



Message from CAHU's President

Neil Crosby
CAHU President

By now I am sure that most of you are aware that Health Care Reform efforts are progressing in Sacramento. ABX1 1, authored by Assembly leader Fabian Nunez has been passed by the Assembly on a party line vote, and will now move to the Senate for a vote. If the Senate were to approve the bill then it would move forward to the desk of the Governor where he would be expected to sign the bill. The members of the Senate however were previously excused and are not expected back in Sacramento until after the first of the year. Therefore Senate President Pro Tem Don Perata would need to recall the members of Senate back to Sacramento to vote this bill forward. In any event, even if the Senate were to return and vote in favor of the bill, and even if the Governor were to sign it, this legislation will no doubt face enormous challenges in the months and even years to come.

Let's take a look at some of the major provisions of the bill:

- Individual Mandate – All Californians must have/purchase coverage, with exemptions based on income.
- Guarantee Issue – Carriers to issue coverage regardless of Age or Medical history.
- Shared Responsibility – Everyone must participate.
- Tax Credits & Subsidies – Will be provided to low income people.
- Increase Medi-Cal reimbursement rates – To keep Hospitals & ER's open
- Individuals – Californians may keep their current coverage.
- Employer Mandate – Pay or Play

The legislative leadership must act quickly to achieve moving forward with this version of reform. The funding method for this reform package must be put before California voters in the form of a ballot initiative for their approval. Legislators must act quickly to have enough time to qualify this reform package for the November 2008 ballot. The proposed funding would come from several sources:

Federal Funding	\$ 4.6 Billion
Individuals	2.1 Billion
Hospital Fee (4%)	2.3 Billion
Employer Contribution	2.6 Billion
Tobacco Revenues	1.5 Billion
County Fund Shift	1.0 Billion

Health Care Reform is the goal of the legislators, however a projected \$14 Billion deficit is looming for next year, and the Pay or Play concept and the portion of the funding was determined to violate ERISA statutes, and will California voters really want to vote to pay even more than they do already for their own coverage?

One thing is for sure, there will be a lot of debate and opportunity for our industry and association to share and educate about the value that we bring to the marketplace. It's all about the relationships we have with our clients, the consumers of California.

It is important for all of you to know that CAHU is working on this issue night and day. We are inside the circles of communication and providing information and input while this debate continues to take shape. We will continue to keep you informed as to the progress of this reform effort, and if and when we contact you to take action we will need each of you to respond.

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2007-2008 CAHU President

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