It's Imperative:

WE NEED

GUARANTEED HEALTHCARE

Healthy California
www.HealthyCa.org

SB 562

An American Sickness:

- “Transformation of American medicine in a little over a quarter century from a caring endeavor to the most profitable industry in the United States.”
- The “medical industrial” complex has made money the metric of good medicine.
- Hugely expensive medical that does not reliably deliver quality results.

Elisabeth Rosenthal, 2017

High Costs for Taxpayers and Workers

- Tax Subsidies for Private Insurers: $342 Billion per year
- High Out-of-Pocket Costs:
  - 36% of Americans are underinsured: deductible > $2000
  - For middle income family with good employer coverage:
    - Out of pocket: $2,980
    - Tax Subsidy: $5,190
    - If individually insured, tax subsidy is $6,930, OOP is $4,470
  - Large Employer/Employee Averages: $14,000/$4,400

This system organizes healthcare as an industry, reducing patients' access and increasing costs, creating inequity and fostering injustice

Quality is skewed toward the top – technology and improvements mostly benefit the wealthy

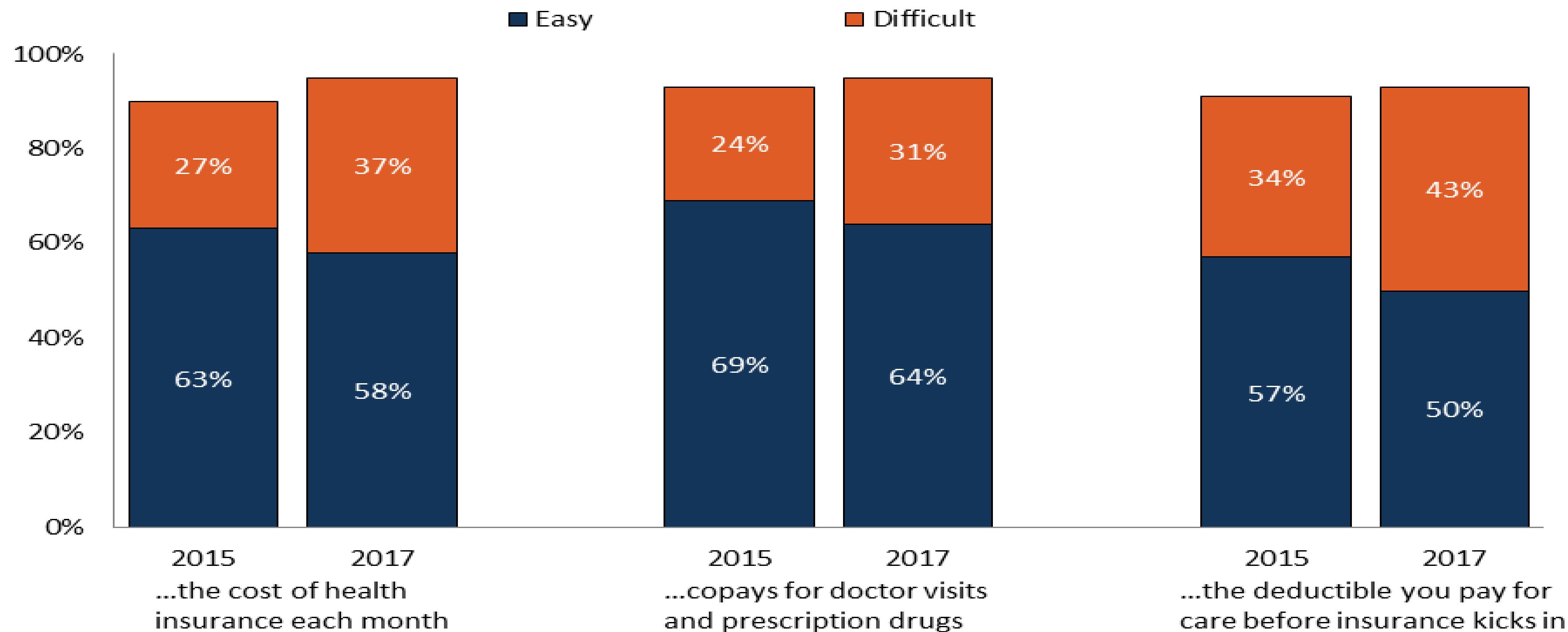
WHAT DO PEOPLE CARE ABOUT?

- In general, people think quality is good and they want more care not less
- Their premiums, or share of premiums
- The deductibles and other cost-sharing that is increasing
- Their drug costs
- Whether their insurance covers the services they will need
- Whether they can go to a doctor or hospital they want without paying more

KFF, 1/17

Figure 2

More Insured Americans Now Report Difficulty Affording Health Care



NOTE: Don't have to pay (Vol.) and Don't know/Refused responses not shown.
SOURCE: Kaiser Family Foundation Health Tracking Polls

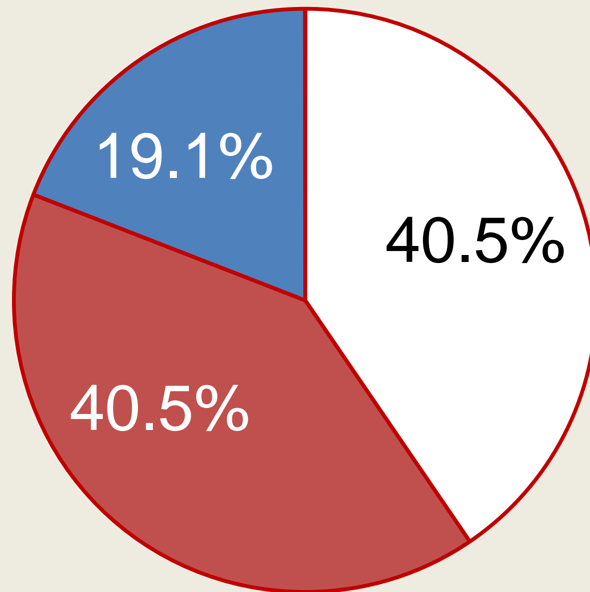
Denial is Their Business Model

How health insurers avoid “medical loss”

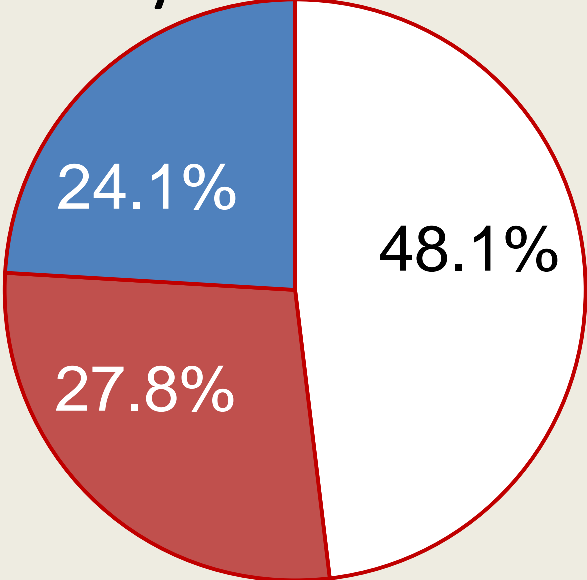
Health Insurance ≠ Health Care

- In 2009 to 2011, California Nurses Association/National Nurses United released an analysis of publicly available denial data for 2009 and 2010.
- We found that eight California insurance giants rejected 15.5 million claims/24% of all claims received in 2009 and 13.5 million claims/25% of all claims received in 2010.
- Comprehensive denial data is no longer publicly for reporting years after 2010.

2016: Care Denied as Not Medically Necessary

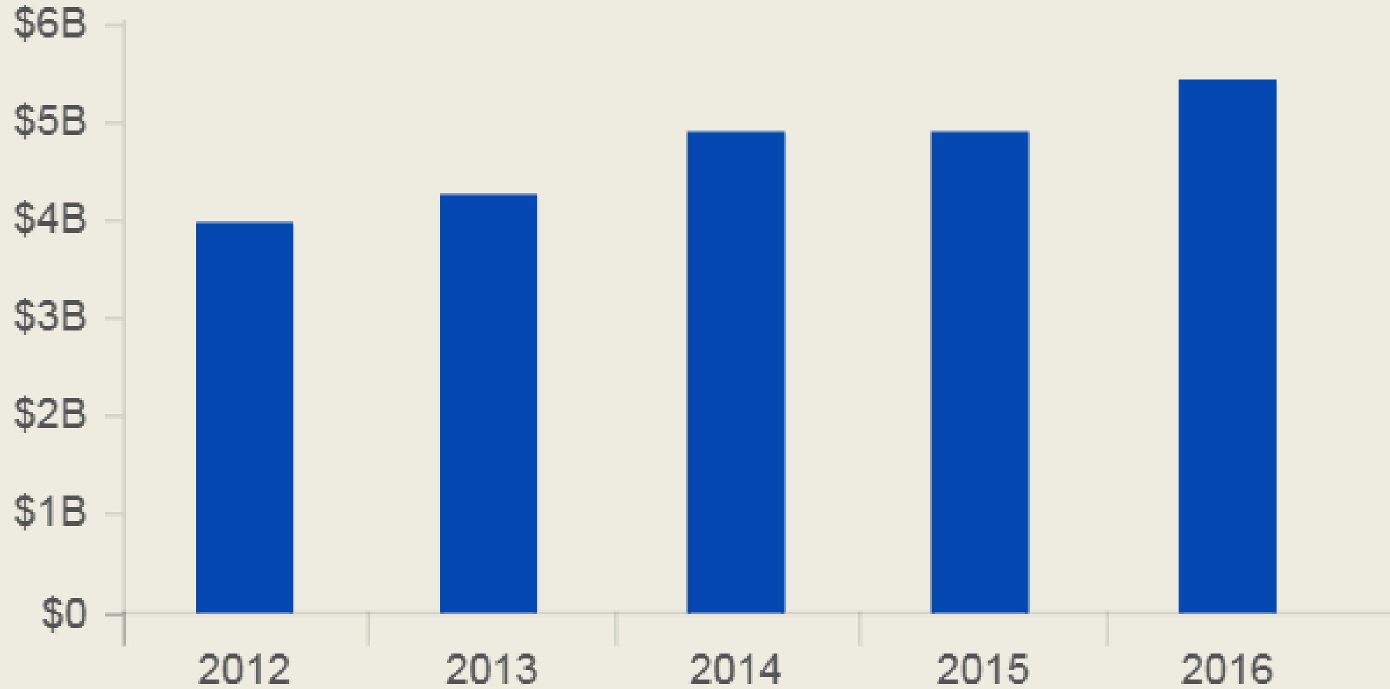


2016: Payment Denied for Emergency or Urgent Care Already Received



Upheld Overturned Reversed by Plan

Billions in Profit Paid for with Our Premium Dollars



Even the Worst Offenders Face Only Miniscule Penalties

2016				
Insurer	Total Penalties	Penalties as % of Total Expenses	Profit Per Enrollee	Total Profit
Anthem Blue Cross	$2.5 M	0.0162%	$174.68	$710.4 M
Blue Shield	$.52 M	0.0035%	$19.61	$67.0 M
2015				
Anthem Blue Cross	$2.7 M	0.0192%	$128.90	$502.0 M
Molina Healthcare	$.28 M	0.0129%	$105.61	$65.2 M

IMRs: Tip of the Iceberg

- The rate at which denials are reversed or overturned suggests that many have little merit
- Given the number of hurdles a patient must clear to overcome denials, how many are just foregoing the care or paying out of their own pockets?

Universal Coverage is not Guaranteed Healthcare

- Barriers to care remain; “Access” is not care.
- Continuing to enable care denials and using tax dollars to save the failed business model of the health insurance markets wastes taxpayer, employer and workers’ money.
- It’s unrealistic to expect workers who pay an increasing share of their families’ healthcare costs to subsidize the purchase or provision of coverage for others.
- Underfunding and limiting scope of safety net programs fails ethically and as policy. Means-testing benefits limits care.
- The regulations and mandates necessary to approach universal coverage are complex, burdensome, and politically difficult.

Health Insurance Company CEOs' Total Compensation in 2016

David Cordani

$49 Million

Stephen Hemsley

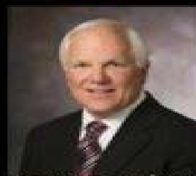
$66 Million

Michael Neidorff

$22 Million

Mark Bertolini

$27.9 Million



Joseph Swedish

$16.5 Million

Source: http://cnb.cx/2lED3WK

UNITED STATES DRUG PRICES MORE EXPENSIVE THAN OTHER NATIONS

- In 2015, U.S. prices for world's 20 top selling drugs were:

3 X higher than United Kingdom

6 X higher than Brazil

16 X higher than the lowest priced country, usually India

- The 2013 and 2015 International Federation of Health Plans' price surveys revealed that out of 8 countries and 14 drugs, the U.S. paid the highest prices for drugs in 13 out of 14 cases.

SOURCE: IHSP

SOCIAL INSURANCE

- Replace rising premiums with progressive financing
- No cost to access care when you need it
- Comprehensive benefits not based on the premium cost
- Complete choice of provider
- NO mergers or acquisitions for profit or market share

PUBLIC SOLUTION

- Everybody In, Nobody Out
- Enrollment is automatic
- State-based administration can bring more local control
- Role for supplemental benefit programs
- Costs lowered through leverage to control prices, progressive financing and universal healthcare

ALREADY PAID

- Progressive taxation, on individuals and businesses
- Price controls on drugs & devices
- Elimination of profits, marketing costs, and waste
- Strict budgets for hospitals, based on patient care costs
- Negotiated fees and payments to providers

Healthy California Act

SB 562

(Lara/Atkins)

Key Provisions of HCA

- Guarantees healthcare to all residents of California
- Saves workers, employers, and government billions of dollars annually
- Eliminates bureaucratic waste, inefficiency, and marketing costs
- Comprehensive Benefits
- Patients go to the doctor and providers of their choice;
- No Insurance company premiums, co-pays or deductibles;
- Progressive payroll and income premiums fund independent public health authority that pays
- Doctors, Nurses, Clinicians in charge of healthcare services

For Labor: No Healthcare Takeaways, Improved Benefits, Higher Wages

- Workers can change jobs without losing insurance
- Comprehensive benefits, no deductibles
- Money saved from lower healthcare costs can go to wages
- Retiree healthcare benefits covered, helping fund pensions

For Business: Lower Costs, Relieved of Responsibility, More Equity & Security

- Current system is unsustainable, worse if benefits are taxed;
- Under HC, employers currently providing coverage will save 1/3 to 1/2 on costs for better benefits with no deductibles;
- Employers premium payment for Healthy California is relative to the scale of their enterprise;
- Real healthcare cost control means value for business creating resources available for growth, and benefits.

Guarantees healthcare to all residents of California

The legislature finds and declares that all residents of the State have the right to health care.

Every resident of the state shall be eligible and entitled to enroll as a member under the program.

Healthy California sets a single standard of safe, therapeutic care for all residents of the State as the program standard.

No Insurance Company premiums, co-pays or deductibles

Payment for health care services established under this title shall be considered payment in full. A participating provider shall not charge any rate in excess of the payment established under this title for any health care service under the program provided to a member and shall not solicit or accept payment from any member or third party for any such service.

Patients go to the doctor and providers of their choice

A member may choose to receive health care services under the program from any participating provider, consistent with provisions of this title, the willingness or availability of the provider (subject to provisions of this title relating to discrimination), and the appropriate clinically-relevant circumstances.

Doctors, Nurses, Clinicians in charge of healthcare services

Covered health care benefits under California Health include all medical care determined to be medically necessary by the member’s health care provider.

It is the intent of the legislature that neither health information technology nor clinical practice guidelines shall limit the effective exercise of the professional judgment of physicians and registered nurses.

Comprehensive Benefits

Covered health care benefits for HC members shall include, but are not limited to, all of the following:

In & Outpatient Medical
Dental
Vision
Prescription drugs
Mental health
Immunizations
Laboratory & diagnostic services
Surgical & recuperative care
Alcohol and drug rehab
Ambulance services
Transportation to and from doctor or hospital

Translation & interpretation
Chiropractic
Acupuncture
Case management
Dialysis
Podiatry
Preventative care
Hospice
Blood products
In-home care
Up to 100 days of skilled nursing
Adult day care

Independent public health authority

The Healthy California Board is an independent public entity not affiliated with an agency or department;

The Healthy California Trust Fund is created in the State Treasury.

The Healthy California Board shall establish and maintain a prudent reserve in the fund.

Governance

The Board shall be governed by an executive board consisting of nine members who are residents of California. Of the members of the board, four shall be appointed by the Governor, two shall be appointed by the Senate Committee on Rules, and two shall be appointed by the Speaker of the Assembly. The Secretary of California Health and Human Services or his or her designee shall serve as a voting, ex officio member.

Members of the board, other than an ex officio member, shall be appointed for a term of four years. Appointments by the Governor shall be subject to confirmation by the Senate. A member of the board may continue to serve until the appointment and qualification of his or her successor. Vacancies shall be filled by appointment for the unexpired term. The board shall elect a chairperson on an annual basis.

Each person appointed to the board shall have demonstrated and acknowledged expertise in health care.

Single "Pipe" Single-Payer

The board shall, to the maximum extent possible, organize, administer and market the program and services as a single program under the name "HealthyCA" or such other name as the board shall determine, regardless of under which law or source the definition of a benefit is found including (on a voluntary basis) retiree health benefits.

Eliminates Care Denials and Access Restrictions

Replacing prior authorization, “gatekeeping,” narrow networks, claims denial, and other ways insurers use to deny care, there is annual Quality Review based on system-wide data collected about outcomes, staffing, treatment patterns, reimbursements, and other quality indicators made possible by the program’s universality.

Reasonable Pay for Providers

Health care providers may meet and communicate for the purpose of collectively negotiating with Healthy California on any matter relating to Healthy California, including but not limited to rates of payment for health care services, rates of payment for prescription and non-prescription drugs, and payment methodologies (e.g. fee for service, per capita and operating).

All payment rates under the program shall be reasonable [Medicare rates presumptively reasonable], on a fee for service, per capita, or operating basis, and be reasonably related to the cost of efficiently providing the health care service and assuring an adequate and accessible supply of health care services.

Patient Advocacy Duty is Primary

As part of a health care provider’s duty to advocate for medically necessary health care for his or her patients pursuant to Sections 510 and 2056 of the Business and Professions Code, health care providers under the HC program have a duty to act in the exclusive interest of his or her patients.

Any pecuniary interest or relationship of a physician or health care provider that impairs his or her own ability to provide medically necessary health care to his or her patient violates the physician’s or health care provider’s duty of to advocate for medically necessary health care for his or her patient.

Taft-Hartley Funds Preserved: Care Coordination/Supplemental Benefits

Care coordination shall include administrative tracking and medical record keeping services for members

A care coordinator may be an individual or entity that is approved by the program including a Taft-Hartley fund, with respect to its members and their family members;

Carriers can offer benefits that do not cover any service for which coverage is offered to individuals under the program.

Consolidate all State drug purchasing

Notwithstanding any other provision of law and insofar as may be permissible under federal law, HC shall consolidate all State drug purchasing, to the extent allowed under federal and State law. All negotiations, purchases and payment methodologies of all prescription and non-prescription drugs shall be done by and consolidated under the program.

Federal Waivers

The Board shall seek all federal waivers and other federal approvals and arrangements and submit state plan amendments necessary to operate the program.

The Board shall apply to the United States Secretary of Health and Human Services or other appropriate federal official for all waivers of requirements, and make other arrangements, under Medicare, any federally-matched public health program, the affordable care act, and any other federal programs that provide federal funds for payment for health care services, that are necessary to enable all Healthy California members to receive all benefits under the program through the program to enable the state to implement this article and to receive and deposit all federal payments under those programs (including funds that may be provided in lieu of premium tax credits, cost-sharing subsidies, and small business tax credits) in the state treasury to the credit of the California Health trust fund and to use those funds for the Healthy California program and other provisions under this title.

Just Transition for Displaced Workers

The Board shall provide funds from the California Health Trust Fund or otherwise appropriated for this purpose to the Secretary of Labor and Workforce Development Agency for a program for retraining and assisting job transition, including preferential hiring for newly created jobs in Healthy California, for individuals employed or previously employed in the field of health insurance and other third-party payment, or eligibility determination for health care or providing services to health care providers to deal with third-party payers for health care, whose jobs may be or have been ended as a result of the implementation of the California Health program, consistent with otherwise applicable law.

California MFA History

- 1992, state Senator Nick Petris introduced a single-payer bill in the state legislature.
- 1994 a single-payer ballot initiative, Proposition 186, was defeated
- 1998 by introduction of Senate Bill (SB) 2123, single payer bill led to a resolution calling for a study to compare different models
- 1999 SB 480 (Solis)
- 2005-2008 SB 840 (Kuehl)
  - Bill sent to the Terminator Gov Twice – VETO
  - SB 810 (Leno)
- 2012 –Demise by 6 Dems

  Democratic Gov/Leg is focused on ACA implementation

  CHC focus on grassroots organizing/education and building a ballot campaign