



Legislative Update

October 2006

Schwarzenegger Administration Announces Healthcare Team & Objectives

Last July, Governor Arnold Schwarzenegger hosted a summit on health care affordability where corporate executives, doctors, medical administrators, labor leaders and academics debated ideas on how to address the problem of increasing medical costs and covering the nearly 6.5 million Californians who are uninsured. The basis for the Summit was to convene all stakeholders to debate the policy issues and potential solutions. The discussion covered topics and proposals currently being circulated at the national level with the stakeholders offering a number of reasons for increasing costs and uninsured Californians.

Following up on his promise to move forward in 2007 to address current healthcare concerns, the Governor has announced the compilation of a bipartisan healthcare team charged with stakeholder outreach and policy formation. Specifically, the Governor's vision for reforming the healthcare system is to provide "a first-rate healthcare system that is accessible to everyone, efficient and affordable" (as noted by Kim Belshé, ACLHIC Roundtable, September 2006). This vision will be the basis for the Governor's team to review a few "key" themes:

- Cost & Coverage Hand-in-Hand;
- Universal = Mandatory;
- Prevention & Wellness;
- Information Technology Improvements/Enhancements for Healthcare;
- and Available, Affordable Benefits.

NAIFA-California has had an initial meeting with Administration representatives and has offered to be a resource to the Governor and his staff regarding policy changes that would affect the health marketplace. In terms of timing, Capitol sources have indicated that, if re-elected, the Governor will unveil his healthcare plan in his 2007 State of the State Address.

Governor's Healthcare Team Members

The Governor's Healthcare Team consists of Republicans and Democrats from various healthcare-related backgrounds.

Kim Belshé (R), Secretary, Health & Human Services Agency

Belshé has more than a decade of experience in the healthcare and related policy fields. She has served as program director for The James Irvine Foundation, as director of the California Department of Health Services, and deputy secretary for the California Health and Welfare Agency under the Wilson administration.

Dan Dunmoyer (R), Deputy Chief of Staff, Office of the Governor

Dunmoyer served as president and chief executive officer of the Personal Insurance Federation of California (PIFC); from 1984 to 1989, he served as the chief administrative officer for the

Republican Caucus of the California State Assembly where he developed legislative and public policy strategies and managed a 60-member staff.

Daniel Zingale (D), Chief of Staff, Office of First Lady Maria Shriver

Prior to his current service, he served as cabinet secretary under the Davis Administration and as the founding director of the Department of Managed Health Care. Prior to such service he was chief executive director of the AIDS Action Council and AIDS Action Foundation and served for four years as political director and director of public policy for the Human Rights Campaign and as a member of the Executive Committee on Leadership Conference on Civil Rights among other prestigious positions.

Herb Schultz (D), Senior Health Policy Advisor, Office of the Governor

Most recently, he has served as vice president of government programs for McKesson Health Solutions, where he oversaw disease management and nurse advice government Medicaid and Medicare programs. He has also served as acting director of the California Employment Development Department, acting secretary and undersecretary for the Labor and Workforce Development Agency, and deputy director of external affairs for the Department of Managed Health Care.

John Ramey (R), Senior Health Policy Consultant, Office of the Governor

Since 200, he has served as principal and partner with Ramey, Macomber & Associates, specializing in healthcare and health insurance contracts. He has also served as executive director for the Managed Risk Medical Insurance Board, deputy secretary for the Health and Welfare Agency, chief of staff for the Department of Health Services, assistant secretary of the Health and Welfare Agency and on the Managed Health Care Improvement Task Force.

Richard Figueroa (D), Senior Health Policy Consultant, Department of Managed Healthcare

Figueroa has served as Legislator Director for California Insurance Commissioner John Garamendi since 2003; is a voting member of the State of California Managed Risk Medical Insurance Board (MRMIB), which administers the Healthy Families, Access for Infants and Mothers and Major Risk Medical Insurance Programs; and previously served as a Deputy Legislative Secretary in the Davis Administration where he was responsible for health, human services, insurance and child care issues.

Angelides Unveils Major Proposal to Crack Down On HMOs

In contrast to Schwarzenegger's healthcare vision, Democratic candidate for Governor, Phil Angelides, has outlined a starkly different approach to addressing the healthcare concerns. One of the biggest components of Angelides' plan would be to lower the HMO administrative cap to 10%. He contends that in lowering the cap, it will save an estimated 12.6 million Californians about \$4 billion a year in health insurance premiums and will make healthcare coverage more affordable.

To view the plan in its entirety, please visit [Angelides HMO Healthcare Plan](#).

SB 840 (Kuehl): Single-Payer Healthcare – DEFEATED

NAIFA-California is pleased to inform its membership of the Governor's **VETO** of SB 840 (Kuehl), which would have established a government-run healthcare system. As an association representing health insurance agents in California, NAIFA-California understands the importance of health care coverage and the need to address the issue of the uninsured. However, NAIFA-California argued that the negative impacts that SB 840 (Kuehl) would have had on the health insurance marketplace and the overall economy in California would have out-weighed the benefits of creating a single-payer system.

NAIFA-California actively opposed SB 840 by instituting a grassroots campaign to combat the misguided piece of legislation. Grassroots alerts were sent out statewide encouraging NAIFA-California members to voice their opposition to SB 840 and the detrimental impacts it would have had on the health marketplace.

While the current battle over SB 840 is coming to a close with the Governor's promise to **VETO** the measure, the fight is not likely over. Senator Kuehl (D-Santa Monica) has introduced similar proposals each session for the last few years and we do expect her to bring the proposal back during the 2007 – 2008 legislative session in some form or fashion. Additionally, the proponents of a single-payer system will be bringing the issue back in the form of a ballot initiative in 2008.

AB 2387 (Vargas): Agent Education: Online Prelicensing – Support

NAIFA-California is pleased to inform its members about the Governor's approval of AB 2387 (Vargas), which will help eliminate the inefficiencies associated with prelicensing by allowing fire and casualty broker-agents, personal lines broker agents, and life agents to complete their required prelicensing coursework to be completed online.

NAIFA-California has strongly supported AB 2387 over the course of the year, as it will offer agents the flexibility to satisfy their prelicensing education through self-study, online courses that will address the realities of today's online world. While prelicensing may be completed online, the examination will continue to be a proctored in-class examination in order to ensure the reliability and trustworthiness associated with the licensing process.

If you have any questions regarding any of the topics mentioned in this report, or others not mentioned, please contact Shari McHugh or Dawn Sanders Koepke at 916/440-0850. Thank you!