

LEWIN GROUP REPORT

The Health Care for All Californians Act: Cost and Economic Impacts Analysis

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FACT SHEET

February 27th, 2007

- The Lewin report, prepared by an independent firm with 18 years of experience in healthcare cost analysis, affirms the feasibility for California to create a fiscally sound, reliable state insurance plan that covers all Californians and controls health cost inflation.
- The Lewin report shows that all California residents can have affordable health insurance; and that, on average, individuals, families, businesses and the state of California, all of whom are now burdened with rising insurance costs, will save money.
- In February 2007, State Senator Sheila Kuehl (D-23) introduced the California Universal Health Care Act, based on these and other findings. The Lewin study shows that the SB 840 (Kuehl) will insure every Californian, contain the overall growth in healthcare spending and allow everyone to choose his or her own doctor.

SAVINGS OVERALL

- The Lewin report model demonstrates that SB 840 would achieve overall savings of more than \$29 billion dollars, most of which would be used toward covering the uninsured and providing financial savings to employers and families. Overall, SB 840 would achieve universal coverage with broad benefits while actually reducing total health spending for California by about \$8 billion in the first year alone. Savings would be realized in three ways:
 1. The Act would replace the current system of multiple public and private insurers with a single, reliable insurance plan. This saves about \$20 billion in administrative costs.
 2. California would buy prescription drugs and durable medical equipment (e.g., wheelchairs) in bulk and save about \$5.2 billion.
 3. California would emphasize preventive and primary health care delivery saving an estimate \$3.4 billion.

SAVING FOR STATE AND LOCAL GOVERNMENTS

- In addition, state and local governments would save about \$900 million, in the first year, in spending for health benefits provided to state and local government workers and retirees.
- Aggregate savings to state and local governments from 2006 to 2015 would be about \$43.8 billion.

SAVINGS FOR BUSINESSES

- Employers who currently offer health benefits would realize average savings of 16% compared to the current system.

SAVINGS FOR FAMILIES

- Average family spending for health care is estimated to decline to about \$2,448 per family under the Act in 2006, which is an average savings of about \$340 per family.
- Families with under \$150,000 in annual income would, on average, see savings ranging between \$600 and \$3,000 per family under the program in 2006.

COST CONTROLS

- By 2015, health spending in California under the Act would be about \$68.9 billion less than currently projected. Total savings over the 2006 through 2015 period would be \$343.6 billion.
- Savings to state and local governments over this ten-year period would be about \$43.8 billion.

COMPREHENSIVE BENEFITS

- The Lewin Report assumes an insurance plan that covers medical, dental and vision care; prescription drug; emergency room services, surgical and recuperative care; orthodontia; mental health care and drug rehabilitation; immunizations; emergency and other necessary transportation; laboratory and other diagnostic services; adult day care; all necessary translation and interpretation; chiropractic care, acupuncture, case management and skilled nursing care.

EFFICIENCIES

- The Lewin Report shows that efficiencies in the system make these superior benefits available while generating savings.

FREEDOM TO CHOOSE

- The Lewin Report model assumes the consumer's freedom to choose his or her own care providers. This means that each Californian will be free to change jobs, start a family, start a business, continue education and or change residences, secure in the knowledge that his or her relationships with trusted caregivers will be secure.