

# ALERT

CALIFORNIA CHAMBER OF COMMERCE



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## Governor's Task Force Issues Draft Health Care Report

The Governor's AB 350 Task Force, which was assigned to make recommendations on what to do about California's growing medically uninsured population, has released an initial draft of the report it must present to the Governor and Legislature on March 1.

The staff of the Health and Welfare Agency and the Business, Transportation and Housing Agency produced the report after lengthy discussions with working group participants.

Although amendments already are being considered, they are not expected to alter the major thrust of the proposal.

Key elements of the proposal include:

- **Employer-mandated coverage.** Employers must provide a specified minimum benefit package to all employees and their dependents after three months of employment. Employers must pay 75 percent of the premium for their employees and 50 percent of the premium for dependents. The cost is pro-rated for part-time employees working less than 35 hours a week. Self-employed persons also are required to purchase health coverage.

- **Subsidies.** Low-wage employees, part-time workers, low-profit employers and self-employed persons are eligible for state subsidies as follows:

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## Chamber Joins in State Office Opening in Hong Kong

Representing Governor George Deukmejian, California Treasurer Thomas B. Hayes led an 18-member delegation last month to Central and Southeast Asia for the opening of the California State Trade and Investment Office in Hong Kong. In addition, the delegation visited Manila, Taipei and Bangkok.

James P. Miscoll, executive vice president of Bank of America and a member of the California Chamber Board, led the private sector delegation, which included Susanne Stirling, director of international trade for the California Chamber, and Dr. Trong Nguyen and Mrs. Mai Pham of Euro-Asian Foods Inc.

Representatives from the California State World Trade Commission included Chairman Robert Monagan and Commissioners Lily Chen and Charles Nevill. Assemblyman Bruce Bronzan and Kathy Krause of the Joint Committee on International Trade represented the state Legislature.

The purpose of the California Leadership Mission was to inaugurate the fifth overseas California state office, the California Southeast Asian Trade and Investment Office in Hong Kong. Its goal is to serve as a regional business development headquarters for Hong Kong, the ASEAN nations (Thailand,

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## Study Shows Traffic Congestion on Rise



California needs to take action to combat growing traffic congestion on the state's highways and streets, said participants at a January 30 news conference releasing a study predicting traffic congestion costs will increase in the next decade. Speaking at the news conference were (from left) Don Benninghoven, League of California Cities; California Chamber President Kirk West; Penny Hill, The Road Information Program; Senator John Garamendi; and Art Bauer, Californians for Better Transportation. See story, Page 2.

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Malaysia, Singapore, Indonesia and the Philippines), Australia and New Zealand.

The mission also explored trade and investment leads in the Philippines, Taiwan and new market opportunities in Thailand, a nation commonly identified as the most rapidly progressing economy in the region.

The California office in Hong Kong will be located at Suite 301, St. Georges Building 2, Ice House Street, Central, Hong Kong. Telephone: 011-852-5-877-3600, FAX: 011-852-5-877-2691.

Landy F. Eng of San Francisco will serve as managing director of the office in Hong Kong. He is president of CBC International, a San Francisco-based consulting and trading firm. He has served as chairman for the California State World Trade Commission's Export Financial Board.

## Philippine Market

Philippine tariff reform has been undertaken with the support of the World Bank, and the country has embarked upon



Participants in the ribbon cutting ceremony for the opening of the California trade and investment office in Hong Kong included (from left) U.S. Consul General Donald Anderson, Hong Kong Secretary for Trade and Industry John Chan and California State Treasurer Thomas B. Hayes. Looking on is A.J. Yates, president of the Fresno County Farm Bureau.

a program to liberalize its restrictive export licensing procedures.

Best prospect industries for California include: industrial chemicals; telecommunications equipment; pumps, valves and compressors; and electronic power equipment.

The Philippines is the 17th largest market for California goods.

In Manila, the delegation met with the U.S. ambassador, the American and Philippine chambers of commerce, the secretary for economic development and the Asia Foundation.

## Hong Kong Market

Basically, Hong Kong is an

open market with few import duties.

Hong Kong is a fast-growing market for American food products, including California oranges, fresh grapes, wheat, lettuce and beef. California's principal concern in the Hong Kong market is staying ahead of the competition.

Best prospect industries for California include: foods and agricultural commodities; hospital and physical therapy equipment; textile fabrics; computer equipment and software; industrial packaging equipment and materials; office equipment and furniture; and pollution-control equipment.

Hong Kong is the 10th largest importer of California goods.

The delegation met with California agricultural representatives, the secretary for trade and industry, and the financial secretary. The group also attended a briefing by the Hong Kong Trade Development Council.

## Taipei Market

The Republic of China recently applied for membership in the General Agreements on Tariffs and Trade (GATT), a worldwide body organizing world trade, and has made progress in the reduction of manufactured product tariffs. The country also maintains an extensive import licensing system. Inadequate enforcement of existing laws protecting intellectual property rights remains a serious concern to exporters. On the agricultural side, tariffs range from 50 percent to 75 percent.

Best prospect industries for California include pollution control; computer equipment; automated production and equipment; telecommunications; home furnishings and appliances.

Taiwan is the eighth largest market for California goods.

In Taipei, the delegation met with the chief secretariat of the China External Trade Development Council, the director general of the Board of Foreign Trade, the vice minister of the Ministry of Foreign Affairs, the president of the Control Yuan and officials of the Tatung Electronics Corporation. In addition the

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The California delegation traveling to Central and Southeast Asia included (seated from left): James P. Miscoll, Bank of America and California Chamber Board; Thomas B. Hayes, state treasurer; Robert T. Monagan, California State World Trade Commission/California Economic Development Corporation; (standing, from left): Donna Lucas, State Treasurer's Office; Herb Jackson, State Treasurer's Office; Gonejanart (Tom) Rodbhajon, Governor's Office; James Vaughn, California Asian Trade and Investment Office, Tokyo; James W. Robinson, Governor's Office; Susanne T. Stirling, California Chamber; Landy F. Eng, California Southeast Asian Trade and Investment Office, Hong Kong; and Pam Dolk, State Treasurer's Office.

# Governor's Task Force Issues Draft Report on Health Care

## Chamber Joins in State Office Opening in Hong Kong

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Employer taxable income per full-time equivalent employee	Employee/self-employed taxable income	Government subsidy
Less than \$1,000	Less than 100% of federal poverty level	60%
Greater than or equal to \$1,000 and less than \$2,000	Greater than or equal to 100% of federal poverty level and less than 200% of federal poverty level	40%

● **Medi-Cal buy-in option.** A limited Medi-Cal buy-in option is available. This option will cost less than private sector coverage because Medi-Cal reimburses providers at much lower rates than private insurance plans. This results in a cost shift onto private paying patients. The proposal calls for increased reimbursement rates in order not to further exacerbate the private sector cost shift. Employees and self-employed persons qualifying for the state subsidy have the option of buying into the Medi-Cal program or purchasing a private insurance plan. Businesses qualifying for the subsidy must participate in the Medi-Cal buy-in option.

● **Penalties.** Any employer who fails to provide health coverage to employees and dependents will be liable for all the health care costs of their uninsured employees.

● **Minimum benefits.** The proposal requires a minimum level of benefits to be provided, including:

- ✓ 30 days of hospitalization;
- ✓ out-patient medical and surgical services, including preventive services for children;
- ✓ comprehensive maternity and perinatal care;
- ✓ emergency care;
- ✓ 100 days skilled nursing and home health care;
- ✓ hospice services;
- ✓ limited plastic and reconstructive services;
- ✓ limited mental health services;
- ✓ prescription drugs;
- ✓ limited speech, occupational and/or physical therapy;
- ✓ preventive children's dental services.

Other provisions of the proposal include:

- reducing current Medi-Cal coverage

to the minimum package (long-term care coverage and unlimited hospitalization would be retained);

- requiring insurers to follow certain underwriting standards in the small group market to ensure availability and renewability; and

- allowing prepaid health plans which serve Medi-Cal recipients to purchase hospital coverage at Medi-Cal negotiated rates.

To give some relief to spiraling costs, if the medical inflation rate exceeds the overall Consumer Price Index during the third year of the program, the Medi-Cal buy-in option will be open to everyone. The medical inflation rate has been roughly twice the CPI for the last 10 to 15 years.

In order for the state to mandate that employers provide health insurance coverage to employees, it must obtain a federal waiver from the Employee Retirement Income Security Act (ERISA).

Task force co-chairs John Geoghegan, secretary of the Business, Transportation and Housing Agency, and Clifford Allenby, secretary of the Health and Welfare Agency, have invited interested organizations to respond to the proposal at a meeting on February 7.

The full task force will consider the proposal at two subsequent meetings on February 15 and February 22. The final report will be presented March 1.

The California Chamber has opposed employer mandates in the past and is very concerned about the recommendations in the initial draft. The Chamber has committed itself to work with the task force until the final report is adopted, but also will continue to study alternate options with Chamber members and other employer organizations.

Staff Contact: Nancy Sullivan

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delegation toured the Taipei World Trade Center.

## Bangkok Market

Although Thailand is still striving to become a "newly industrialized country," it already has achieved "dynamic Asian economy" status, according to the Organization for Economic Cooperation and Development.

Of greatest concern to California businesses is the issue of intellectual property rights.

Overall best prospect industries for California include food processing and packaging equipment; computers and peripherals; medical equipment and supplies; telecommunications equipment; and agricultural products.

Thailand is the 19th largest importer of California goods.

In Bangkok, the delegation met with officials of the U.S. Embassy, the Bank of America, the Government Savings Bank, and California corporations operating in Thailand. They also met the foreign minister, the finance minister, officials from the Thai Board of Commerce, officials from the Thai Chamber of Commerce, the minister of commerce, and the secretary general of the Board of Investment.

Staff Contact: Susanne Stirling



From left: California Chamber Board member James P. Miscoll, executive vice president, Bank of America; California State Treasurer Thomas B. Hayes; and Landy F. Eng, managing director of the California Southeast Asian Trade and Investment Office, Hong Kong.