



March 8, 2017

The Honorable Ricardo Lara  
State Capitol, Room 5050  
Sacramento, CA 95814

The Honorable Toni Atkins  
State Capitol, Room 4072  
Sacramento, CA 95814

**SUBJECT: SB 562 (LARA AND ATKINS)  
CALIFORNIANS FOR A HEALTHY CALIFORNIA ACT  
SINGLE PAYER HEALTH CARE COVERAGE – OPPOSE  
SENATE HEALTH COMMITTEE**

Dear Senators Lara and Atkins:

The California Association of Health Underwriters (CAHU), the National Association of Insurance and Financial Advisors of California (NAIFA-California), and Independent Insurance Agents and Brokers of California (IIABCal) are the largest associations of professional licensed health insurance agents and other health insurance industry professionals. Our members help millions of individual Californians and businesses evaluate, select, purchase and use their health care coverage plans, resulting in greater health and financial security. Our agents and brokers also serve as advocates for policyholders and their families when coverage disputes arise. Agents and brokers perform many functions for small employers with respect to managing their employee benefits program-at no additional cost to the small employer.

CAHU, NAIFA-CA and IIABCal must respectfully OPPOSE SB 562 (Lara/Atkins), as introduced, relating to Single-Payer Health Care Coverage. Single payer is an issue that has been vetted unsuccessfully not only here in California, but has also recently failed in other states such as Vermont and Colorado.

California has just completed another successful open enrollment season and the percentages of those who are uninsured have dropped to 7.1%, a record low in our state. It is important to note that licensed, certified health insurance agents contributed in large part to this success story, having helped millions of Californians find and keep affordable health care coverage.

As associations representing health insurance agents in California, we understand the importance of health care coverage and affordability of that coverage. However, we believe the negative impacts that SB 562 would have on the health insurance marketplace and the overall economy in California likely out-weigh the benefits of creating a single-payer system.

While the content of SB 562 is intent language at this time, the issue itself still raises concerns. These concerns include core issues such as:

1. **Payment/Taxation.** What is the structure of new taxation to pay for the single payer solution? What would be the mechanism for this? Would employers be levied a payroll tax? How much is that tax? How would this be permissible under ERISA? What would be the likely impact on federal dollars flowing to California?
2. **Employer Coverage.** What would be the impact/disruption reality in the employer marketplace? How will it work for employers who are headquartered in California with employees elsewhere in the nation? How will it work with employers who are headquartered in other states, but have employees here in California? How will it work for self-funded employers, both in California and in other states?
3. **MediCal.** Will this solution roll in MediCal coverage? Or will the systems run parallel? What would the mechanism look like for this? Would California be eligible to continue to capitalize on federal Medicaid contributions for the populations that are eligible?
4. **Mobile Population.** What is the mechanism for handling people who move into and out of California? How do we verify state residency for purposes of receiving health care? What is the mechanism?

We understand that SB 562 is a well-intentioned bill, but its unintended consequences can do incalculable harm to consumers. It must be kept in mind that the consumer is left virtually defenseless if a decision is made not to provide health care coverage for that individual. Currently, consumers who are denied coverage for a surgery, procedure or prescription by a carrier can turn to their health insurance agent for help. A health insurance agent is uniquely situated to successfully intervene on behalf of the consumer. Since carriers must depend on agents for the distribution of their products, the agent is in a highly leveraged position when advocating on behalf of her/his consumer client. There is no such leverage in a single-payer format and the consumer is left to the mercy and sufferance of single-payer management.

Agents are also concerned that SB 562 would cause those currently insured to lose their private health care coverage and have it replaced with a new benefit structure determined by what government feels it can afford, not on what the consumer may want or need. Generally speaking, people do not appreciate visiting a government run bureaucracy for their personal needs. Why would they then want to utilize a government program or go to a new governmental bureaucracy for something as important as their health care?

Finally, SB 562 is a distraction from what we believe needs to be everyone's focus: the reshaping of policies, regulations, and laws that will assure the continued success of the federal Patient Protection and Affordable Care Act in our state. Our organizations have been active stakeholders, supporters and participants in the innovative California Health Benefit Exchange (Covered California). It is for this reason, we are deeply concerned that SB 562, while well-intentioned, is likely to have negative unintended consequences for California's health care marketplace and on consumers. Our organizations believe SB 562 unnecessarily complicates Covered California process by forcing the state health care system to move in an entirely different direction. We believe SB 562 will only create confusion for all concerned.

Our organizations are available to discuss with you options to help to repair problems encountered by everyday Californians who are trying to obtain and pay for health care. Please do not hesitate to contact us if you require further information: Faith Lane or Juli Broyles (CAHU) at 916-441-5050; John Norwood (IIABCal) at (916) 447-5053, or Shari McHugh (NAIFA California) at (916) 930-1993.

Sincerely,



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cc: Chair and Members, Senate Health Committee  
Teri Boughton and Scott Bain, Senate Health Committee  
Joe Parra and Tim Conaghan, Senate Republican Caucus