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April 16, 2018

The Honorable Ash Kalra
California State Assembly
State Capitol Room #5160
Sacramento, CA 95814

RE: OPPOSE: AB 3087, California Health Care Cost, Quality and Equity Commission

Dear Assemblymember Kalra,

The San Francisco Chamber of Commerce, representing the interests of thousands of local businesses, respectfully opposes your bill, AB 3087, which creates an independent state agency to impose price controls over health care costs in California.

The California Health Care Cost, Quality and Equity Commission, an appointed commission established by AB 3087, would be empowered to set the rates paid to insurers, hospitals, physicians and other health care providers. The commission would also determine level of copays, deductibles and coinsurance for services.

Covered California and other purchasers currently negotiate with health plans on prices, which subsequently impact many facets of health care delivery such as the number of doctors offered to patients and details of price-sharing. Under AB 3087 a new commission will make those price determinations, likely resulting in reduced payments to health care providers and insurers.

Rather than controlling health care costs, this approach may lead to reduced access to health care and cost increases in the long-term. Inadequate reimbursements may drive providers and insurers out of the market. Without an adequate supply of health care providers, consumers may lose access to the care they need. California is already facing a shortage of physicians, and more patients are visiting emergency rooms for conditions normally treated by primary care providers. AB 3087 will increase the burden on hospital emergency rooms at the same time reimbursement payments are capped.

We recognize that health care costs in California and across the country are rising and it is increasingly challenging for employers and their employees to afford medical services. Despite its intent to control costs, your bill may instead exacerbate these difficulties, and therefore the San Francisco Chamber of Commerce opposes AB 3087.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Lazarus", with a long horizontal flourish extending to the right.

Jim Lazarus
Senior Vice President, Public Policy