

September 2007

Between AB 8 and 'Sicko'

by Connie Zarkowski, Legislative Chair

This seems to be the year for health care reform, and everyone is jumping on the bandwagon. The governor, legislators, presidential hopefuls and even Hollywood producers. They are all determined to create a "quick fix" or even any "fix" that will stem the runaway costs and incessant hysteria over the uninsured. The politicians' points of view address the issue with everything from individual mandates to a single payer system funded by the state. Many of these proposals have some merit, but not enough to justify destroying the current system in favor of untried theories, especially if they are based on fallacies.

Are we reforming health care or the way we pay for health care?

Let's face it, health care costs money no matter who pays for it. And there isn't a whole lot of difference in the cost except for a few variables: how much you get, who gets it, who gets paid for it and how the cost is shifted around. Hillary Clinton tried to adjust the cost by creating "managed care" – a system to control how much care you get. Our current system would control who gets it, but the government has stepped in and filled the gap so that everyone gets it, but the cost is shifted. Socialist countries control the cost by paying their doctors less, owning the hospitals and bargaining for pharmaceuticals by buying in bulk. The real issue is how the cost is shifted around. Here's a simplistic version of different systems:

Socialized Medicine: Those who earn income are taxed. The taxes pay for health care for everyone. A variation is when the taxes come from purchases, such as for sales tax. Citizens cannot have private insurance or pay for care themselves.

Result: The cost of care is taken from the total tax "pot." If the "pot" runs low, the care is rationed. **Example:** in England no one over age 65 can receive kidney dialysis

and/or a host of other life-saving procedures, even if you're from the U.S. with private insurance to pay for it.

Socialized Hybrid: The socialized country provides free health care paid by taxes, but citizens can buy private insurance or pay for care themselves, too. Given its latest Supreme Court decision, Canada might fall into this category. Canadians now have the right to buy health insurance to pay for medical care because the system caused people to wait too long for care. Those Canadians who could afford it went across the border to the U.S. for essential and immediate services like cancer tests and heart surgery.

Result: Rationed care with a twist – you can pay for what you can't get from the system.

Capitalist: Health care is paid for by the individual consumer. The consumer can buy insurance to pay for the care. The risk is spread among the insureds. Those without insurance have to pay for their own health care.

Result: Those who can afford to buy insurance but don't are at risk for having to pay for their own health care.

Capitalist Hybrid: Individuals or their employers pay for health insurance. The majority of those who can't afford to buy insurance are covered by some form of government subsidy.

Result: Those who can afford to buy insurance but don't are at risk for having to pay for their own health care. Eligible people may not enroll, but government plans provide retroactive coverage that minimizes the risk for those who fail to enroll in the government plan. A very few fall through the cracks.



Connie Zarkowski is VCAHU's Legislative Chair and the author of this article.

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President's Message



It's an exciting time in our industry. We are quickly moving into a season in which health care is the number one domestic issue in the nation's upcoming presidential campaigns. More than half the states in the country are working on some type of health care reform. In California, AB 8 would significantly impact the way group health insurance is sold. At press time, the state legislature is days away from the end of this session, and the Governor has announced that he will veto the bill if presented in its current form. Health care financing is definitely one of the most important topics that Californians are facing today. And locally, we have the opportunity every day to make a positive impact on the number of uninsured in our own communities.

With all the attention our industry is receiving, it is my intention, as this year's president of Ventura County Association of Health Underwriters, to have every member of our association be viewed as the subject matter expert on issues that concern our clients and our local community. Our programs this year will be new, informative, fun and educational for all our members. Everyone on our board has committed to making this year exceptional through our coordination and direction, but the real success of our efforts will come from the rest of our general membership.

Two very easy ways you can help are by regularly contributing to the PAC and by reaching out to your fellow agent or carrier rep and inviting them to become a member. I urge you to get involved, and make the most of the opportunity to help us make VCAHU the best chapter we've ever been.

Jason Herbison

VCAHU President
2007-2008

AB 8 and 'Sicko' (continued from page 1)

California - U.S. Jumble: Some individuals and some employers pay for health insurance. Many don't. The state or federal government pays for most people who can't afford to buy health insurance, if they enroll. Many don't. Those who don't enroll or buy get their health care written off by the health care providers and hospitals who then must charge more to the people who can pay because the cost is the cost and if it isn't paid by the hospital, clinic, etc., they can't stay in business.

Result: Insurance plans are competing with "free" care. Cost-shifting raises the cost of health care, which in turn raises premiums and causes more employers and individuals to drop out of the system.

If you look at the different systems, one thing becomes apparent. If there are no consequences, there is little or no personal responsibility. And personal responsibility is the key to a successful system, whether it's socialist, capitalist or any combination thereof. When people opt out, whether by not enrolling or not buying, everyone else has to pick up the tab. The cost is the cost.

This leads us to "Sicko," a distorted but emotional insight into our capitalist health care system designed to lead the viewer into an imagined utopia of government-run health care. A hint of this occurs when Michael Moore pays homage at the gravesite of Karl Marx. But Moore's wrath is particularly directed at the worst abuses in the system, such as the failure of the 911 fund to care for the 911 volunteer firemen who suffered serious lung damage; the refusal of Medicare to pay for expensive cancer and heart disease treatment; and the uninsured person's choice as to which finger he can afford to have reattached. Moore exposes the incompetence and irrationality of our government run programs, especially when he takes his 911 maltreated group to Cuba. Yet illogically, his underlying theory is that a socialist health care system would solve all of our problems. I just wonder which government he thinks could do it competently for us. Maybe France?

Founding Chapter President Honored

Gerard Krug, the founding president of VCAHU, was recently honored for his years of service to the California insurance industry and to our chapter. Gerry is relocating to Bend, Oregon, where he will maintain his book of business and make a good attempt at becoming "semi-retired."



Eight Reasons To Contribute to CAHU-PAC

by Chris McConathy, PAC Chair

Happy September VCAHU members! This is my first article as PAC chair, and I wanted to give you some insight as to what I am hoping to accomplish this year.

Under the guidance of our CAHU PAC Chair Chuck Trogden, each of the local chapters will be focusing on getting every single member contributing to PAC. For those of you who are unfamiliar with what PAC is, the acronym stands for Political Action Committee. Your contributions provide funding for CAHU to have a legislative voice in Sacramento.

Here is an excerpt from the CAHU website describing how CAHU PAC works:

“The CAHU-PAC provides the vehicle not only to solidify our relationship with those legislators who support our positions, but perhaps more importantly, to build new relationships with legislators who perhaps might not otherwise recognize how effectively the members of CAHU serve their constituents. The CAHU-PAC does not “buy votes”. It does not “kill” bad legislation. It is, quite simply, a means to bring our message to the people whose actions directly affect our industry, and our jobs.”

We will be posting our CAHU PAC contribution form to the VCAHU website in the very near future. It is my personal goal to obtain 100 percent support from this membership. You can contribute as little or as much as you want to. You may be asking yourself “Why should I

join CAHU PAC?” Here are eight reasons why you should join:

- 1. You love your job and you want to keep it.**
- 2. You believe in free enterprise.**
- 3. You want a strong voice in Sacramento.**
- 4. You believe the broker provides a valuable service that a government employee can't offer.**
- 5. You want a common ground with legislators so you can explain what your vital role is.**
- 6. You want to take part in solving the problems facing the health care delivery system.**
- 7. You want to be part of a team of professional, involved and caring insurance agents.**
- 8. You believe, as Theodore Roosevelt believed, that “every man owes a part of his time and money to the business or industry in which he is engaged. No man has the moral right to withhold his support from an organization that is striving to improve conditions within his sphere.**

I look forward to seeing all of you at our September membership meeting. If you are interested in contributing to our PAC today, simply go to the CAHU website at www.cahu.org and click on the PAC tab. An online donation form is available and waiting for your contribution!

VCAHU Welcomes New Members, Introduces Promotions

by Nicole Allyn, Membership Chair

VCAHU would like to welcome six new members to its family. They are: Harry Bavis, sponsored by Nicole Allyn; Louis Galluci, sponsored by Don Valenzano; Honora Ganey, sponsored by Sammy Smith; Maria Syed, sponsored by Christopher Denton; and Bradley Witt and Jack Wu, sponsored by Jason Herbison. Thank you very much to all the sponsors that have reached out to get more membership!

Membership is as important as ever! I challenge all of you to sponsor a new member now through December, and

you will be entered in a raffle for a \$50 gift card. The more members you get to join, the more chances to win!

And here's more breaking news for new CAHU members: Blue Cross has now approved that new members who have Blue Cross co-op dollars can use them to pay for half of their annual CAHU membership dues. The new member simply submits a receipt to Blue Cross in order to be reimbursed. Thank you, Blue Cross!

Thank You to Our Sponsors

Platinum Level



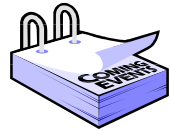
St. John's Regional Medical Center
St. John's Pleasant Valley Hospital
Members of CHW



Bronze Level

Assurant

Calendar of Events



- **September 18** - Monthly Membership Lunch Meeting (11:30 a.m. - 1:30 p.m.), (1 hr. CE, #174384), "Healthy Families," Presenter: Armando Cabrerias, Supervisor of State Programs, Health Net of California, Courtyard by Marriott, Oxnard
- **October 2** - Board of Directors Meeting (9 - 10:30 a.m.), Westlake Village
- **October 16** - Consumer Education Day (8 a.m. - Noon), Courtyard by Marriott, Oxnard
- **October 25** - CAHU Sales Conference, Hilton Los Angeles Airport Hotel

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