



June 14, 2016

The Honorable Ed Hernandez, O.D.  
Senator  
California State Senate  
State Capitol, Room 2080  
Sacramento, CA 95814

Dear Senator Hernandez:

The National Business Group on Health (Business Group) writes in support of your legislation ([AB 1216](#)) that would eliminate an unintended consequence of [AB 1305](#) that beginning in 2017 will require insurers to increase the minimum deductible from [\\$1,300 to \\$2,600 \(under current IRS limits\)](#) for people with individual coverage in California's large insured market. [AB 1216](#) would allow insurers to offer plans to individuals with deductible amounts less than \$2,600.

The National Business Group on Health represents approximately 425, primarily large, employers (including 70 of the Fortune 100, with 45 members with corporate headquarters in California and many more with employees) who voluntarily provide generous health benefits and other health programs to over 55 million American employees, retirees, and their families.

AB 1305 will require that beginning in 2017 HSA-qualified large insured plans restrict their deductible for each covered individual to the greater of IRS limits for HSA-family plans (Section 223(c)(2)(A)(i)(II)) or the deductible for individual coverage. To be compliant with federal law and AB1305, insurers will have to increase the minimum deductible amount for individual coverage from \$1,300 to \$2,600. AB 1216 fixes the unintended discrepancy by allowing insurers to continue offering individual coverage with deductibles less than \$2,600

Please contact me or Steven Wojcik, the National Business Group on Health's Vice President of Public Policy, at (202) 558-3012, if you would like to discuss our comments in more detail.

Sincerely,

Brian J. Marcotte  
President and CEO