



March 20, 2019

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

*RE:* Legislation pending on California Health Insurance Rate Review (AB 731)

Dear Assemblymember Wood,

As a representative of the 28 million small businesses in America and the almost four million in California, Small Business Majority writes today in support of AB 731, which would extend existing rate review policies to the large group marketplace in California. This legislation would increase pricing transparency in the state and bring down costs for all consumers, including many small business owners.

Small Business Majority is a national small business advocacy organization with multiple offices throughout California, founded and run by small business owners to ensure America's entrepreneurs are a key part of a thriving and inclusive economy. We actively engage small business owners and policymakers in support of public policy solutions, and deliver information and resources to entrepreneurs that promote small business growth and drive a strong, sustainable job-creating economy. A key component of our work involves outreach and education to small business owners on a range of small business issues, including healthcare, retirement security, access to capital and more.

Many Californians struggle with medical costs for premiums across the individual, small group and large group marketplaces. And while the rate of annual increases in premiums and healthcare costs has slowed post-Affordable Care Act, there is a continued lack of transparency that prevents consumers from fully understanding the cost of care and from making informed decisions about which insurer best fits their needs.

AB 731 would address this by expanding existing rate review regulations to the large group market. Currently, insurers in the individual and small group market are required to abide by rate review, a process in which an insurance company must justify proposed premiums to regulators. In these markets, the rate review process has been shown to lower premium costs. Extending this policy to large group insurers would help to contain costs across all healthcare markets in California, increasing pricing transparency and understanding of the drivers of high costs in the healthcare system. California entrepreneurs support policies like those proposed in AB 731—our [recent opinion polling](#) found that more than 8 in 10 small business owners (81%) agree California should be allowed to expand its authority to review excessive premium increases among all health insurance plans, in order to create a more transparent and affordable marketplace.

California's small businesses are concerned about healthcare costs, and policymakers need a full picture to understand what policy solutions would best work to contain costs. We urge you to support AB 731 to make healthcare even more affordable.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mark Herbert".

Mark Herbert, California Director  
Small Business Majority