



CALIFORNIA
NURSES
ASSOCIATION



NATIONAL NURSES
ORGANIZING COMMITTEE

A Voice for Nurses. A Vision for Healthcare.
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July 21, 2011

Members of the California Health Benefits Exchange Board,

Re: AB52 (Feuer): Rate Regulation

The 86,000 registered nurses of the California Nurses Association (CNA) strongly urge you not to adopt the staff recommendation to seek to exempt the Exchange from rate regulation. We strongly support AB 52 (Feuer) as it is currently written to regulate health insurance rates in California.

For years now, California families and individuals have been paying more and getting less in health benefits—higher premiums, higher copays, higher deductibles with more limited benefits, narrower networks, drug formularies with three and four tiers.

For members of CNA, contract fight after contract fight, the exploding cost of health benefits is an issue at the bargaining table, our sisters and brothers in other unions are experiencing the same situation. Many union members have agreed to higher costs and lower benefits yet the escalation of health care costs has not slowed. There must be another way. AB 52 gives regulators a tool to reign in health coverage costs and make sure our members are not bearing the cost of excessive increases.

In 2010, Anthem Blue Cross made national headlines when they announced a 39 percent rate increase for policyholders in California. Since that time, other HMOs and health insurers have announced multiple rate hikes, almost doubling premiums for many customers. Californians are contending with one of the worst recessions in recent memory, unemployment rates at Depression-era highs and state has implemented deep budget cuts. For many, any increase in premiums means dropping coverage and joining the ranks of the uninsured. During this same time, the five largest health insurers saw their profits increase by 56 percent.

After 2014, virtually every Californian will be required to buy health insurance or pay a penalty. Larger employers will also be required to provide health benefits or pay a penalty. When insurance is required, rates should be fair. The only way to ensure fairness in the market is to require rate regulation on all health care insurance products that are offered to Californians.

CNA strongly opposes excluding the Exchange from AB52. We question whether it is even possible to exclude the Exchange from the impacts of rate regulation. If the regulators deny or

OAKLAND Headquarters
2000 Franklin St.
Oakland CA 94612
Tel: 510/273-2200
Fax: 510/663-1625

SACRAMENTO
1107 9th St. Ste. 900
Sacramento CA 95814
Tel: 916/446-5021
Fax: 916/446-6319

GLENDALE
425 W. Broadway Ste. 111
Glendale CA 91204
Tel: 818/240-1900
Fax: 818/240-8336

CHICAGO
850 W. Jackson #750
Chicago IL 60607
Tel: 312/491-4902
Fax: 312/491-9614

MAINE
160 Capitol St. #1
Augusta ME 04330
Tel: 207/622-1057
Fax: 207/623-4072

modify rates for products that are sold outside the Exchange, that will affect the Exchange's negotiations. A simple exemption of the Exchange does not make it separated from the larger piece of the private market.

The Exchange's role in the private market makes it different than Medi-Cal or Healthy Families that cover low income families, seniors and the disabled. Without rate regulation CNA is concerned that the Exchange will cherry pick the healthiest patients to participate in the Exchange and exclude people who need healthcare the most.

Until comprehensive healthcare reform through a solution such as single payer system is implemented to cover everyone, Californians will rely on the Exchange when they are between jobs or lose their coverage for any other reason such as divorce. For the reasons stated above, we ask that the Exchange Board reject the staff recommendation.

Sincerely,



Bonnie Castillo

Director, Government Relations, CNA

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