



FACT SHEET: Reforming the Individual Insurance Market: SB1522(Steinberg)

THE PROBLEM: California consumers seeking to buy coverage as individuals face a “wild, wild west” with confusing and unclear choices.

- **It’s impossible to make price comparisons**, since each plan from each insurer has different deductibles, co-pays, out-of-pocket maximum, benefits, networks, etc.
- **It’s hard to even determine what a plan covers, or doesn’t cover**, and how comprehensive any given plan is.
- Some plans are marketed as quality coverage but actually cover only hospitalization, or even only a small fraction of the cost of hospital care. **Some plans leave consumers with significant gaps in coverage**, sometimes with unlimited exposure to medical bills.

THE SOLUTION: SB1522(Steinberg)

SB1522(Steinberg) organizes the individual insurance market and makes it understandable for consumers. It would allow consumers to easily see a matrix of the choices in the individual market, and understand the relationship between the premium and the benefits and cost-sharing.

- **All health plans would be classified into five “tiers,”** so that **consumers would have a better sense of the health plan being sold** to them. They would be able to know if a certain plan is a top-tier comprehensive plan, or a bottom tier catastrophic plan, or something in between.
- **Insurers would be required to offer five “benchmark” plans**, one in each tier. The bill would **enable consumers to do cross-insurer comparisons to make apples-to-apples price comparisons**, with the confidence of knowing that benchmark plans in a given tier have similar cost-sharing and benefits. The benchmark plan would help define the tier, by being the lowest-price plan in a given tier.
- **The bill would effectively weed out “junk” insurance**, which deceptively offers coverage but leaves consumers exposed with major gaps in coverage. Insurers would not be able to sell new plans that were below the minimum benefit standards developed.
- The bill provides a **foundation for further health reform**. This oversight over the health insurance market is a necessary first step in moving to a guaranteed issue market, and an improved marketplace where consumers have confidence in the coverage sold.

For more information, contact Health Access California, at <http://www.health-access.org>.