



AB 1602 (John A. Pérez)

What Does the Bill Do?

AB 1602 establishes the duties and operations of the California Health Benefits Exchange where eligible individuals and small businesses can claim their federal premium, cost sharing subsidies and tax credits.

Exchange Provisions

AB 1602 establishes the California Health Benefit Exchange, a more organized and competitive insurance marketplace where individuals and small businesses can:

- Choose amongst qualifying health plans operating under common rules related to pricing and coverage standards;
- Better understand coverage choices and plan performance by requiring information to be presented in a consumer friendly format with standardized explanations of benefits, costs, and customer satisfaction.
- Claim their premium and cost sharing subsidies. The Exchange will be the sole place where eligible individuals and small businesses can receive their federal tax credits or subsidies.

AB 1602 creates a five member governing board and creates the necessary administrative and fiscal authority so that CA can draw down the federal planning dollars that will become available within the year.

- Prior to commencing operations, the Board must make a determination that sufficient financial resources exist or will exist in the fund, and provide this to the Department of Finance and the Joint Legislative Budget Committee.

- In addition to the stringent federal reporting and auditing requirements in the federal law, the Exchange is subject to an annual audit.
- Must approve its budget in public, include the salaries of the executive staff in the budget, and post all of this on its website.
- Exchange is required to report to the Legislature and the Governor annually on its expenses, performance, operations and progress in meeting the federal requirements. This report must also be posted on the Exchange website and made available to the public.
- Requires the Exchange Board to ensure that the establishment, operation, and administrative functions of the Exchange do not exceed the combination of federal funds, private donations, and other non-General Fund moneys available for this purpose. Prohibits state General Fund (GF) money from being used for any purpose under this bill without a subsequent appropriation.
- Prohibits any liability incurred by the Exchange or any of its officers or employees from being satisfied using moneys from the GF.

Support:

100% Campaign (Children Now, United Way, Children's Defense Fund, PICO, The Children's Partnership, CA Children's Health Initiatives)

AARP

Blue Shield of CA

Health Access

CA Chiropractic Assoc.

CA Retired Teacher's Assoc.

Consumer's Union

County Welfare Director's Assoc.

Kaiser Permanente

Local Health Plans of CA

March of Dimes

SEIU

Western Center on Law & Poverty