



Legislative Update

April 2006

Health Insurance Task Force

In an effort to be proactive on an increasingly politicized and high-profile issue, NAIFA-California established a *Health Insurance Task Force* last fall that was charged with defining the Association's perspectives on health care issues and identifying areas in which NAIFA-California members can be proactive.

The efforts of the task force have produced two comprehensive policy papers that are titled "Debunking the Myths" and "NAIFA-California's Policy Statement." The papers address issues ranging from affordability to Association Health Plans to health savings accounts and more.

Agents and Brokers working in California know well the current state of our health care delivery system. With continued escalation of costs adding economic pressure to employers and individuals making the uninsured situation worse, proper steps need to be taken soon to reverse this trend. The ideas and positions outlined in the papers are based on NAIFA-California members' unique perspective of the frustrations of both businesses that provide benefits to their employees and individuals who purchase health insurance directly.

NAIFA-California appreciates the hard work of each of the task force members, particularly Rae Lee Olson who was instrumental in finalizing the papers that are available to NAIFA-California members, Legislators, health care regulators, and healthcare professionals. Members involved with the Task Force efforts include:

- Larry Lee
- David Dellinger
- Bruce Lichtenberg
- Michael Ables
- Michael McCaffrey
- Gordon Colburn
- Rae Lee Olson
- Karl Hansen
- Steve Shaw
- Tom VanderWal
- Larry Lambert
- Sam Cunningham

Task force members' dedication to finding workable solutions will not go unnoticed, rather they will be well received in a climate where legislators are used to hearing of opposition not about the policies that members can support.

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

Competing demands on time and geographical issues are just two of the concerns that affect today's agents face when beginning the licensing process. The prelicensing process in particular is time consuming, requiring prospective agents to spend countless hours, up to 6½ days, completing the prelicensing requirements which are often facilitated in classroom locations that are difficult for rural agents to reach.

The coursework needed to prepare capable new agents to obtain a license should not act as a barrier to entry in to the profession. As such, AB 2387 would 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.

The opportunity provided by AB 2387 would offer agents the flexibility to satisfy their prelicensing education through self-study, online courses that would address the realities of today's online world. While the prelicensing may be completed online, the examination would continue to be a proctored in-class examination in order to ensure the reliability and trustworthiness associated with the licensing process.

AB 2281 (Chan): High Deductible Health Care Coverage – OPPOSE

In response to the growing concern in Sacramento over high deductible health care coverage, Assemblywoman Wilma Chan, Chair of the Assembly Health Committee, has introduced AB 2281. This bill, among other things would establish benefits standards and disclosure requirements for high deductible health plan contracts offered by health care service plans and for high deductible health insurance policies offered by health insurers.

The introduction of this bill comes on the heels of a number of hearings on the topic of high deductible health care coverage, including a set of two hearings specifically pertaining to this type of plan. During the second of the two hearings, NAIFA-California's own Steve Shaw testified before the Assembly Health Committee on the benefits of high deductible plans and the options they provide for consumers. He related the benefits from the agent's perspective noting that the true concept of insurance is protection from severe financial hardship, not coverage for every medical occurrence.

In addition to the hearings geared specifically to high deductible plans, Commissioner Garamendi unveiling a report last August regarding healthcare in California and the perceived crisis associated with the system. The report outlined problems facing Californians as costs continue to rise and also outlines the Commissioner's plan to begin reforming the system and bring universal access to healthcare.

In an effort to look more closely at California's healthcare system and its perceived problems, the Commissioner hosted a hearing in mid-September to examine the history of what the Commissioner has deemed "Cost Driven Health Plans" (CDHPs). The hearing was an opportunity to review the potential benefits of CDHPs and raise concerns and criticisms with regards to the plans.

While the consensus from the majority of participants seemed to be that there are significant benefits to what the Commissioner deems "skeletal" health plans, the Commissioner continued to have concerns about whether or not these types of plans were indeed comprehensive. While many of the other benefits were touted, the Commissioner did not believe that the stated benefits were sufficient.

Despite the consensus from agents in the field who place these products that provide benefit and options for consumers, the overarching perception that the benefits and costs associated with these plans are insufficient has carried over to the Capitol under the guise of AB 2281 (Chan). NAIFA-California is opposed to this piece of legislation due to the additional mandates that would be included that would ultimately drive up the cost, despite the fact that the high deductible health plans' overall premise is to lower cost.

AB 2281 (Chan) is scheduled for hearing Tuesday, April 25 in the Assembly Health Committee. NAIFA-California's own Rae Lee Olson of NAIFA-Peninsula will be testifying on NAIFA-California's behalf.

Day on the Hill 2006

This year's "Day on the Hill" was a huge success! NAIFA-California members enjoyed hearing about the political landscape in Sacramento and the process by which the association maintains its strong voice in and around the Capitol. NAIFA-California would like to extend our heartfelt appreciation to all those who participated in this year's event.

NAIFA-California was pleased to host the candidates for California's Insurance Commissioner this year, Lt. Governor Cruz Bustamante (D) and Steve Poizner (R). They were energetic speakers, both providing their perspectives on California's political landscape, political aspirations and most importantly, their platform on insurance issues ranging from healthcare to life insurance to the role of the agent.

Members were also pleased to hear from Kathleen Webb, Director of the Office of the Insurance Advisor, the Governor's advisor on insurance issues. Kathleen, a former State Farm agent herself, was a dynamic speaker who provided great insight into her role as an advisor to the Governor on insurance issues, particularly those of importance to NAIFA-California.

In addition to the wonderful speakers, NAIFA-California members did a tremendous job getting around the historic Capitol to meet with their representatives. The information members received during the morning session on life, health and licensing issues prepared them for their meetings and the Legislators and staff were thrilled to hear from their constituents.

Again, thank you to all who joined us in Sacramento. It was wonderful to see so many new faces engaged in our common interests. We look forward to seeing you all again next year for NAIFA-California's Day on the Hill, 2007!

If you have any questions regarding these topics or others not mentioned in this update, please contact Shari McHugh, Legislative Advocate for NAIFA-California, or Dawn Sanders Koepke at 916/440-0850. Thank you!