

# The Healthy California Act (Senate Bill 562)

*Another Attempt To Enact A “Single Payer” Health Care System in the Golden State*



## OCAHU Meeting May 16, 2016

Panel Presenters:

Dorothy Cociu, RHU, REBC, GPA, RPA

Ryan Dorigan

Juan Lopez

*All information shared is based on proposed legislation which can and changed at any time.*

# SB-562: The Healthy California Act



- Jointly Authored by: Senator **Ricardo Lara** (D), 33<sup>rd</sup> District Senator Lara is running for Insurance Commissioner in 2018
- Senator **Toni Atkins** (D), 39<sup>th</sup> District Senator Atkins is former Assembly Speaker

- There are a number of co-authors of the bill
- All Democrats –no Republican support



- Insurance Commissioner **Dave Jones** is a supporter of Single Payer but has not yet officially taken a position on this bill
- SB-562: The Healthy California

# SB-562 (Lara and Atkins)

## Goal:



- “SB-562 will establish a state based universal health care system and provide comprehensive health care coverage to every Californian.”

# What Does it Mean to You?

- You will no longer sell any Medical, Dental or Vision related products to your clients. This encompasses all public and private offerings including, but not limited to: Medicare, (Group & Individual) Consumer Medical, Dental, Vision. It also includes Workers Comp. **Nothing left to sell except life insurance!**
- Every Californian's access to healthcare will be impacted. 100% of California's medical, dental and vision services will be governed by Healthy California. Details are lacking in too many areas to be comfortable with the outlook of access, care and outcomes.
- This is not going to be voted on by the public. This will be determined by the state legislature and the Governor. While the costs and infrastructure build out are astronomical, it will not be voted on by the public, but instead by those who "represent" us. *You must make your voices heard in advance and on a continual basis.*

# SB-562: Sponsor's View of Problem / Solution



- **Problem:**
- “Despite the incredible progress California has made, lack of insurance still plagues immigrant communities, rural California, working families and young people.”
- “...roughly 2.9 million residents (of California) remain uninsured. The majority cite costs as the main reason they did not purchase insurance. Many others are undocumented and prohibited from receiving subsidies or even purchasing insurance through the exchange.”
- **Solution:**
- “...SB-562 will move health care coverage to one publicly-run plan that covers everyone who lives in the State. Every California resident will have one plan and the ability to choose their provider.”
- SB-562: The Healthy California Act 4

# SB-562: Sponsors Say:



- **Patients pick** their doctor, hospital and clinic.
- •No more surprise **out of network bills**.
- •**Clinicians make decisions** about care, not computers.
- •**Insurance company waste** is cut from our system.
- •Hospitals can focus on providing care, not **filing paperwork**.
- •By pooling health care funds in a publicly-run fund we get the **bargaining power** of the seventh largest economy in the world.
- •There will be **public oversight** on costs and care, not decisions made in secret by companies.
- •California can finally **clamp down on out of control prescription drug costs**.
- •No more **exorbitant co-pays and high deductibles**.
- •**“SB-562 will finally cover all residents**
- **and clamp down on health care costs.”**

SB-562: The Healthy California Act

# Single Payer: Not The First Time



- Ballot **Proposition 186** was defeated by the voters in 1994 by a 2/3rds margin.
- Since then, a **single payer bill has been introduced in nearly every legislative session** since 1994.
- **Bernie Sanders** made Single Payer the central platform of his 2016 presidential campaign.
- Proponents of Single Payer have a plan and believe that California can enact this measure this time around. **If not this year, in the next few years.**

# *California Single Payer: Must Knows*



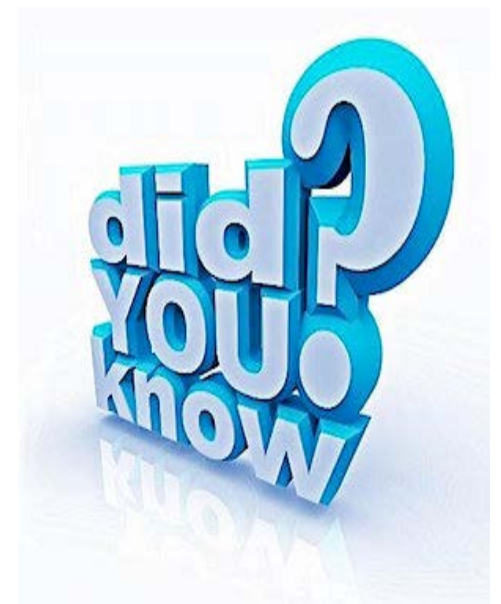
- Abolishes private health insurance
- •It isn't "free"
- •Eliminates employer paid coverage
- •Shifts health costs to employees away from employers
- •Discourages innovation and quality of health care
  - •**Will raise taxes by at least \$9,200 per person if implemented.**

Yet current health care costs average nearly **\$19,000** per worker! \$350 billion divided by 18.2 million workers



# *California Single Payer:* What You Need To Know

- The **lowest wage population** will have the highest tax percentage hike
- **Crowds out funding** for: Higher Education
- Transportation & Water (repair/expand)
- **Reduces choice of providers:** Those unwilling to accept lower payments will close down or move to other states
- Uninsured will **flock to California** to get their care paid by taxpayers.
- A different form of “adverse selection”



# *Single Payer: Wrong Direction*

- The **Canadian** System is challenged in provinces without adequate tax base to support their provincial health plan. Now allow citizens to seek care out of Canada at their own expense!
- •**Western European** systems are now introducing “supplemental” coverage options for private care including some employer provided options: **England** led the way on this...
- **Germany, Denmark** now involve employer programs...
- **France** remains in financial peril as they remain in a Single Payer system (90% of have supplemental coverage)...
- **Immigrants** using system cause costs to skyrocket without new tax revenue...
- •**Japan** has begun to introduce private supplements to the government program ...



# *How Do We Defeat SB-562?*

- Supporters of Single Payer are organized and have a grassroots network
- Nurses
- Firefighters
- Seniors
- •CAHU is part of a coalition of interests.
- CAHU has a good grassroots network
- Employers are involved but will need encouragement to take grassroots action
- **Count the votes:** Senate Health Committee
- Senate Finance Committee
- Senate Floor
- •Focus on the **undecided legislators**Lobbyists will open doors
- Grassroots calls, letters and visits will be needed at key moments
- •**Agents / Clients must have a unified messageRemember who you are talking to and what their political leanings are**
- ***HUMANIZE IT!!!!***

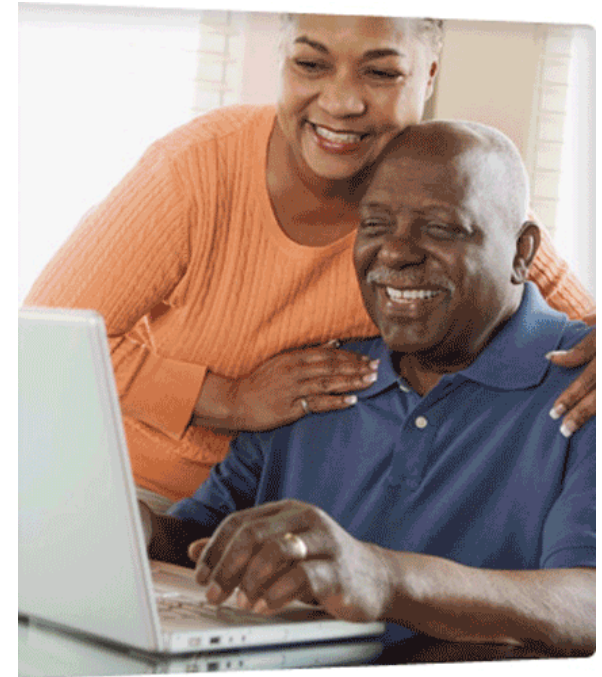
# Defeating SB-562: Our Message

- **The ACA is working in California:** Fewer uninsureds  
Employer system (and subsidy) still works
- **•There are other ways to control health care costs:**Use of Reference Based (Medicare) based pricing
- Self-Insurance bends the cost curve (eliminates “profit”)
- Managed Care model is strong in California
- **•Single Payer turns control over to an unregulated government entity:** Will lead to rationing of care
- **•One size fits all doesn’t work: *Even Medicare had to add private sector supplements to fill in the coverage gaps***
- **•Key leaders –including Governor Brown –question our ability to pay for “health care for all” that Single Payer proponents advocate**
- **Doctors will not have the right to negotiate their rates. They will have the option of accepting the contract or not.**



# Conclusion: We All Want The Same Thing!

- EVERYONE is paying more for health care these days and is frustrated about the affordability and access to health care
- **•A Single Payer system is not the answer** –just talk to other industrialized nations who are struggling to deal with costs and how to finance health care
- **•Proponents of SB-562 have good intentions**but seem to forget that health care reform is not finished in the U.S.
- **•California should take the lead by proposing ways to fix the ACAand building on the success of what we in California have achieved, rather than tear it all down and start over**



# You've Seen It... Now Use It!

A one-page, simple  
opposition piece  
on No on SB-562  
can help you frame  
your discussions...

With everyone you  
know!

**NO** ON  
**SB 562**

**SB 562 (Lara and Atkins) - OPPOSE**  
**State-Run Single-Payer Health Care**

SB 562 would establish a state-run single-payer health care system. All Californians will lose their current health plans, to be replaced by government run health care, with benefits yet to be determined, to be serviced by a government-run entity populated with political appointees yet to be identified, to include provisions yet to be named - all paid for by a doubling of your annual tax bill.

SB 562 forces California to hand over at least \$179 billion in new state taxes to pay for a government run health care system. This new \$9,200 per person tax would be on top of every Californian's current tax bill. Early cost estimates of a single payer measure reach as high as \$350 billion in new taxes - a doubling of the annual state budget. At a time when California has recovered somewhat from the Great Recession, and residents were just mandated to pay \$69 billion in higher taxes for long-neglected education, water and transportation infrastructure repairs and upgrades, SB 562 will harm residents with a limitless price tag and no guarantee of better health care for anyone.

#### HERE IS WHY

- ❖ Single-payer abolishes private health insurance in California. Today, citizens know what their plan covers - and what it doesn't. There are no specifics about what single-payer would cover, and those decisions are left to a government-run entity with political appointees.
- ❖ Single-payer mandates a government-run monopoly on all health care services in California. It eliminates private insurance, Medi-Cal, Medicare, Covered California, and the valuable advocacy services of insurance professionals and advisors.
- ❖ By eliminating employer paid health coverage, single-payer shifts health care costs to employees.
- ❖ Single-payer will increase your personal tax bill by almost \$9,200 per person the first year it is in effect, and go higher each year. A \$179 billion tax increase would essentially DOUBLE the size of the current state budget.
- ❖ A single-payer system like this makes California less attractive to doctors and health care providers. Our best providers would leave the state which would also be less attractive for new providers to practice in California.
- ❖ Single-payer puts 18% of California's workforce on the unemployment line. By giving Californians the highest state taxes in America, business will be forced to leave the state, making California a less attractive place to do business.
- ❖ While single-payer plans offer all citizens some kind of health care coverage, they cannot guarantee access to medical care.
- ❖ Single-payer inevitably control costs by rationing health care. Citizens in countries with single-payer models often wait months to see a doctor or specialist or to receive much-needed medical treatment.
- ❖ Single-payer holds down costs by having one centralized government bureaucracy make all decisions with regard to health care services and prices. Single-payer means limited choices for consumers, discourages creativity, efficiency, quality, innovation and advancements in medical care.
- ❖ In government-run health care systems there is never enough money to provide timely care and the latest technology. That's because health care funds have to compete with other claims on government funds, such as education, welfare, water and transportation infrastructure.

Single-payer initiatives have failed in every state because the approach is not supported by most citizens. Californians want the legislature to focus on positive changes to reduce the cost of health care and health insurance in a public/private partnership.

# SB-562: Point/Counterpoint

- **Supporters Claim:**
- Lack of insurance plagues immigrants, rural, families and young people
- **Opposition Counters:**
- Most working immigrants are offered coverage through employer but don't enroll because they don't want to pay their "affordable" share of cost;
- Most employers offer coverage to both employees and dependents;
- Many young people stay on their parents plans and when offered coverage don't enroll unless it is fully paid for by the someone else

# SB-562: Point/Counterpoint

- **Supporters Claim:**
- 1 in 5 Americans with insurance have problems paying their health care bills... and for uninsureds, 1 in 2 struggle to pay their bills
- **Opposition Counters:**
- The problem is not the cost of **health insurance**—it is the cost of **health care**;
- The ACA capped insurers “profit” margins and largely eliminated “waste” yet, premiums **continue to rise because of the increase in both the cost of health care services and the spike in utilization of health care services.**
- Government programs are responsible for “shifting” health care costs **disproportionately to private insurers or self-funded employers** who often ***pay 5 to 10 times more for health care services*** than is paid by Medicare or Medicaid/Medi-Cal.



# SB-562: Point/Counterpoint

- **Supporters Claim:**
- Americans pay almost \$10,000 per person for health care and yet quality of care is below many other industrialized nations; The average family pays nearly \$5,000 per year in out-of-pocket costs for basic coverage.
- These statistics may be true in that Americans are paying much more for health care services than other countries: The key is that in other countries the **government dictates prices** it will pay to providers
- **The U.S. has a dual system of government and private insurers** and should take the lead in ***negotiating prices that will benefit BOTH government plans (taxpayers) and private plans (insureds)***

# SB-562: Point/Counterpoint

- **Supporters Claim:**
- President Trump will abandon the ACA and leave millions without care, so California must lead by moving everyone into a single payer system that covers all residents, who can choose their provider.
- **Opposition Counters:**
- **California was a leader and early adopter of the ACA –why abandon it now?**The Golden State should *take the lead and offer practical proposals to fix parts of the ACA that need repair.*
- Provider access is limited today because some **providers will not accept the low payments offered by government programs**and private insurers. Many providers now opt out of Medicare yet some individuals are allowed to seek their services knowing that they must pay out of pocket.
- **Provider choice may not be a reality under Single Payer** –ask a Canadian citizen...Eh?

# SB-562: Point/Counterpoint

- **Supporters Claim:**
- Patients pick their provider, not insurers
- No more surprise out of network bills
- Clinicians make decisions, not computers
- **Opposition Counters:**
- Unless all providers are employed by the government **that will not change**
- Not an issue with HMO's just with PPO's; **Legislation passed last year eliminated this problem** for PPO's (AB72)
- **Managed care systems use clinicians to manage care** and those decisions are referenced nearly every time a person with that condition is treated

# SB-562: Point/Counterpoint

- **Supporters Claim:**
- Insurance company waste is cut from the system
- Hospitals can focus on providing care and not filing paperwork
- **Opposition Counters:**
- Nearly 50% of health plans are “non-profit” and are **limited under the ACA to “loss ratios” that limit both administrative costs and “profit”**; California was one of the earliest adopters of the ACA to enforce that provision.
- This is unrealistic. Most hospitals participate in both Medicare and Medi-Cal and as such they **must file reports to the Government as to their operational costs**. A Single Payer system **will not be able to operate unless it has the same information** to determine how much it should pay providers based on their costs of doing business.

# SB-562: Point/Counterpoint

- **Supporters Claim:**
- By pooling health care funds, California will have better bargaining power with regard to health care costs
- **Opposition Counters:**
- Sorry, but the Federal government beat California to the punch in that regard when it enacted the “**Medicare Modernization Act**” in 2004 which gave the Federal government near dictatorial control over what it pays for health care services in the United States. In all likelihood, California would piggyback off of what the Federal Government does –it’s called “**Referenced Based Pricing**” and it is being successfully introduced into PRIVATE SECTOR PLANS operated by large employers throughout the country.

# SB-562: Point/Counterpoint

- **Supporters Claim:**
- There will be public oversight on costs and care, not decisions made in secret by companies
- **Opposition Counters:**
- Single payer advocates have been saying this for 20+ years. The reality is that the **ACA allowed the creation of state-operated Exchanges which operate in broad daylight to negotiate with private insurers.** Some states do better than others in this regard. But even then, containment of the actual cost of health care is one thing that government has shown repeatedly that it is not good at doing.
- SB-

# SB-562: Point/Counterpoint

- **Supporters Claim:**
- There will be public oversight on costs and care, not decisions made in secret by companies
- **Opposition Counters:**
- One more thought about **public oversight**. Many decisions are made by governmental entities (such as ***Covered California***) in executive session where the public is not necessarily present. The proposed governing body under SB-562 are all political appointees –not elected officials. **And their advisory group is stacked with special interests** and not by consumers and businesses who pay the bulk of health care dollars.
- SB-

# SB-562: Point/Counterpoint

- **Supporters Claim:**
- No more exorbitant co-payments and out-of-pocket costs
- **Opposition Counters:**
- The **ACA dictated the amount of out-of-pocket costs that individuals and families must pay.** And California was an early adopter of the ACA so these provisions are supported in California.
- **The issue of higher out of pocket costs has become important because the COST of richer plans (with lower out-of-pocket costs) has become so high!** Insurers priced their products based on the cost of health care services and utilization of those services. Few can afford a platinum plan while a bronze plan is in their price range –yet the reason it's in their price range is because it has higher out of pocket costs.
- It all comes back to the **COST OF HEALTH CARE SERVICES.**



# SB-562: Point/Counterpoint

- **Supporters Claim:**
- People will pay less in taxes than they are now paying for premiums and out-of-pocket costs of private insurance
- **Opposition Counters:**
- **We're not sure the data supports that claim.** On the one hand they claim that Americans are paying nearly \$10,000 per person for health care and spend an additional \$5,000 per family in out-of-pocket costs. **For a family of 3 that would amount to nearly \$35,000.** Yet, they are proposing a tax hike above that \$35k of about \$9,500 in new taxes per person.
- **There are other statistics that show that the average family cost of health insurance is still below \$20,000 per year** (national average). *That amounts to a nearly 75% difference in costs.*
- **So where are real costs?** The federal government's Medicare program has been accumulating very useful data since 2004 and that should be used as a baseline before the claim of lower costs can be made.

# Someone Recently Said at Cap Conference in Washington....

- *There is Cost, Accessibility and  
Quality... You can't have all three....*

# Get Involved!

- CAHU has faced Single Payer proposals many times in the past 23 years!
- •It will be easier to defeat in the legislature than in an expensive ballot measure.
- •Legislative defeat requires focused lobbying (counting the votes at each committee and in the legislature as a whole)
- •Legislative defeat requires strong grass roots opposition at the right moments
- Testimony at committee hearings
- Press releases
- Letters/Faxes/Emails to voting legislators at the right time
- **Respond to CAHU's Legislative Requests:**
  - Pay attention to daily email and/or social media messages about the status of the bill
  - You can register to “follow” the bill to be notified of it's movement

# Contribute to PAC!

- Please contribute to our state PAC fund!  
Earmarked dollars can be used directly for the No on 562 fight!
- Personal checks only. On your check's memo, write "SB-562 Fight" and your dollars will be earmarked for this fight alone!
- Cash contributions will also go to this fight!
- Table contributions please!

# Say No to SB-562!

- **NOT IN OUR STATE!**
- Read the full article from the May/June issue of the COIN. Some copies available today. Also posted on the OCAHU website.
- Help us help you!