April 17, 2012

The Honorable (Legislator’s First & Last Name)

(Address Line 1)

Sacramento, CA (Zip Code)

***Re: Opposition to SB 1431***

Dear (Senator/Assemblyman) (Legislator’s Last Name),

I am writing to request that you oppose the above referenced legislation, which would effectively take away the self-insurance option for smaller employers looking to better control the cost for providing quality health benefits for their employees by restricting the availability of medical stop-loss insurance.

While self-insurance is not the best option for all employers, our company works with many smaller employers that operate successful self-insured group health plans. These plans provide cost containment advantages and they are often customized to meet the specific needs of the plan participants.

Medical stop-loss insurance is a critical component for these self-insured employers as such insurance provides a financial reimbursement mechanism should actual health care claims exceed pre-determined levels. SB 1431 imposes new regulatory restrictions on stop-loss insurance in a way that it would no longer be available with policy terms appropriate for smaller employers, therefore eliminating the self-insurance option for such California employers.

***This will then leave them with two choices: either pay ever increasing health insurance premiums or drop coverage for their employees***.

Finally, SB 1431 would likely be preempted by the Employee Retirement Income Security Act (ERISA), which prohibits states imposing regulations that directly affect the administration of self-insured group health plans. California would invite litigation should the bill be enacted into law.

I urge you to stand up for small businesses and oppose SB 1431. It is clear that this bill would result in higher costs and more uninsured. Should you have any questions or would like to discuss further, I can be reached at (phone number) or (email address). Thank you in advance for your time and consideration.

Sincerely,

(Your first and last name)

(Business name)