

## When History Repeats Itself: What We Can Learn From 2005 Legislative Decisions

**H**arry Truman declared that he studied history as a guide to his decisions. He believed that all situations had occurred in some form or another in the past and by studying history, he could learn the successful ways of dealing with them and any unintended consequences that occurred. There was a lot of practical wisdom in Mr. Truman's theory and we can likewise look at our industry history and learn as well. For example, we know how other countries have dealt with their health care situations, and in the case of socialized medicine, the unintended consequence of rationed health care seems inescapable, no matter how convincing the rhetoric. We need to know which ideas are attractive to legislators and to the public so we can understand their concerns and use our knowledge of the industry to effectively communicate ideas for successful resolutions. Examining the legislators' acts in 2005 gives us a guide to their thinking. In part one of a 2-part series, VCAHU Legislative Chair Connie Zarkowski has outlined some major events from 2005 that have long term implications.

### **Producer Compensation Legislation**

New York Attorney General Eliot Spitzer sued the nation's leading insurance brokerage firm, Marsh & McLennan Companies, alleging that it steered unsuspecting clients to insurers with whom it had lucrative payoff agreements. In a knee-jerk reaction, our state legislature proposed SB 938 that would raise the level of services performed by agents and brokers to that of "fiduciary duties" and impose specified requirements of disclosure, including commissions and bonuses. The bill was being pushed by Commissioner John Garamendi who has compared insurance agents to pests and vermin. Later, in a complete turnabout, Commissioner Garamendi dropped his efforts to promote the bill which would have

exposed agents to lawsuits for breach of fiduciary duty whenever a client had problems with coverage. The liability to agents would be enormous. However, this is a 2-year bill and will be reconsidered in 2006.

### **What does this tell us?**

That legislators perceive agents as steering business to the highest commission bidder. They also are laboring under an impression that insurance agents don't deserve to be paid. While the abuses in New York related primarily to commercial liability coverage, the legislators paint all insurance with the same broad brush... after all, no one really understands insurance anyway. The legislators and the Commissioner really believe that health insurance agents can direct people to buy health plans that cost more because of sales incentives and bonuses. Members of the public who actually have a health insurance agent know different. But the misconceptions and legislative reactions will probably cause carriers to stop offering sales incentives while not saving the public a dime in premiums. The legislators don't remember (due to term limits, perhaps?) that AB1672 already requires full disclosure and prohibits "steering" to health plans. The more obvious fact is that with only a handful of health insurers available in California, the price will direct the choice of plan, not the agent.

### **Equal Insurance Coverage for Domestic Partners**

AB 2208 - This new law requires all individual and group health, dental, vision, disability, accident, and life insurance plans to provide domestic partners with coverage that is exactly equal to what spouses receive. It has been phased in during 2005 and applies to all health plans effective January 1, 2006. Domestic partners are defined as same-sex individuals or opposite-sex individuals over the age of 62 who cohabit together in a

## President's Message

Happy New Year! It's 2006 and I am almost half way through my term as President. Time goes by very quickly. I promised you more communication this term, and I hope you are feeling "in the loop." Your dedicated board works very hard to keep this chapter alive and thriving. We are a small chapter, but there is no reason why we cannot win some of the awards that are given out at the annual convention. Have you visited our website lately (<http://www.vcahu.com>)? It is up to date and gives you a lot of good information, including copies of the back issues of this newsletter. Check it out!



We had over 40 attendees at our annual holiday luncheon on December 20 at the Courtyard by Marriott in Oxnard. Robert Sichmeller, who was our Santa this year, got up and spoke about how great it was to give toys to the kids. Our elves this year were Elizabeth Holman, Chris McConathy and me! We had a lot of fun. It was such a rewarding experience. I want to personally thank Karen Wood and Ken Gutzke for all their hard work. We managed to raise more than \$5,000 for the charity — the best year we've ever had!

**Debbie Blander**  
VCAHU President  
2005-2006

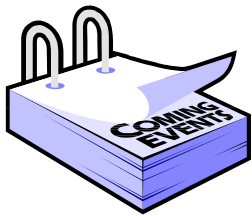
## Membership Report

by Jason Herbison, Membership Chair

This time of year is traditionally a time for New Year's resolutions, and unfortunately most of us seem to stick with our resolutions for about two weeks or so before we fall back into our old habits. Well, concerning our recruiting habits for VCAHU, I'd like to ask everyone to skip the two weeks of resolutions and fall right back into your old recruiting habits as soon as possible. Since September 2005, we have had seven people become new members of our chapter. This is really great news, because it puts us right on track to meet our membership goals for 2006.

Our February meeting is themed "Bring a New Agent Day," and we have created some incentives to help encourage you to invite a new non-member agent to come check out our association.

- For the February meeting, each new non-member who attends will receive the member lunch price of \$25.
- If you bring a guest and they sign up that day, you both get a \$5 discount on your lunch (2 for \$40). You will receive 10 raffle tickets, and your guest will receive a \$50 rebate on their membership, sponsored by Warner Pacific.



## Coming Events (Remember that payment for lunch meetings can be made by credit card at the time of your RSVP.)

- **January 17** - Monthly Membership lunch meeting (11:30 a.m. - 1:30 p.m.), Courtyard by Marriott - Oxnard  
**Speaker: Steven Cain, SVP**  
**Marsh Private Client Services**  
**"The Nuts and Bolts of LTC Insurance"**  
**(1 hour CE)**
- **February 7** - Board of Directors meeting, 9 - 11 a.m., Westlake Village
- **Thursday, February 16 (please note day change)** - Monthly Membership lunch meeting (11:30 a.m. - 1:30 p.m.), Courtyard by Marriott - Oxnard  
**Speaker: Tom Bruderle, NAHU,**  
**"Legislative Update" (1 hour CE pending)**
- **March 7** - Board of Directors meeting, 9 - 11 a.m., Westlake Village
- **March 21** - Monthly Membership lunch meeting (11:30 a.m. - 1:30 p.m.), Courtyard by Marriott - Oxnard  
**Program pending**

## When History Repeats Itself (continued from page 1)

single household. A twist is that no proof of domestic partner registration can be required by the carrier unless it also requires heterosexuals to produce a marriage certificate.

### What does this tell us?

The health insurance industry won't be looking at families and spouses the same way again. Census forms will change. There will be unintended consequences. Will we be required to notify persons of their right to have coverage for domestic partners? Will we need to ask employees of all genders if they have a domestic partner? Will they be offended? Will there be public service announcements? Will the election of domestic partner coverage be protected private information from the employer? If so, how will the payroll deduction for dependent coverage be handled? The opposite-sex coverage for domestic partners (under 62) offered by some carriers and employers will probably go away. Generic terms for gender will be created for use by the carriers and we'd better learn them...quickly. But remember that the same rules will *not* apply to employer self-funded ERISA plans...yet!

### Single Payer

Sen. Kuehl's single payer bill passed the Assembly. Assemblyman Richman's employer mandate failed.

### What does this tell us?

The legislators are embracing alternative solutions to the high cost of health insurance in the private sector and the large numbers of uninsured. We'd better remain alert and let the public know what's afoot. The public voted against Proposition 186 about 10 years ago, but the promoters won't go away. As the population shifts politically, support for single payer may occur, and we need to have real solutions at the ready. CAHU VP of Legislation Neil Crosby told us at the CAHU Leg meeting that the legislators are saying they want to hear ideas instead of just opposition to their efforts. Otherwise, single payer will gain a foothold with the lawmakers as the "simple" solution to the complex problems that exist in the private sector. Neil is gathering a "think tank" committee to work on new and creative ideas.

Look for part two of Connie's article in the February issue of *The Voice*.

## End-of-Year Events Provide Member Fun and Funds for Ventura Pediatric Unit



Member-at-large Ken Gutzke displays his winnings from the silent auction held at Casino Night in November. Proceeds from the auction benefitted the Pediatric Unit at Ventura County Hospital.



Santa (a.k.a. Robert Sichmeller) delivers gifts to children at the hospital with the help of elves, from left, Elizabeth Holman, Debbie Blander and Chris McConathy.

## Make PAC a Priority in 2006!

by Christopher Denton, PAC Chair

Welcome to the New Year. I hope that everyone has a list of New Year's resolutions to accomplish. One of those resolutions should be to contribute to the PAC. It's so easy to complete the form and turn it into me. Just think, you'll make a difference in our industry and check one resolution off your list at the same time.

Our monthly contributions for December were as follows:

**Debit card:** \$182

**Credit card:** \$493

Add to that our proceeds of \$1,434 from the raffles at the December lunch meeting, and you have a pretty impressive number to end the year.

Thank you to all who contributed in 2005. Watch your email and mail box for more announcements of raffle events and ways you can support our industry in 2006.

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