

October 15, 2005

To: All CAHU-PAC Contributors
CAHU Members

From: Barry Fisher, CAHU-PAC Chairman
Chuck Trogon, Vice-President, CAHU-PAC

Re: Status Report on Single-Payer Legislation in Sacramento
Other Important Issues for CAHU-PAC

State Senator Sheila Kuehl's SB840, Single Payer legislation passed both the California State Senate and the Assembly Health Committee. However, it passed without the money to put it into play. In light of State budget limitations and the current special election in November, SB840 will wait in the Assembly Rules Committee until next year. In 2006 expect to see a companion piece of legislation which will provide the funding to implement Kuehl's wishes to socialize California's health care system.

Why has SB840 made it this far? First, the Republicans can't stop it. Their minority status only allows them to stop bills with a fiscal impact. Therefore, until the funding piece arrives next year, they are inconsequential in the debate. Why have Democrats, many of whom we have supported in the past, voted in favor of SB840? Simply stated, they don't believe that it will ever become law and a vote in favor of it now, allows them to pander to anti-free enterprise special interest groups. It will be interesting to see if any of them express queasiness at the fiscal companion legislation next year or whether they will continue to kowtow to the labor unions and other organizations that they rely on, anticipating that Governor Schwarzenegger will veto the whole single-payer package.

Hopefully, some of our friends on the Democrat side and the Republican minority will be able to muster a sufficient number of votes to kill the funding bill for SB840. *Frankly, it makes us uneasy hanging our future on a Governor's veto!* Keep in mind, 2006 brings us another gubernatorial election. Governor Schwarzenegger (with a current approval rating at 33%) is *not* a sure bet. Would a Governor Angelides veto Single Payer? Not likely. Therefore, if we have a new resident in the Governor's mansion in 2006, expect an even bolder assault from Senator Kuehl.

Even if Governor Schwarzenegger is re-elected we expect that Senator Kuehl and her moneyed minions will take the ballot proposition route and serve-up a Single Payer initiative in 2008. While conventional wisdom suggests that only 30% of the state's voting population would support Single Payer, others believe that the business community and other traditionally reliable constituencies are fed-up with out-of-control health insurance premiums and may be in the mood to throw-up their hands in frustration and turn our private health care system over to the same folks who run the Department of Motor Vehicles.

With all of this in mind, we are likely to be coping with Single Payer through the end of the decade. We are up against a who's who of labor unions and special interests whose primary reason for existence is more government and less free enterprise. *Can we compete? Yes!* In fact we have been strategically working with legislators who agree with our positions and have expressed our disappointment and frustration to past beneficiaries that have ignored issues central to our interests.

There are other matters of great concern to our membership and every health insurance agent in California. In 2006, a new Insurance Commissioner will be elected. We have an opportunity to support a candidate that will be good for California by opening insurance markets which makes the state more attractive for business and a Commissioner who will be more amenable to issues that are important to us. No one candidate has a lock on this race, Democrat or Republican, therefore our activities in this regard will be very important to our future.

Since 2006 is an election year, we can expect the introduction of legislation that will mandate new and expensive benefits onto existing health plans. Despite the fact that mandates raise the cost of health insurance causing even more uninsured, candidates looking for an "edge" will move to make the products we sell less affordable to the average Californian. With every up-tick in the cost of private health insurance through mandates and further legislative and regulatory burden, we move ever closer to the "perfect storm" . We anticipate the introduction of new legislation and regulations that will make it even more difficult for us to practice our profession. CAHU and CAHU-PAC will continue the fight on the front lines as your voice and advocate.

Over the next few months you will learn that our national association, NAHU, has revitalized its Federal political action committee (HUPAC). HUPAC's purpose is similar to CAHU-PAC except its focus is on national issues and candidates. While the majority of all health insurance related issues are decided on the state level, CAHU-PAC's Executive Board encourages you to contribute to HUPAC, because from time to time, what happens in Washington, DC can have some impact in California. *However, please do not let your HUPAC contribution diminish your generous support of CAHU-PAC.* As the powerful politician Tip O'Neil once said, "All politics is local". ***Our local, is California.***

As you can tell from this memo we have a full plate of issues that need our attention in Sacramento. If you are currently supporting CAHU-PAC we would like to thank you and respectfully ask you to consider increasing your support. It is not too late to become a Diamond level contributor (\$1,000 -- \$5,600 per year) and join us on October 26th to meet State Senator Tom McClintock who is now a candidate for Lt. Governor. For those of you who have not been contributing to CAHU-PAC, we hope that you'll consider the information that we have provided in this memo as evidence of the need to support CAHU-PAC's efforts.

We look forward to seeing you at the State Conference later this month.