



May 10, 2021

TO: Members, Assembly Appropriations Committee

**SUBJECT: AB 570 (SANTIAGO) DEPENDENT PARENT HEALTH CARE COVERAGE  
OPPOSE – AS AMENDED MARCH 18, 2021  
SCHEDULED FOR HEARING – MAY 12, 2021**

The California Chamber of Commerce and the listed organizations are respectfully **OPPOSED** to **AB 570 (Santiago)** as amended on March 18, 2021, as it would require health plans and insurers to offer dependent coverage to parents and stepparents of enrollees and insureds. While the bill is certainly well-intentioned, it will place an additional strain on struggling businesses for coverage that is already accessible and affordable for those who need it.

**Health Care Coverage is Already Available**

**AB 570** would require a group or individual health insurance policy issued, amended, or renewed on or after January 1, 2022, that provides dependent coverage to make that coverage available to a parent or stepparent who meets the definition of a qualifying relative under Section 152(d) of Title 26 of the United States Code. Notably, the bill indicates if an employer offers dependent coverage then that employer must accommodate this coverage change.

While the provision is well intentioned, it is largely unnecessary. Covered California is currently offering a special enrollment period that allows individuals to sign up for health care coverage since approximately \$3 billion in federal aid is being allocated towards health care subsidies. This federal aid infusion is paired with subsidies that have already been provided to low and middle-income individuals through the Affordable Care Act. Covered California estimates about 2.5 million people will benefit from the new and expanded help - including about 810,000 currently uninsured people.

Additionally, **AB 570** indicates that for dependent parents and stepparents to qualify for coverage they must meet the income threshold requirement contained within Section 152(d) of Title 26 of the United States Code. However, the availability of Medi-Cal already provides health care coverage for these individuals. Additionally, if the dependent parent or stepparent is 65 or older, they would qualify for Medicare coverage.

**Cost Concerns**

The California Health and Benefits Review Program’s (CHBRP) analysis estimated that **AB 570** would increase premiums and out of pocket costs by up to \$936 million. Even if there is low enrollment under **AB 570**, CHBRP still estimates total net annual expenditures increasing over \$234 million. Employer group

health plans are already difficult for employers to afford. Typically, employer plans, particularly in the small group market, include employers that contribute an apportioned payment towards dependent premiums in addition to employee premium contributions. **AB 570** would introduce older and higher premium dependents to already strained employer budgets and potentially discourage any dependent contributions or encourage lower contributions to all dependents. This is not a trend that should be encouraged as it could lead to more uncovered Californians.

Additionally, **AB 570** must be considered in context as state lawmakers have introduced at least 14 benefit mandate bills this year that could increase premiums for employers and enrollees. According to the California Health Care Foundation, 18 million of 32.7 million insured Californians had health care coverage through an employer sponsored health plan in 2019. The average premium for family coverage has increased 22% over the last five years and 55% over the last 10 years. Since 2002, premiums for the average family health plan in the employer market have increased 133%. The 2020 Kaiser Family Foundation Employer Health Benefits Survey indicated that, for job-based coverage, the average annual premium for single coverage rose 4%, to \$7,470. The average annual premium for family coverage also rose 4%, to \$21,342, which is nearly one-third of the state's median family income. California should not increase costs of health care coverage for employers and employees with another mandate.

For these reasons, and others, we are respectfully **OPPOSED** to **AB 570 (Santiago)**.

Sincerely,



Preston Young  
Policy Advocate  
California Chamber of Commerce  
on behalf of

California Association of School Business Officials  
California Chamber of Commerce  
Chino Valley Chamber of Commerce  
Corona Chamber of Commerce  
El Dorado Hills Chamber of Commerce  
Gilroy Chamber of Commerce  
Greater High Desert Chamber of Commerce  
Greater Riverside Chamber of Commerce  
National Federation of Independent Business  
North Orange County Chamber  
San Gabriel Valley Economic Partnership  
Santa Maria Valley Chamber of Commerce  
Southwest California Legislative Council  
Torrance Area Chamber of Commerce  
Tulare Chamber of Commerce

cc: Legislative Affairs, Office of the Governor  
Stephanie Gerstle, Office of Assemblymember Santiago  
Lisa Murawski, Assembly Appropriations Committee  
Joe Shinstock, Assembly Republican Caucus

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