

Fact Sheet

SB 840 (Kuehl) **The California Universal Healthcare Act** *Affordable Health Insurance for All Californians*

February 27, 2007

Background: The single greatest problem facing California's healthcare system and its economy is the growing cost of health insurance. The number of uninsured Californians has now reached 6.5 million residents, and most of the newly uninsured were from solidly middle-class families. It's easy to see why.

Health insurance premiums have increased 87% since 2000, with the average employee contributing 143% more to their company-sponsored health insurance. Meanwhile wages have only increased 20% over this time period. Health care costs have outpaced increases in wages by a ratio of 4:1 since 2000.

Overall, healthcare costs in the United States are rising at double the rate of inflation. This is nearly twice the rate of most other industrial nations, and the U.S. already spends between two to three times as much on healthcare (per capita and as a percentage of GDP) as other industrial nations. How long can this continue?

Despite this high spending, U.S. healthcare outcomes rank at the bottom of all industrial nations, and the U.S. has a more confusing and error-prone health care system. More than half of all Americans report forgoing recommended healthcare because of the cost, and Americans are more likely to report difficulty seeing a doctor on the day they sought.

California spent an estimated \$186 billion in healthcare last year. 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 840 (Kuehl), the California Universal Healthcare Act would provide fiscally sound, affordable healthcare to all Californians, provide every Californian the right to choose his or her own physician and control health cost inflation. SB 840 achieves the following:

Covers everyone: Eligibility is based on residency, instead of on employment or income. Under SB 840, all residents are covered. No California resident will lose his or her health insurance because of unaffordable insurance premiums, or because he or she changes or loses a job, or goes to or graduates from college or has a pre-existing medical condition.

It's Affordable: SB 840 requires no new spending. The system will be paid for by federal, state and county monies already being spent on healthcare and by affordable insurance premiums that replace all premiums, deductibles, out-of-pocket payments and co-pays now paid by employers and consumers. SB 840 saves businesses, families and government billions of dollars off their yearly healthcare premiums.

Shared responsibility: Under SB 840 everyone – individuals, employers and government pays something in and everyone gets healthcare.

Guarantees real choice: Under SB 840, all consumers have complete freedom to choose their healthcare providers. No more restrictive HMO networks. Delivery of care remains as it is; a competitive mix of public and private providers.

Provides fair reimbursements: SB 840 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.

Guarantees money goes to care, not administration: Our current system wastes 30% of every healthcare dollar on complicated benefits schemes, enrollment procedures, and access limitations. SB 840 mandates that the system spend 95% of your health care dollars on actual care. This diverts \$20 billion away from administrative overhead and into real healthcare services.

Puts California's market power to work for patients. Under SB 840, California will use its purchasing power to buy prescription drugs and durable medical equipment in bulk. It has been estimated that this model of system-wide bulk purchasing could save California \$5.2 billion in the first year.

It improves quality. SB 840 expands system-wide the use of medical standards that rely on 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.

Guarantees comprehensive 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.

Contains the growth in healthcare spending: This is the real challenge facing the state. It is estimated that by 2015, healthcare spending under SB 840 would be \$68.9 billion less than current projections. Total savings over a 10 year period would be \$343.6 billion.

For more information about SB 840, contact Sara Rogers or Mia Orr in the Capitol office at (916) 651 - 4023, or Emily Gold in the District Office at (310) 441-9084.