

SB 810 (LENO)

The California Universal Healthcare Act

Affordable Health Insurance for All Californians
February, 2009

FACT SHEET

Background: Health care costs are crushing California's economy and the state budget, forcing steep annual cuts in health care access and quality for Californians and their employers. Health insurance premiums annually grow 4 times faster than wages, and have risen 87% since 2000¹.

There are now 7 million uninsured Californians, but as insurance companies reduce health coverage, polls show that most insured Americans are now worried about how to pay for their health care if they get sick.

The U.S. spends more on health care—and gets less for it—than any other wealthy country. The \$2.5 trillion that we spend every year (17.6% of our GDP)², is twice as costly as other wealthy nations, but it buys us a health care system ranked 37th by the World Health Organization. Alarming, studies repeatedly show that the quality of care in the U.S. is falling behind other wealthy nations.

California spent an estimated \$212 billion in healthcare last year³. This is plenty of money to provide every resident of the state with excellent healthcare, ensure fair and reliable reimbursements to doctors, nurses and other providers, and guarantee a high quality of care for all.

SB 810 (Leno), the California Universal Healthcare Act would provide fiscally sound, affordable healthcare to all Californians, give every Californian the right to choose his or her own physician and control health cost inflation.

Truly Universal: Eligibility is based on residency, instead of on employment or income. Under the Act, all residents are covered. No California resident will ever again lose his or her health insurance because of unaffordable insurance premiums, because he or she changes or loses a job, goes to or graduates from college or has a pre-existing medical condition.

Shared Responsibility: Under the Act everyone – individuals, employers and government pays something in and everyone gets healthcare.

Affordable: The plan involves **NO NEW SPENDING** on healthcare. The system will be paid for by federal, state and county monies already being spent on healthcare and by

¹ Kaiser Family Foundation. Employer Health Benefits 2006 Annual Survey.

² [Health Affairs 28, no. 2 (2009): w346-w357 (published online 24 February 2009; 10.1377/hlthaff.28.2.w346)] <http://content.healthaffairs.org/cgi/content/abstract/hlthaff.28.2.w346>

³ Lewin Group Costs and Economic Impacts Analysis. January 2005.

affordable insurance premiums that replace all premiums, deductibles, out-of-pocket payments and co-pays now paid by employers and consumers.

Total Choice: Under SB 810, delivery of care remains as it is; a competitive mix of public and private providers. All consumers have complete freedom to choose their healthcare providers. No more restrictive HMO networks.

Fair Reimbursements: The Act requires actuarially sound reimbursements for providers. Doctors, nurses, hospitals and other healthcare providers will receive fair and reasonable reimbursements for all covered services they provide. No more uncompensated care.

Efficient: The Act eliminates waste by consolidating the functions of many insurance companies into one comprehensive insurance plan, saving the state and consumers billions of dollars each year. Currently about half of every dollar spent on healthcare is squandered on clinical and administrative waste, insurance company profits, and overpriced pharmaceuticals. The Act is based on a model that has been estimated to save California about \$20 billion through reduced administrative costs in the first year alone.

Under the Act, California will use its purchasing power to buy prescription drugs and durable medical equipment in bulk. It has been estimated that this model of systemwide bulk purchasing could save California \$5.2 billion in the first year.

Most importantly, the Act will make our healthcare system more reliable and secure by stabilizing the growth in health spending; linking spending increases to state GDP and population growth, employment rates and other relevant demographic indicators.

The Act will combine needed cost controls with medical standards that use the best available medical science, and place an emphasis on preventative and primary care to improve California's overall health in a way that also saves billions of dollars.

The Act utilizes proven financial incentives that support the delivery of high quality care, including bonuses for providers working in rural or under-served areas. The plan invests in needed healthcare infrastructure such as electronic claims and reimbursement systems and statewide medical databases that improve healthcare quality.

Benefits: Coverage includes all care prescribed by a patient's healthcare provider that meets accepted standards of care and practice.

Specifically, coverage includes hospital, medical, surgical, and mental health; dental and vision care; prescription drugs and medical equipment such as hearing aids; emergency care including ambulance; skilled nursing care after hospitalization; substance abuse recovery programs; health education and translation services, including services for those with hearing and vision impairments; transportation needed to access covered services, diagnostic testing; and hospice care.

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