

**PacifiCare®**

A UnitedHealthcare Company

April 10, 2007

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The Honorable Mervyn Dymally  
California State Assembly  
State Capitol, Room 6005  
Sacramento, CA 95814

**RE: Assembly Bill 2 (Dymally), As Amended March 28, 2007 – Oppose unless Amended**

Dear Assemblymember Dymally:

On behalf of PacifiCare, a health insuring organization serving over 4 million Californians, I am writing to inform you that regrettably we oppose Assembly Bill 2, as amended. The bill extends a pilot program scheduled to sunset in late 2007, modifies the Major Risk Medical Insurance Program (MRMIP), and expands the role of the Major Risk Medical Insurance Board (Board).

PacifiCare shares your concern about the limitations of California's current solution to the "medically uninsurable." That is why PacifiCare has engaged in the health reform debates and has advanced solutions to address the medically underwritten individual market. We are currently working with legislative leaders and the Governor to establish new rules in the individual market that will guarantee access to coverage and eliminate the need for the current high risk pool.

However, to protect those currently enrolled in MRMIP, the sunset on the pilot program should again be extended while the larger debate on health reform continues.

Reforms in the individual market, as currently being debated, will eliminate the need for the high risk pool as we know it today, as California has operated since the 1990s. Expanding the program and the Board's role now is not only premature given the reforms currently being considered; but it would be costly for the program and Board to gear up a new operation for 2007/08 that may be changed significantly.

Additionally, we continue to have concerns about the degree of delegation of duties to the Board by the Legislature for a program that is continuously appropriated, rendering little oversight by the Legislature. Even the requirement to follow California's Administrative Procedures Act to issue regulations, allowing for public comment and

debate on program implementation, were deleted in this amended version. Also under this bill, if the Board "decides the program costs are likely to exceed the estimate", the Board can increase the assessments, again without mandated public review or Legislative oversight. Additionally, the Board is delegated to define "covered lives" for purposing of determining assessment levels and can independently determine if CalPERS is included in the assessment potentially putting additional pressure on the state general fund.

Again, we agree that the pilot program be extended until the health reform debates result in more comprehensive solutions. And we have offered a short term solution to address some of the funding concerns agreeing that the industry should more broadly participate in support of some type of high risk pool if there continues to be a need for one. But we disagree with and feel it is not prudent for the state to make major changes in the role and authority of the Board which could change next year.

For these reasons, PacifiCare must respectfully oppose AB 2. If you have questions, please feel free to contact me at (916) 447-8660.

Sincerely,

CHARLEEN M. MILBURN  
*Director, Government Affairs*  
PacifiCare, A UnitedHealthcare Company

cc: Members, Assembly Health Committee  
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