

# California State Senate

CAPITOL OFFICE  
STATE CAPITOL, ROOM 305  
SACRAMENTO, CA 95814  
TEL (916) 651-4016  
FAX (916) 651-4916

SENATOR.GROVE@SENATE.CA.GOV

SENATOR  
SHANNON GROVE  
SENATE REPUBLICAN LEADER  
SIXTEENTH SENATE DISTRICT

DISTRICT OFFICES  
5701 TRUXTUN AVE., SUITE 150  
BAKERSFIELD, CA 93309  
TEL (661) 323-0443  
FAX (661) 323-0446

7248 JOSHUA LANE  
YUCCA VALLEY, CA 92284  
TEL (760) 228-3136  
FAX (760) 228-2462



September 11, 2019

The Honorable Gavin Newsom  
Governor, State of California  
State Capitol, First Floor  
Sacramento, CA 95814

RE: Recommended Veto of AB 731 (Kalra)

Dear Governor Newsom:

I respectfully write to request your veto of Assembly Bill 731, which requires large group health care service plan contracts and health insurance policies, beginning July 1, 2020, to file rates on large group contracts and policies with the Department of Managed Health Care or Department of Insurance, for the respective department to review.

The bill ignores federal and state laws requiring health insurers and plans to spend 85% of every premium dollar on health care services. It presumes insurers and plans are increasing costs for no reason. In truth, rates reflect the cost of health care services and products, from the labor delivered by providers, to the cost of running hospitals and clinics, and to the price for therapies provided by pharmaceuticals and durable medical device manufacturers. The ACA's critical failing was ignoring the underlying economics of health care: high demand and restricted supply, which lead to high costs. Since 2015, health care costs have increased 13% in California. This bill will not reduce health care coverage costs in any appreciable amount.

For these reasons, I respectfully request your veto.

Sincerely,

A handwritten signature in black ink, appearing to read "Shannon Grove".

Shannon Grove  
Senate Republican Leader