



August 17, 2011

The Honorable Ed Hernandez, O.D.
Chair, Senate Health Committee
State Capitol, Room 4085
Sacramento, California 95814

Re: SB 703 (Hernandez) – Oppose Unless Amended

Dear Senator Hernandez:

As strong supporters of the federal Affordable Care Act (ACA) and the California Health Benefit Exchange, we must respectfully oppose SB 703 unless it is amended to become a two-year bill.

One of the most pressing issues for California's small businesses continues to be the skyrocketing costs of healthcare. Employers are seeing their healthcare premiums increase year after year and fewer firms are now able to offer healthcare coverage to their workforce. Fortunately, the ACA will bring much needed relief to small businesses through tax credits, insurance market reforms and cost-containment measures.

The single most important component of the ACA for small businesses is the health insurance exchanges that will be available in 2014 for employers to pool together and purchase affordable, quality coverage. California is leading the nation in implementing its exchange and small employers are excited to see these reforms moving forward.

Our strong desire to see a successful and robust exchange causes us to have some concerns about the Basic Health Plan as outlined in SB 703. While we support the goals of the Basic Health Plan, we believe taking a large number of individuals out of the exchange could have unknown and unintended consequences. Dramatically reducing the size of the exchange's risk pool could lead to significant price increases in the individual exchange, which is where many of the state's 2.6 million self-employed entrepreneurs and small business workers will be purchasing their coverage.

At this time, there remain unanswered questions regarding the Basic Health Plan in terms of its impact on the exchange. We respectfully ask you to consider making this a two-year bill to allow legislators, the California Health Benefit Exchange Board and stakeholders more time to examine these important issues. Small business owners remain committed to expanding healthcare access to all Californians and we look forward to working with you to determine the best course to meet our state's pressing healthcare needs.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "John C. Arensmeyer". The signature is written in a cursive, flowing style.

John Arensmeyer
Founder & CEO

cc: Scott Bain, Consultant, Senate Health Committee
The Honorable Diana Dooley, Secretary, California Health and Human Services Agency
Pat Powers, Interim Administrative Officer, California Health Benefit Exchange Board