



Memorandum

Date: November 6, 2007

To: Mayor and City Council

From: Bonnie Lowenthal, Vice Mayor, First District *BL*
Suja Lowenthal, Second District *SL*
Gerrie Schipske, Fifth District *GS*

Subject: Support for Senate Bill 840 (Kuehl) California Health Insurance Liability Act

BACKGROUND:

Perhaps the greatest problem facing California's healthcare system and its economy is the growing cost of health insurance. The number of uninsured Californians has reached 6.5 million residents – most of the newly uninsured were from solidly middle-class families (Kuehl). Health care costs have outpaced increases in employee wages by a ratio of 4:1 since 2000.

As a result of a highly fragmented health insurance and delivery system, billions of dollars are diverted from direct health care services to administrative costs. In addition, an increasing number of families who consider emergency room services as their primary health coverage negatively impacts every resident, whether they are insured or not. California spent an estimated \$186 billion on health care last year alone. In the United States, health care costs are rising at double the rate of inflation, nearly twice the rate of other industrial nations, yet the U.S. ranks at the bottom of these nations in delivery of services.

If passed and signed into law, SB 840 would create the California Healthcare System (CHS), a single payer health care system administered by the California Health Agency, to provide health insurance coverage to all California residents. Eligibility would be based on residency, rather than on employment or income. SB 840 requires no new spending because 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. Every Californian would have the right to choose his or her own physician.

According to a report by Lewin Group, an independent firm providing economic impacts analysis of SB 840, it is anticipated that state and local governments would save approximately \$900 million, in the first year, in spending for health benefits provided to workers and retirees. Aggregate savings to state and

local governments from 2006 to 2015 would be about \$43.8 billion. Employers who currently offer health benefits would realize average savings of 16% compared to the current system.

The City of Long Beach should consider joining hundreds of associations, school districts, county and city governments in supporting legislation making health insurance affordable for the employee and employer.

REQUESTED ACTION:

I respectfully request City Council assign SB 840 (Kuehl) to the November 28th meeting of the State Legislation Committee for consideration of a resolution of support and inclusion in Long Beach's 2008 Legislative Agenda.

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.

REGISTERED SUPPORT / OPPOSITION :

Support

1. Access to Independence
2. Action Now
3. Alameda County Public Health Department
4. Alameda Health Consortium
5. Alameda-Contra Costa Transit District
6. Alliance for Democracy – San Fernando Valley Chapter
7. Alliance of Retired Americans – West Side Chapter Los Angeles
8. Altschuler Clinic – A Center for Weight Loss and Wellness
9. American Association of University Women
10. American Civil Liberties Union
11. American Federation of State, County and Municipal Employees
12. American Federation of State, County and Municipal Employees, Council 36
13. American Federation of State, County, and Municipal Employees Retirees, Chapter 36
14. American Federation of Teachers California Federation of Teachers
15. American Federation of Television and Radio Artists
16. American Nurses Association California
17. Applied Research Center
18. Association of California Caregivers Resource Centers
19. Board of Directors of the Alto Sanitary District – Resolution
20. Breast Cancer Action
21. Butte County Health Care Coalition
22. CA Advocates for Nursing Home Reform
23. CA Alliance for Retired Americans
24. California Association of Public Authorities for In-Home Supportive Services
25. California Catholic Conferences
26. California Church IMPACT
27. California Faculty Association
28. California Federation of Teachers
29. California Foundation for Independent Living Centers
30. California Healthcare Institute
31. California Immigrant Policy Center
32. California Labor Federation
33. California Nevada Annual Conference The United Methodist Church
34. California Nurses Association (SPONSOR)
35. California Pan-Ethnic Health Network
36. California Physicians Alliance (CAPA)
37. California Primary Care Association
38. California Professional Firefighters
39. California Public Health Association – North
40. California Public Interest Research Group (CALPIRG)
41. California Retired Teachers Association
42. California School Employees Association (SPONSOR)
43. California Senior Legislature – State of California
44. California Teachers Association (SPONSOR)
45. California Teamsters Public Affairs Council
46. Castro Valley Democratic Club – Resolution
47. Celes King III & Associates Co.
48. Central Labor Council of Butte & Glenn Counties
49. City and County of San Francisco Department on the Status of Women
50. City of Berkeley – City Clerk Department
51. City of Capitola
52. City of Fort Bragg
53. City of Santa Barbara – Office of the Mayor
54. City of Santa Cruz – City Clerk's Department
55. City of Santa Cruz – Mayor and City Council
56. City of West Hollywood – Resolution of the City Council
57. Coalition for Humane Immigrant Rights of Los Angeles (CHIRLA)
58. CoHousing Partners
59. Commission on the Status of Women, State of CA
60. Committees of Correspondence for democracy & socialism
61. Communications Workers
62. Community Clinic Consortium
63. Community Collaborative for Youth
64. Community Homeless Alliance Ministry
65. Congress of California Seniors
66. Congress of Racial Equality of California (CORE-CA)
67. Consumer Attorneys of California
68. Consumer Federation of California
69. Consumers Union
70. Contra Costa County Advisory Council on Aging
71. County Health Executives Association (if amended)
72. County of Lake Board of Supervisors
73. Davis Joint Unified School District (Resolution No. 47-07)
74. Davis Office Systems
75. Dean Democratic Club of Silicon Valley
76. Democratic Action Club of Chico
77. Democratic Alliance for Action
78. Democratic Central Committee of Santa Barbara County
79. Democratic Club of Santa Maria Valley
80. Democratic Westside Progressives
81. Democrats of the High Desert
82. Demos Democratic Club of Hayward
83. Dental Health Foundation
84. Effective Assets
85. El Cerrito Democratic Club
86. Equality California
87. East Bay Peace Action
88. Family Resource Network of Santa Cruz County
89. First Congregational Church of Long Beach
90. First 5 Children and families Commission, Marin
91. Friends Committee on Legislation of California
92. Grass Valley Friends Meeting of the Religious Society of Friends
93. Gray Panthers
94. Gray Panthers – Berkeley – East Bay
95. Greater Lodi Area Democrats – Resolution in Support of SB 840
96. Green Party of Alameda County
97. Green Party of Butte County
98. Green Party of California
99. Health Access California
100. Health Care for All California– Marin
101. Health Care for All California – Santa Barbara
102. Health Care for All California – San Gabriel Valley
103. Health Care for All California – Santa Cruz City
104. Health Care for All California – Sonoma County
105. Health Care for All California – South Bay/Long Beach
106. Health Care for All California – Tulare Kings
107. Health Improvement Partnership of Santa Cruz County
108. Health Officers Association of California
109. Howard L. Berman – Congress of the United States House of Representatives
110. Independent Employees of Merced County
111. Independent Living Center – San Gabriel Valley
112. Insure the Uninsured Project (ITUP)
113. Interfaith Council of Contra Costa County
114. JERICHO
115. Jewish Labor Committee
116. Kramer Translation
117. Lake County Democratic Club
118. Lambda Letters Project
119. Latino Coalition for a Healthy California
120. Latino Health Access
121. Latino Issues Forum
122. League of Women Voters, Alameda
123. League of Women Voters, California
124. League of Women Voters, Diablo Valley
125. League of Women Voters, Fremont, Newark, and Union City
126. League of Women Voters, Humboldt County
127. League of Women Voters, Long Beach Area
128. League of Women Voters, Los Angeles
129. League of Women Voters, North and Central San Mateo County
130. League of Women Voters, Oakland
131. League of Women Voters, Palos Verdes Peninsula/San Pedro
132. League of Women Voters, Santa Barbara
133. League of Women Voters, Santa Cruz County
134. League of Women Voters, San Joaquin County
135. League of Women Voters, San Jose/Santa Clara
136. League of Women Voters, Southwest Santa Clara Valley
137. League of Women Voters, West Contra Costa County

138. LifeLong Medical Care
 139. Los Angeles County Democratic Party
 140. Los Angeles Free Clinic
 141. Los Angeles Unified School District – Office of Legislative and Governmental Affairs
 142. Lutheran Office of Public Policy – California
 143. Manteca Democratic Club
 144. Marin County Board of Supervisors
 145. Mendocino Coast Democratic Club
 146. Midway Democracy Club
 147. National Asian Pacific American Women’s Forum
 148. National Association of Broadcast Employees and Technicians
 149. NAMI – San Gabriel Valley’s Voice on Mental Illness
 150. National Association of Social Workers (NASW)
 151. National Association of Working Women
 152. National Association of Working Women, 9 to 5 Bay Area Chapter
 153. Newsom & Fitzpatrick Medical Group, Inc.
 154. North Marin Water District
 155. Oak Grove Educators Association
 156. Oakhurst Democratic Club
 157. Oakland City Council Resolution
 158. Oakland Education Association
 159. Older Women’s League of California (OWL)
 160. Organization of SMUD Employees
 161. Pacific Palisades Democratic Club
 162. PICO California
 163. Planned Parenthood Affiliates of California
 164. Planned Parenthood of Mar Monte
 165. Planned Parenthood of San Diego and Riverside Counties
 166. Planned Parenthood of Shasta-Diablo
 167. Progressive Christians Uniting
 168. Protection & Advocacy Inc. (Support if Amended)
 169. Rainbow Coalition – West Contra Costa
 170. Richmond Greens Steering Committee
 171. Sacramento for Democracy
 172. Sacramento Japanese United Methodist Church United Methodist Women
 173. San Bernardino Public Employees
 174. San Diego County Court Employees Association
 175. San Diego County Water Authority
 176. San Francisco for Democracy
 177. San Francisco Labor Council
 178. San Joaquin County Commission on Aging
 179. San Jose – Evergreen Community College District
 180. San Luis Obispo County Employees Association
 181. San Mateo County Central Labor Council
 182. San Pedro Neighbors for Peace and Justice
 183. Santa Barbara Clergy & Laity United for Economic Justice
 184. Santa Barbara Friends Meeting (Quakers)
 185. Santa Clarita Valley \$CV Clean Money for Better Government
 186. Santa Rosa City Employees Association
 187. Senior Advocacy Council
 188. Service Employees International Union
 189. Service Employees International Union, local 1877
 190. Service Employees International Union, United Healthcare Workers
 191. Sierra Friends Center
 192. Sober Living Network
 193. Sonora Valley Hospital
 194. Sourcingmag.com
 195. South Bay Center
 196. South County Democratic Club
 197. South Hayward Parish
 198. South of Market Project Area Committee
 199. South Pasadena Activists
 200. Southern California Public Health Association
 201. State of California Commission on the Status of Women
 202. St. John’s Presbyterian Church
 203. St. Mary’s Center
 204. Stockton Unified School District Resolution No. 06-77
 205. Strawberry Creek Lodge Tenant’s Association
 206. Sutter County Democratic Central Committee
 207. The Cohn Agency Insurance
 208. Torrance Democratic Club
 209. UE Western Regional Council – United Electrical, Radio and Machine Workers of America
 210. Unitarian Universalist Church of Santa Clarita Valley
 211. United Electrical, Radio and Machine Workers of America, UE Local 1421
 212. United Food and Commercial Workers Union
 213. UnitedHere! Local 11

214. United Nations Association – USA & UNESCO Santa Barbara County Chapters
 215. United Nurses Association of California/Union of Health Care Professionals
 216. United Methodist Women
 217. Valley Interfaith Council, Board of Directors of San Fernando Valley
 218. Valley Women’s Club
 219. Wellstone Democratic Renewal Club
 220. West LA Democratic Club
 221. Western Center on Law & Poverty
 222. Western States Council
 223. Women For: Orange County
 224. Women’s Foundation
 225. Women’s International League for Peace and Freedom
 226. Women Organized to Win

Opposition

America's Health Insurance Plans
 Association of California Life & Health Insurance Companies
 Blue Cross of California
 Blue Shield of California
 California Association of Dental Plans
 California Association of Health Plans
 California Association of Health Underwriters
 California's Benefits Specialists
 California Chamber of Commerce
 California Family Council
 California Farm Bureau Federation
 California Healthcare Institute
 California Manufacturers & Technology Association
 California Medical Association
 California Resource Institute
 California Right to Life Committee, Inc.
 Cal-Tax
 Capitol Resource Institute
 Greater Riverside Chambers of Commerce
 Health Net
 Howard Jarvis Taxpayers Association
 Insurance Brokers and Agents of the West
 Kaiser Permanente
 National Association of Insurance and Financial Advisors of California
 National Federation of Independent Business
 Modesto Chamber of Commerce
 Thousand Oaks-Westlake Village Regional Chamber of Commerce
 United Chambers of Commerce of the San Fernando Valley