

Legislation: Why Support a Universal Health Care Bill for California?

Last February, California Senator Mark Leno reintroduced the California Universal Health Care Act (SB810). Californians might ask why we need this bill, since national legislation was passed last spring and seniors are already seeing some benefits from that bill. There are two major reasons that this proposal for single payer health care in California is needed now.

Reason one: Nationally there are robust efforts by many conservatives to toss out key provisions of the 2010 federal Health Care Act and replace them with a bill that would have a negative effect on seniors in California. The Coburn-Ryan Health Bill, which has been passed in the House of Representatives and rejected by the Senate, had a provision that would have converted Medicaid into a capped block grant. Instead of a fixed percentage of states' Medicaid long term care costs, the Ryan bill provided for only a fixed dollar amount to states each year, regardless of the actual level of expenses a state incurred for long-term care. That amount would increase only 4% a year, while health care costs have been increasing by over 6% a year.

The Ryan bill also called for reductions in eligibility for frail seniors and those with serious disabilities. This was because the cap would not have accounted for the increased need for long-term care services that would occur as "baby-boomers" in the U.S. population grow older and health care costs continue to rise. States are likely to end up with increasingly inadequate federal funding for the needs of frail elders. Then the states would probably cut services, take people off the program, provide lower payment rates, raise taxes or cut other state programs.

Medicare now covers basic health services such as physician and hospital care for seniors. Under the Ryan bill, Medicaid coverage wouldn't cover low-income seniors who aren't in long-term care. Millions of dual-eligible low income seniors who now qualify for both Medicaid and Medicare would have found they were no longer covered for transportation to the doctor, home health care, therapy services and other benefits. Furthermore, the bill would have converted federal Medicaid funding for long-term care services and support services into a CAPPED BLOCK GRANT to each state. That would have shifted large costs to the states and placed vulnerable groups at risk for significant benefit and eligibility cuts by their own state.

For seniors, the bill's elimination of the component of Medicaid coverage that pays the cost of their Medicare premiums and cost-sharing would have created serious problems; many low-income seniors can not afford these costs without assistance. (The deductible for one short stay hospitalization could consume 10% of the total annual income for an elderly person at the poverty line.) In addition, Medicaid beneficiaries would have been forced to purchase coverage on their own from private insurance companies and would have found the premiums unaffordable. (Already, health care premiums from private insurers in the United States have been growing four times faster than wages.)

The Ryan legislation allowed insurers to vary premiums based on health status and other risk factors. As a result, the tax credits and subsidies in the Ryan act would have been inadequate for individuals in poor health who would have ended up uninsured or underinsured.

Although the Ryan bill did not pass the Senate, there may be devastating aspects of it that will survive future negotiations and affect California seniors. California seniors then would have much higher medical costs than they do now, so they will need new protections under state

law. This is a clear reason for passing SB 810; it will be very beneficial for seniors in California.

Reason two: Senator Leno's bill would benefit seniors and most others in California because it would provide better care for more Californians, while saving money. If this bill passes, no California resident will ever again lose access to health care because of unaffordable premiums, loss of a job, age, divorce or a pre-existing medical condition.

SB810 requires no new spending because California already spends enough money to cover every resident with better coverage than most Californians now have. Health care now comprises over a third of the state budget. SB810 would save school districts, counties and the state millions of dollars each year, thus providing more money for education, road and bridge repair and other essential services.

The bill allows California to use its vast purchasing power to achieve \$5.2 billion in bulk purchases of prescription drugs and durable medical equipment. It would also dramatically reduce administrative overhead costs for providers by reducing paper work and the expense and delays caused by forms and other paperwork in the present system. Presently, nearly half of every dollar spent on health care goes to administrative costs, insurer overhead, profit and over-priced pharmaceuticals. SB 810 would save at least \$20 billion just in reduced administrative costs each year.

There would be comprehensive benefits including all care prescribed by the patient's health care provider that meets accepted standards of care and practice. It would assure coverage for medical, surgical, dental and vision care, prescription drugs and medical equipment, hearing aides, emergency ambulance service, diagnostic testing and hospice care. Californians would have complete freedom to choose their health care providers. The bill requires that reimbursements to doctors, hospitals and other health care providers be "sufficient to attract an adequate supply of providers throughout the state". This means that there would be another benefit of this bill: increased opportunities for employment in the medical field, both for those who previously had been involved in completing paper work to meet insurance company requirements and for newly trained providers and personnel.

The Federal Affordable Care Act includes a provision enabling states to enact a single payer system if it is demonstrated that such a plan would cover more people with comparable coverage at a lower cost. California would meet that test with Senator Leno's bill. Since the bill has been referred back to committee for this year, many are urging that pressure be brought to bring this bill back next year and bring it to the floor for a vote.

Information on reason one based on:

An article written by January Angeles for The Center on Budget and Policy Priorities: Special Series on Health Reform Issues.

Information on reason two came from:

Summary of SB 810, The California Universal Health Care Act, which cites information from The Lewin Report, The Commonwealth Fund and The Organization for Economic Cooperation and Development by Sara Rogers, Legislative Analyst (sara.rogers@sen.ca.gov)