



April 4, 2018

Honorable Dr. Ed Hernandez
California State Senate
State Capitol, Room 2080
Sacramento, CA 95814

RE: Legislation pending on short-term limited duration health insurance (SB 910)

Dear Senator Hernandez,

As a representative of the 28 million small businesses in America and the more than 3.5 million in California, Small Business Majority writes today in support of SB 910, which would clarify that short-term limited duration health insurance cannot be sold in California and bolster health insurance markets. We believe that a robust individual marketplace is vitally important for owners and employees of small businesses without group coverage, especially the roughly three million solo-entrepreneurs in California.

Small Business Majority is a national small business organization with multiple offices throughout California, founded and run by small business owners to focus on solving the biggest problems facing small businesses today. We actively engage small business owners and policymakers in support of solutions that promote small business growth and drive a strong 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.

Short-term limited duration health insurance is meant to fill a gap in an individual's coverage. These plans are not compliant with Affordable Care Act (ACA) requirements and are not required to cover essential health benefits. The Obama Administration issued guidance to limit the use of these plans to three months, but the Trump Administration has recently proposed rule changes that would allow for longer use of these short-term plans. Individuals likely to purchase such a plan tend to be younger and healthier, leaving sicker workers in the individual marketplace and raising costs for everyone else. SB 910 would clarify that these longer limited duration plans could not be sold in California, protecting the robustness of the individual marketplace.

We know from our scientific opinion polling that the cost of health insurance is a top concern for small business owners. Many self-employed individuals and small business employees rely on the individual marketplace to purchase coverage. While certain provisions of the ACA can and should be improved, proposals like allowing for more short-term limited duration plans undermine the ACA and eradicate the hard-won benefits for America's entrepreneurs.

It's critical that California pursue policies that enable small business owners to have access to affordable, quality healthcare options. We support any legislation that will help level the playing field for small business, and SB 910 will do just that.

Sincerely,

Mark Herbert, California Director
Small Business Majority