

AB 8's 15% healthcare cap will hurt Californians

The current healthcare proposal (AB8) forces insurance companies to spend 85% of their revenue on patient care. Limiting companies to 15% for administrative overhead sounds like a good idea on the surface; won't this stop those profit-mongering insurance companies from gouging us?

After premium taxes and a minimal profit, they would have 10% left to pay for sales, marketing, claims payment and overhead. If I pay a premium of \$500 per month, 10% administrative costs would be \$50. But if a company offered my family a policy for \$250 per month, the same \$50 administrative costs would exceed the 15% cap, and the plan couldn't be sold in California.

Between Medicare and Medicaid less than 83% is currently spent on patient care.

This proposal discourages companies from reducing premiums under this model. Prefer a smaller company for better service and lower cost? Not under AB 8.

If all restaurants and retail stores were limited to 10% for administration, only McDonald's and Wal-Mart would survive. A 15% cap will chase small insurers out of state, drive up premiums and limit the development of better plans for Californians and their families.

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