



**Standing Up  
To Powerful Interests**

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December 17, 2007

The Honorable Don Perata  
President pro Tempore, California State Senate  
State Capitol, Room 205  
Sacramento, CA 95814

The Honorable Fabian Núñez  
Speaker, California State Assembly  
State Capitol, Room 219  
Sacramento, CA 95814

Re: SUPPORT – AB X1-1 as amended 12/13/07

Dear Senator Pro Tem Perata and Speaker Núñez,

CALPIRG is a statewide membership-based public interest group that stands up to powerful interests, working to win concrete results for Californians' health and well-being. With researchers, advocates, organizers and students, we advocate on behalf of consumers and all California's residents.

The current health care system fails far too many Californians who cannot get access to quality health insurance at a fair price. We supported AB 8 because it would have expanded coverage, contained the skyrocketing costs of health care, and helped consumers get a fair shake when buying insurance. For these same reasons, we also support AB X1-1 as amended on December 13, 2007, and urge you to pass it through your respective chambers.

**ABX1-1 greatly expands group coverage.** It creates a large purchasing pool to let many Californians who currently lack access to group coverage gain access to the risk-sharing and bargaining power a pool provides. It does this by shrinking the individual market, which is by far the worst place for a consumer to get coverage.

**ABX1-1 organizes the chaotic insurance market and gives consumers the tools they need to buy the coverage that's right for them.** The bill sets out a framework under which all insurance plans will be categorized into one of five coverage classes. This system will simplify decision-making for consumers, especially since also provides for the setting of a baseline plan within each class. These clear benchmark plans will allow consumers to make apples-to-apples price and benefit comparisons within and between classes.

**ABX1-1 gives all consumers, sick and healthy, access to health insurance.** It requires insurers to offer all of their products to all comers, eliminating insurers' ability to deny coverage for pre-existing conditions or other health risks. It also eliminates out the power of insurers to charge increased costs based on health status, allowing them to base their rates only on the services provided and the age, family size, and location of the enrollee.

**ABX1-1 expands coverage across the board.** Expanding the Medi-Cal and Healthy Families programs will allow more of the neediest Californians to obtain the coverage they need to be healthy. Subsidized coverage through the purchasing pool, combined with tax credits for those making slightly more will also reduce the number of uninsured residents. Finally, the individual mandate will require those who currently forego coverage as a matter of choice to buy insurance.

**ABX1-1 contains the rising costs of health care.** It requires insurance companies to allocate at least 85 percent of premium dollars on patients' health. The bill also provides for bulk purchasing of prescription drugs for the CalCHIP pool, reducing their price. Similarly, the establishment of a public insurer will promote competition and accountability in the private insurance market, and AB X1-1's robust transparency provisions will promote high standards of care and efficient best practices and help consumers get what they pay for.

As the year of health care reform comes to a close, we are pleased that you have done so much to craft a bill that will give so much help to so many Californians. We urge you and all members of the legislature to pass this landmark legislation, and end California's long wait for the health care reform it needs.

Sincerely,

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