

FLOOR ALERT

AB 52 (Feuer) – SUPPORT

The National Union of Healthcare Workers is strongly in support of AB 52 by Assembly Member Mike Feuer, which will empower the Insurance Commissioner to exercise prior review of health insurance rates.

The insurance industry often puts Kaiser Permanente front and center in its opposition to regulating health insurance rates, because of its kinder, gentler corporate image. But why is Kaiser Permanente really so opposed to regulating health insurance rates? Maybe it's because they're unnecessarily raising rates for California consumers at the same time they're making massive profits, paying outrageous executive salaries and perks, and trying to force health insurance cuts on frontline caregivers.

- Kaiser is seeking to boost the monthly premiums for its Small Group PPO and POS Plans by 12% - 12.5% on July 1, 2011. These plans are available to employers with 2-50 employees.
- Kaiser is also boosting its monthly premiums on individual California consumers, again beginning July 1. Kaiser's rate hikes vary according to age, going as high as 23.3%. The average across-the-board increases range from 8.5%-10.5%, depending on your region.
- Kaiser sent rate increase letters to its individual policyholders just eleven days after the company earned \$921 million in profits in the first quarter of 2011, or over \$10 million in profits per day.

All of this is occurring at the same time that...

- Kaiser made more than **\$5 billion in profits** during the past 27 months and more than **\$10 million a day** over the first quarter of 2011.
- Kaiser paid its CEO nearly **\$8 million** in total compensation in 2009. That's more than what Health Net, a for-profit company, paid to its CEO in 2010 (\$7.7 million).
- Kaiser provides generous perks to its executives and board members, including:
 - **First Class Travel:** Kaiser pays for first-class travel for its board of directors, CEO, senior VPs and other senior managers “as approved by the compensation committee,” according to its annual tax return.
 - **Travel for Companions:** Kaiser pays for travel by the companions of its board members and key executives “as approved by senior managers in connection with business.”
 - **Health Clubs & Social Clubs:** For its board members and key executives, Kaiser pays for the initiation fees and membership dues for health and social clubs “when approved.”
 - **Personal Services:** Kaiser pays for the following services for its CEO: “personal services (e.g., maid, chauffeur, chef).” In a clarifying note in its annual tax return, Kaiser discloses that it paid for its CEO’s “personal transportation.”

- **Tax Indemnification:** Kaiser indemnifies its CEO and other executives, at the discretion of the CFO, against any harmful tax rulings – Kaiser apparently agrees to make them whole in case a taxing authority finds against them.
- **Forgivable Home Loans:** Kaiser provides forgivable home loans to its executives of as much as a half million dollars.
- Despite its massive profits and lavish executive compensation practices, Kaiser has recently demanded significant cuts in health insurance coverage for thousands of behavioral healthcare employees, pharmacists and professional employees throughout Southern California as well as 1,200 nurses at Kaiser Los Angeles Medical Center.

Don't be fooled by Kaiser's blue smokescreen. Stopping rate regulation is about making money at the expense of consumers. Period.

Please vote "AYE" on AB 52.