

# SAN FRANCISCO BUSINESS TIMES

## **Guest opinion: Proposed law threatens affordable health care**

**By Jim Wunderman, President and CEO, Bay Area Council**

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Health care is already too complex and costly without adding more layers of unnecessary bureaucracy and regulation. But that's exactly what a bill under consideration by the California legislature would do.

Many businesses in the Bay Area and across the state have created what are known as large group health plans for their employees. These plans empower businesses with more than 100 employees to leverage their size to negotiate directly with insurance and health care providers on the types of plans they offer. This model allows businesses to tailor health plans for the specific needs of their workforce. They can offer more types of plans with different coverages and pricing options.

AB 731 (proposed Ash Kalra, D-San Jose) would undermine the benefits and flexibility of these plans by subjecting them to a repetitive, costly and time-consuming rate review process by state health care and insurance regulators.

Current law in California already requires health plans and health insurers for the large group market to file detailed rate information with the Department of Managed Health Care (DMHC) and the California Department of Insurance (CDI) at least 60 days prior to making any rate change.

By requiring additional review, AB 731 merely adds bureaucracy that could potentially increase consumer premiums and delay insurance policy rates. Nearly 17,000 companies' health care packages could be subject to this review process, thousands of which are in the Bay Area.

This misguided bill is a solution in search of a problem. The large group health plan negotiating process is already fully transparent. Not only does the DMHC already receive information on large group rates, but California already mandates these be publicly reported.

Unnecessary bureaucracy is not cheap, and it often comes at a cost to consumers. The agency assigned to review large group rates, the DMHC, is funded entirely by health plans. When the DMHC is forced to inflate its budget in order to undertake the additional review AB 731 would require, health plans will have to pass these new costs onto consumers through higher premiums.

In the Bay Area, our businesses prioritize access to high quality, affordable health care for all. When the needs of consumers are pitted against government, consumers experience disruption to their health care.

The Obama Administration also understood the practicality of this process when it drafted the Affordable Care Act, which specifically exempted large employers from rate review. Individuals and small businesses do not have the same negotiating leverage as large employers, making rate review a necessary step in that process.

As the cost of living – and the cost of health care – continues to rise, legislators should be examining ways to make healthcare more affordable, rather than creating more obstacles and costs. Bay Area businesses can't afford AB 731 or other legislation that drives up the cost to administer healthcare. Please join us in urging the state Legislature to vote no on AB 731.

*Jim Wunderman is president and CEO of the Bay Area Council, a public policy and advocacy organization.*