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CONTACT:

Nicole Kasabian Evans
(916) 552-2914

Legislation Mandating Health Benefits Increase Costs by \$2.7 Billion
Assembly Health Committee to Consider Bills on Tuesday

SACRAMENTO – An independent fiscal analysis of 11 bills that would mandate health plans cover a broad array of new benefits reveals that, if enacted, **these mandates would increase premiums and costs by \$2.7 billion and could result in more than 85,000 people losing coverage. Tomorrow, the Assembly Health Committee will consider these bills.**

This year, nearly a dozen benefit mandate bills are working their way through the legislature. The California Association of Health Plans (CAHP) opposes new mandates that impact Knox-Keene licensed plans because they increase the cost of health care and hinder a consumer's choice and flexibility in finding a plan that meets their needs.

The independent California Health Benefits Review Program's (CHBRP) analyses of ten of the current mandate bills finds that, cumulatively, the mandates will cost employers over \$2 billion and the state over \$200 million, for a total impact of \$2.7 billion annually. CHBRP responds to requests from the Legislature to provide independent analysis of the medical, financial, and public health impacts of proposed health insurance benefit mandates.

"Medical costs are already rising 2-to-3 times faster than the rate of inflation," said CAHP President and CEO Christopher Ohman. "Adding \$2.7 billion in new costs to the system could cause prices to skyrocket, leaving some 85,000 Californians with no choice but to drop their coverage."

Within a decade, the federal government estimates consumer spending on health care will nearly double, and medical costs will consume almost \$1 out of every \$5 in the nation's economy, placing high-quality medical care increasingly out of reach for California families and driving up the number of the state's uninsured.

"Our position on new mandates does not make a judgment on the worthiness of a particular mandate," said Ohman. "We think there are other, better avenues to ensure people have the coverage they need than resorting to costly legislative mandate."

"Plans today are already required to cover all care that is medically necessary and we put great effort into ensuring this happens," said Ohman.

BENEFIT MANDATE BILLS TO COST \$2.7 BILLION

	Coverage Lost	Increase in Premiums		Increase in Costs	
		Employer Market	Indiv. Market	CalPERS	Medi-Cal
AB 30 (Evans) Inborn errors of Metabolism		\$2,309,000	\$249,000	\$145,000	
AB 54 (Dymally) Acupuncture		\$14,254,000		\$2,681,000	
AB 368 (Carter) Hearing Aids		\$3,433,000	\$1,695,000		
AB 1774 (Lieber) Cancer Screening	82,000	\$1,629,398,000	\$287,492,000	\$91,000,000	\$77,000,000
AB 1887 (Beall) Mental Health	900	\$101,740,000	\$21,958,000		
AB 1894 (Krekorian) HIV/AIDS Testing		\$430,000	\$67,000	\$15,000	
*AB 1962 (De La Torre) Maternity	2,300	Already mandated	\$74,562,000		
AB 2174 (Laird) Amino-Acid Formula		\$9,877,000	\$925,000	\$562,000	
AB 2234 (Portantino) Breast Cancer Screening		\$190,014,000	\$24,672,000	\$6,355,000	\$22,401,000
SB 1198 (Kuehl) Durable Medical Equipment		\$152,136,000			
SB 1634 (Steinberg) Cleft Palates		\$711,000	\$105,000	\$68,000	
Total	85,200	\$2,104,302,000	\$411,725,000	\$100,826,000	\$99,401,000

NOTE: The above figures are based on the bills, as analyzed by CHBRP.
CAHP opposes all bills except AB 1962 as it does not apply to Knox-Keene licensed plans, but to those regulated by the California Department of Insurance.
* CHBRP's analysis of this legislation may change.

CAHP is a statewide trade association representing 40 full-service health plans that are licensed under the Knox-Keene Act. 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 21 million members they serve. For more information, please visit www.calhealthplans.org or call (916) 552-2910.

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