

PRESS RELEASE



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October 31, 2007

**HEALTH INSURANCE AGENTS WARN AGAINST IMPOSING A
“HEALTH CARE REFORM” TAX IN CALIFORNIA
AGENT ASSOCIATIONS REMIND LAWMAKERS CALIFORNIA PREMIUMS ARE
17 PERCENT BELOW NATIONAL AVERAGE**

Sacramento – At the Assembly Health Committee’s hearing on Governor Arnold Schwarzenegger’s health care reform plan, the California Association of Health Underwriters (CAHU) and the National Association of Insurance and Financial Advisors-California (NAIFA-California) urged lawmakers to avoid the mistakes made in New York and New Jersey, mistakes that have resulted in premiums more than 350 percent higher than in California, reminding them that individual health insurance premiums are 17 percent below the national average.

New York and New Jersey’s mistakes were in mandating carriers to accept all applicants for coverage without effectively requiring residents to obtain coverage. “Without a requirement to both buy *and* to sell coverage, the cost of health insurance will skyrocket,” warned Alan Katz, an independent health insurance agent and Vice President of Public Affairs for CAHU who spoke on behalf of both associations. “New York and New Jersey have demonstrated that if done wrong, the result is a health care reform tax on citizens who play by the rules. This tax is substantial and it’s grossly unfair.”

The agent groups noted that requiring Californians to obtain coverage means helping those for whom premiums are too expensive and called for premium subsidies, on a sliding scale, for residents in households earning up to 400 percent of the Federal Poverty Level (\$82,600 for a family of four).

The associations also urged legislators to deliver on the promises it has made to the people of California before making new ones. “Nearly one million Californians are eligible for, but are not enrolled in, Healthy Families and Medi-Cal. The state needs to prove it can fix this

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travesty *before* promising to expand these programs or creating new ones. Yet the most recent budget cut roughly \$66 million targeted for this purpose. Making promises is easy. Delivering on them is tough, but making those promises real is what Californians deserve,” Katz declared.

The associations’ testimony identified several areas where reform is needed, including achieving universal coverage and controlling skyrocketing medical costs. Katz noted that “health insurance premiums directly reflect the cost of medical care” and commended the Governor for proposing ways of reigning in these costs by seeking to leverage technology, improve medical outcomes, promote best practices and expand wellness and prevention programs.

The agent associations took issue with other aspects of the Administration’s health care reform plan. “We believe regulators need to have the flexibility to assure a mandated Medical Loss Ratio does not have the unintended consequences of increasing premiums, discouraging competition in the individual market and limiting consumer choice. We believe those receiving state subsidies should not be driven into a state-run purchasing pool, but instead should have the same choices as their non-subsidized neighbors. We believe a minimum benefit package needs to be defined in legislation in order to determine the financial and market impact of the reform package,” said Katz.

Katz urged Health Committee members to consider the *Healthy Solutions* health care reform package developed by CAHU, much of which is supported by NAIFA-California as a way to “improve today’s system without destroying what works for so many of your constituents. You’ll hear a great deal today about what’s wrong with our health care system. We agree with some of these observations, but we also want to point out that Californians enjoy lower premiums and more coverage choices than most Americans.”

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CAHU and NAIFA-California represent, health and life insurance agents and brokers as well as financial advisors. Their combined memberships include over 7,500 insurance professionals who serve as counselors and advocates for millions of Californians.

***Healthy Solutions* may be downloaded at www.CAHUHealthySolutions.org. For more information, or to arrange an interview with CAHU industry experts, please contact Cynthia Downing at 800/322-5934.**