



The Honorable Jim Wood
Chair, Assembly Health Committee
California State Capitol, Room 6005
Sacramento, CA 95814

Dear Chairperson Wood:

The Pacific Business Group on Health (PBGH) is pleased to support Assembly Bill 290, which ensures that financially interested third parties that directly or indirectly pay insurance premiums for patients, meet certain requirements for each patient, and establishes alternative reimbursement rates when those requirements are not met. This is an important safeguard to protect consumers and purchasers of health benefits.

There are two primary reasons for our support of AB 290:

- **Cost containment:** We understand that some third-party entities steer patients to keep their commercial coverage, often via COBRA continuation coverage, by offering to pay their premiums rather than electing other options, such as Medicare. This is done because provider payment rates from commercial coverage are almost always higher than payment rates under Medicare. Keeping patients on commercial coverage shifts the costs to employers and their employees, and thereby increases premiums for everyone with employer-based coverage.
- **Consumer protection:** When third-party entities steer patients onto commercial plans in order to obtain higher payment rates for providers, they potentially expose patients to higher out-of-pocket costs and cost-sharing obligations. This is especially harmful for low-income patients. Furthermore, improperly enrolling patients in commercial coverage when they are Medicare-eligible may harm their ability to enroll in public programs for coverage at a later date when the third-party entity stops paying their bills.

The Pacific Business Group on Health is an organization consisting of 60 large employers and public agencies that purchase health benefits on behalf of their employees and beneficiaries. As a 501c3 not-for-profit public benefit organization, our mission is to be a change agent creating increased value in the healthcare system through purchaser collaboration, innovation, and action, and through the spread of best practices.

We appreciate the opportunity to provide input to you and members of the Assembly Health Committee regarding this bill.

Sincerely,

A handwritten signature in black ink that reads "William E. Kramer". The signature is written in a cursive style with a long, sweeping underline.

William E. Kramer
Executive Director for Health Policy

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