

## An Open Letter To Single Payer Advocates Who Oppose ABx11

This letter is addressed to those individuals and groups who believe as I do that a single payer model of health care financing would be the most efficient and effective method for attaining universal health care in California and the United States. In 1987, I was the principal author of the Health Access plan, the first serious single payer proposal for California. I helped draft Proposition 186, the 1994 statewide single payer initiative. I was one of the leaders in the effort to obtain the million signatures necessary to put Proposition 186 on the ballot. After 186 made the ballot, I traveled for months throughout the state and spoke on television and radio in support of 186. In 1995, I participated in the conference which founded Health Care for All California (HCA), the organization created to promote single payer in California. Since then, I have continued to be active in efforts to achieve universal health care. I am currently co-chair of the national Universal Health Care Action Network (UHCAN), although this letter is written as a personal message and not on behalf of UHCAN or any other organization.

I present my credentials as an advocate of single payer because I want you to understand that this letter is written with the purpose of moving our state and nation toward universal health care and toward a single payer financing mechanism for delivering that health care.

From my perspective, California's single payer movement is currently engaged in political activity which is damaging the possibility of achieving universal health and winning single payer. I do not question the integrity or intelligence of those who believe that single payer advocates should oppose ABx11, the compromise reform proposal advanced by Governor Schwarznegger, Assembly Speaker Fabian Nunez and Senate leader Don Perata. I do question the wisdom of that position. Passage of ABx11 will take California closer to both universal health care and single payer. I understand that many of you reading this letter are fully convinced that single payer advocates should oppose ABx11. I ask you to read this with an open mind and to reconsider your opposition to ABx11.

### ABx11 Creates the Foundation for a More Rational Health Care System: Reducing the Fear Factor:

Repeated polling, focus groups and experience have demonstrated that fear is the emotion that keeps most voters from supporting proposals for universal health care, including single payer.

Most of us consider our access to health care as one of the most important things in our lives. It directly impacts our ability to survive, to work, to enjoy life and to protect the lives and health of our families. Our concern about our health care should and does provide a motivation to support improvements in our health care system. Unfortunately, it also creates fear about changes which might threaten our access to the health care we now have. The fear of losing what we have is obviously far more of a factor for those who have health insurance than those who don't. Most registered voters do have health insurance. The vested interests who oppose changes which might threaten their power or profits have used fear to defeat Proposition 186 and every other effort to enact universal health care in this country.

Enactment of ABx11 will reduce the fear factor because it will reduce the distance between where we are now and universal care in multiple different ways. It will reduce the number of uninsured Californians; require significant and uniform contributions by employers, providing new revenue for health care for the currently uninsured; expand public programs for the uninsured; create a statewide purchasing pool for employers; and require insurers to provide coverage without regard to preexisting conditions.

It has been estimated that ABx11 will cover 80% of the currently uninsured. According to a Lewin group study sponsored by Families U.S.A., nearly 13 million Californians did not have health insurance during some period of time in 2006-2007. Approximately 7 million Californians do not have health insurance currently and over 5 million Californians continuously lack coverage. Even if ABx11 covers only one-half of the uninsured, it will provide coverage to 3 to 4 million additional Californians.

If ABx11 is enacted and covers half of the uninsured population, with a large statewide purchasing pool, voters will be less frightened that a single payer plan would be too expensive, too reliant on government, and "too good to be true." If half of the uninsured have been covered by one reform, it is much easier to visualize and accept that the other half of the uninsured could be covered by further rationalizing the system with a single financing agency.

If ABx11 is enacted, some of the arguments that have been used against single payer in the past twenty years will be defused. The opponents of single payer have always argued that the tax on employers would do terrible damage to California's business climate. If ABx11 is enacted, the tax on employers will be put in place and that argument will be eviscerated. Likewise, the enactment of a statewide purchasing pool through ABx11 would help negate the argument that a government purchasing agency – the essence of single payer – would be

inefficient or ineffective. Giving individuals with pre-existing conditions equal access to insurance coverage through ABx11 should effectively eliminate the argument that it will be too expensive to cover these individuals through single payer. Finally, and perhaps most importantly, the amount of new taxes that will need to be imposed to enact single payer will be substantially reduced if not entirely eliminated. Wouldn't it be nice to be able to campaign for single payer without having to campaign for substantial new taxes to fund it?

### Creating Structural Building Blocks for Single Payer

Aside from its impact on the minds of voters, ABx11 creates structural building blocks that rationalize the health care system and therefore would make a transition to single payer easier.

Single payer proponents tend to downplay the difficulties of making the transition from our current haphazard, chaotic health care non-system to a smoothly efficient single payer system. However, it would not be an easy task to set up an effective single administration which would incorporate 7 million uninsured Californians into the system; transfer coverage of another 31 million Californians into the same system; enact and defend in the courts employer tax contributions; and accomplish the multiple other tasks involved in creating a single payer system which truly meets the needs of a state larger than most of the countries of the world.

ABx11 would not eliminate all the difficulties of making the transition to single payer, but it would certainly make the process easier. The statewide purchasing pool formed under ABx11 would create an administrative platform from which a single payer administration could be launched. The fact that coverage would only need to be provided to one to four million uninsured persons after ABx11, rather than seven million, would substantially reduce the need for additional sources of revenues. The inevitable legal challenges based on ERISA to a statewide tax on employers will be addressed if ABx11 is passed. If the ABx11 employer tax survives an ERISA challenge, then single payer advocates will not need to worry about losing a primary source of revenue during the initial phase of implementation of single payer. If the ABx11 employer tax loses an ERISA challenge, then single payer advocates can take that ruling into account in developing alternative methods of generating revenue.

## Defeating Incremental Reforms Does Not Build Support for Single Payer

In 1980, when I was a young lawyer working in a law collective in East Oakland, we had a discussion about the presidential campaign. One of the collective members argued that we should support Ronald Reagan rather than Jimmy Carter because Reagan's election would result in the Revolution coming sooner, because he would expose the flaws in capitalism. Reagan won, but the Revolution did not come any sooner. We did end up with massive tax cuts for the rich, cutbacks in Medicaid and Legal Aid, and generally disastrous consequences for the poorest Americans. The idea that making things worse or leaving conditions bad generates support for monumental changes has generally proven to be an illusion.

Defeating ABx11 will not result in single payer arriving any sooner. Support for single payer will not increase because the health care system stays terrible or gets worse. Our health care system has been inefficient, expensive and unfair for the last 20 years and those conditions have not generated the support necessary to make single payer a reality in a single state in the union.

In California, support for single payer is created by the educational and organizing work which has been done in the past and which Health Care for All, the California Nurses Association and other organizations continue to do. There may be some increased support for single payer now as compared to 1994. However, we remain far from the level of popular support necessary to win single payer (including the necessary funding) either in the legislature or through an initiative. Opposing ABx11 will win no new allies or adherents for single payer.

## Winning Incremental Reforms Will Not Delay or Defeat Single Payer

The argument that the passage of ABx11 will delay or defeat single payer appears to assume that there is a rising tide of support for single payer; that victory for single payer is therefore within reach in the next several years; and that the ABx11 reforms will defuse political momentum in that direction. This is wishful thinking.

I attended the Health Care for All rally in Oakland which was took place near the culmination of HCA's campaign of 365 days of organizing in cities throughout California. In Oakland, probably the most progressive large city in California, there were about 40 people and little energy. After 11 years of organizing by HCA, and more than that by the CNA, there is no massive flow of grassroots support or the kind of financial backing required to enact single payer

in California. This is not intended to negate the work of HCA, the CNA or any other organization. The dedication of the single payer forces has been successful in building formal support for SB 840 within most of the Democratic Party. However, we remain far short of what we need to actually achieve single payer: the support of a fully-committed two-thirds majority in both houses, plus the Governor, plus sufficient support and financial resources to defeat the referendum that would almost certainly follow the passage of a single payer bill. Nor do we have the political support or financial resources to win an initiative battle.

None of the three major Democratic candidates for president is promoting a single payer system, although each of them has expressed support for universal health care. This is important for two reasons. First, it indicates that even if the Democrats win this year's election, it is highly unlikely that even the first steps toward a single payer plan will be adopted by the federal government in the next four years. Second, the Democrats' positions undoubtedly reflect polling and focus groups which show that the American public is not yet ready to accept a single payer plan.

Given that single payer is still years away, ABx11 will not delay or defeat single payer. Rather, as discussed above, it will lay both the political and structural foundation for later efforts to achieve single payer.

#### The Question Is How Abx11 Compares to the Status Quo, Not How It Compares to Single Payer

The opposition to ABx11 focuses on the alleged defects in the proposal: the individual insurance mandate, the lack of effective cost controls, the continued existence of private insurance and the lack of universal coverage. There is no question that Abx11 lacks the elegance, simplicity, efficiency and comprehensiveness of single payer. However, the defects in ABx11 are minor compared to what it will achieve.

The mandate for private health insurance is relatively meaningless, especially since ABx11 includes a provision that people can be excused from the mandate if buying health insurance would constitute a financial hardship. The government is not going to prosecute individuals for a lack of health insurance. The other "problems" with ABx11 are only problems if you compare ABx11 with single payer. Although there is not much in the way of cost control in ABx11, at least it requires insurers to spend 85% of their premiums on health care, a small advance in limiting private insurance waste. ABx11 will not achieve universal coverage, but it expands coverage far more than any legislation since Congress

passed Medicaid and Medicare in 1965.

Most importantly, if we defeat ABx11, we will not have single payer. We will have what we have now: no effective cost controls, 7 million uninsured, private insurance companies that are free to decline coverage to those who are ill or who have preexisting conditions and no required employer contributions for health care. The question that is before us is whether California residents would have better and healthier lives if ABx11 passes. ABx11 would improve the health access of millions of Californians and begin the formation of a more rational and equitable system. ABx11 looks great in comparison with the status quo.

### Compassion Requires Support for ABx11.

The opposition to ABx11 is built on theories of political change and high hopes for the future flowering of the single payer movement. The theories and aspirations of single payer advocates, no matter how noble or well-intentioned, cannot outweigh the concrete damage that will be done if ABx11 is defeated. The millions of Californians who lack health insurance need help now, not just the hope of someday reaching the promised land of single payer. One of my daughters is a Buddhist and teaches me that we should be guided in our activities by love and compassion for all sentient beings. Compassion for the millions of people who would gain access to health insurance through ABx11 requires its support.

### This Is an Unusual Opportunity Which Should Not Be Missed.

In 1992, two years before Proposition 186 was on the ballot, the California Medical Association put Proposition 166 on the ballot. Prop 166 would have required all employers to provide health care to their employees, a straight employer mandate. Health Access joined with the insurance companies to campaign against Proposition 166. The theory behind our opposition was essentially the same as the opposition to ABx11. We thought that if Prop 166 passed, it would delay or defeat the adoption of single payer. I actively campaigned against Prop 166, an action I now regret.

I have no doubt that Californians would have been far better off if Proposition 166 had won and been implemented. Millions more people would have had health insurance for the past 15 years. Employers' resistance to single payer would certainly be far less now if they had been required by law to provide health care to employees since 1992.

This year is the best opportunity I have seen for a major advance towards universal health care in my 28 years as a health activist in California. The constellation of events is unusual and may not be repeated for many years. We have a popular Republican Governor who has decided to support substantial health care reform for his own purposes, along with a Democratic majority in both houses of the Legislature, and an agreement by the Governor and the Democrats to support ABx11. Because of the alliance of the Democrats with Schwarznegger, we have a good chance of winning ABx11 if it is placed on the ballot, even in the face of opposition from the insurance companies and other vested interests.

I urge all single payer advocates to support ABx11 and not to take actions which will contribute to its defeat.

Stephen D. Schear    January 7, 2008.