness initiatives that help improve employees' health and save employers money. Small business owners currently struggle with rising healthcare costs and are excited about the innovative approaches related to wellness and prevention that are envisioned in the ACA. However, we do not feel AB 1083 is the correct vehicle to bring these needed reforms to California. Because of the current lack of consensus on this issue, we believe separate legislation would be a more appropriate way to have this debate and resolve the matter. This would allow time for all stakeholders and the Exchange Board to work together to find a compromise that improves employees' health while creating opportunities for employers to boost their bottom lines.

We urge the Board to support AB 1083 as drafted and work with the stakeholder community to separately address the issues of wellness and prevention. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "John C. Arensmeyer".

John Arensmeyer
Founder & CEO

Cc: Pat Powers, Interim Administrative Officer, California Health Benefit Exchange
Assemblymember Bill Monning, Chair, Assembly Health Committee; Author, AB1083