Prospects for “Single-Payer” Health Insurance in California

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Recent Turning Points in California’s Journey to Universal Coverage

• SB 2
  • “Pay-or-play” financing scheme building on current job-based system.
  • Fee on employers who do not offer coverage to employees, to give access to health care.
  • Signed by Gov. Davis, repealed by slim majority of voters.

• SB 840
  • Income tax-based financing scheme that would have eliminated insurance companies in the state.
  • Created a new state agency to manage either a FFS or salaried contract with each provider (or provider group) individually.
  • Vetoed by Gov. Schwarzenegger
California Leads the Way for the ACA Nationwide

- **AB 1x**
  - Speaker Nuñez and Governor Schwarzenegger attempted to replicate the MA Connector framework (precursor to the ACA).
  - Rejected by State Senate for not being “single-payer,” under cover of questioning estimates of the uninsured.

- **ACA Implementation**
  - California was first state to adopt new legislation to implement the Exchange.
  - Largest gains in coverage nationwide are in California.
The ACA Has Worked, Faster than Projected
Current Health Insurance Coverage Among All Nonelderly Persons, Ages 0 - 64, California, 2011-2015

- 2011: 52.8%
- 2012: 52.4%
- 2013: 53.9%
- 2014: 50.9%
- 2015: 49.0%

**Uninsured**
- 2011: 21.5%
- 2012: 22.2%
- 2013: 21.2%
- 2014: 26.5%
- 2015: 32.2%

**Medi-Cal**
- 2011: 16.2%
- 2012: 16.3%
- 2013: 15.5%
- 2014: 13.6%
- 2015: 9.5%

**Employer-Based**
- 2011: 6.3%
- 2012: 5.9%
- 2013: 6.1%
- 2014: 7.3%
- 2015: 7.0%

**Individually Purchased**
- 2011: 3.2%
- 2012: 3.2%
- 2013: 3.3%
- 2014: 1.7%
- 2015: 2.3%

**Other Public**
- 2011: 6.3%
- 2012: 5.9%
- 2013: 6.1%
- 2014: 7.3%
- 2015: 7.0%
The ACA helps self-employed adults get health insurance.

Exhibit 2.10
Source of Coverage, Self-Employed Adults, Ages 19-64, 2012-2014

- Uninsured: 32.1% (2012), 23.2% (2014)
- Medi-Cal: 9.5% (2012), 16.5% (2014)
- Employment-Based: 37.0% (2012), 35.7% (2014)
- Individually Purchased: 16.0% (2012), 22.8% (2014)
- Other Public: 5.5% (2012), 1.8% (2014)
The Political Divide
Where you stand depends on where you sit.

Figure 5

Republicans Prefer Limiting Federal Health Spending, Democrats and Independent Prefer Guaranteeing Coverage

Here are two approaches to the future of health care in the U.S. Which of these approaches do you prefer?

- Limiting federal health spending, decreasing the federal government's role, and giving state governments and individuals more control over health insurance, even if this means some seniors and lower-income Americans would get less financial help than they do today
- Guaranteeing a certain level of health coverage and financial help for seniors and lower-income Americans, even if this means more federal health spending and a larger role for the federal government

<table>
<thead>
<tr>
<th>Total</th>
<th>31%</th>
<th>62%</th>
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<tr>
<td>Party ID</td>
<td>-----</td>
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</tr>
<tr>
<td>Republicans</td>
<td>53%</td>
<td>38%</td>
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<tr>
<td>Independents</td>
<td>27%</td>
<td>65%</td>
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<tr>
<td>Democrats</td>
<td>15%</td>
<td>79%</td>
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NOTE: Question wording abbreviated. See topline for full question wording. Don't know/Refused responses not shown.
SOURCE: Kaiser Family Foundation Health Tracking Poll (conducted December 13-19, 2016)
Moderate Democrats want to build a “universal coverage” system:

- Keep ACA to build on as a foundation for future changes.
- Would retain insurance companies as partners with public system.
- Address consumer costs by expanding subsidies higher up the income scale.
- Expand ACO’s and medical home options for delivery system reform.

- Designed to increase coverage and quality, but may also increase costs.

- Seen by progressive opponents as a “sell-out” to health insurance companies.
Other “Single-Payer” plans proposed by Progressive wings.

• SB 562
  - Revives government agency run health care envisioned in SB 840, with state negotiation with private providers.
  - Health insurance companies may sell add-on plans for options not covered by the state.
  - Financing and job loss are major points of contention.

• Medicare For All (Federal level)
  - Would expand Medicare down the age ladder to more groups, possibly to all citizens and legal permanent residents.
  - Keep Medicaid as a supplement available for those who cannot afford to buy one on their own.
  - Default coverage for entire population.
Alternate “Single-Payer” Plans

- Tightly regulated managed competition among health insurance plans financed through taxes (ex: Germany, Netherlands).
  - Build on ACA marketplaces, funded in a single stream through diverting premiums, deductibles, and nearly all cost-sharing to a tax-based payment.
  - Keeps private delivery system in place, with negotiations between plans and providers.

- Socialized system of providers paid directly on salary through taxes (Great Britain).
  - Highly unlikely to be acceptable to providers in the U.S.

Health Spending as a % of GDP, 2016

Source: 2016 OECD data, stats.oecd.org
“Healthcare isn’t a red issue or a blue issue -- it’s an American issue. People need healthcare.”

-Peter Lee, CEO of Covered California, November 2016
Thank you!

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