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## Assembly Universal Healthcare Select Committee Begins Informational Hearings: Day One

On Monday, the Assembly Healthcare Delivery Systems and Universal Coverage Select Committee convened a four-hour hearing to study universal healthcare. Assembly Speaker Anthony Rendon (Dem-Lakewood) established the Committee in response to SB 562 (Lara-Bell Gardens), which would have established a \$400 billion dollar single payer, government-run, mandated for all to enroll, universal healthcare program. The Assembly Speaker did not allow SB 562 to be referred to committee, making it a measure only eligible for consideration in 2018. The bill is widely considered implementally flawed, and has no funding mechanism. For perspective, the state budget is in the \$150 billion-\$175 billion range. SB 562 is authored by the very likely next Insurance Commissioner, and sponsored by the California Nurses Association, making it an obviously politically motivated measure.

Nearterm developments in this area are that the potential next Governor in January 2019 is existing Democrat Lieutenant Governor Gavin Newsom's public support for universal coverage. Newsom is the former San Francisco Mayor and has widespread notoriety. Newsom's main opponent to date is former Democrat Los Angeles Mayor Antonio Villaraigosa, who several days ago stated that this concept is "pie in the sky." This issue exists in California largely because of the federal effort to repeal and replace the Affordable Care Act (ACA).

Opening the first of additional Assembly Universal Healthcare Select Committee hearings, Assembly Health Committee Chair Jim Wood (Dem-Healdsburg) advised of his support of healthcare for all. There will be two additional hearings, or as many needed to gather required information. Assembly Member Wood is a physician. Wood stated that this is the beginning of the Assembly work in this regard, the start of which is to obtain information from experts, but not hastily. It is critical to scrutinize all proposals, including those that guarantee, eye, dental, and full medical coverage proposals in order not to destabilize the healthcare system, including health insurance markets, Wood said. The ACA assured people could keep their doctors, but this was not the reality. Errors along these lines need to be

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avoided. Internationally, there are multiple countries with universal healthcare, but cost containment is an issue for them.

Also a doctor, Assembly Healthcare Delivery Systems Select Committee Chair Joaquin Arambula (Dem-Fresno) believes healthcare for all is a human right. Assembly Member Arambula also acknowledged the ability to pay for single payer healthcare is a key issue. Assembly Member Autumn Burke (Dem-Inglewood) called for objectivity in decisionmaking. Assembly Member Laura Friedman (Dem-Glendale), a supporter of single payer, did acknowledge that this is a goal and something that needs to be determined possible.

Deborah Kelch, Executive Director, Insure the Uninsured People, provided a high-level overview of health coverage and care in California and highlighted the state's progress under the ACA, as well as discussed the individual market. Edwin Park, Vice President, Center on Budget & Public Policy overviewed Medicare, Medicaid, and the Children's Health Insurance Program. Ken Jacobs, Chair, University of California Berkeley Center for Labor Research & Education, overviewed California employer-sponsored insurance. Ella Gallardo, Director of Health Policy Research, Insure the Uninsured Project, discussed health disparities experienced by safety-net populations and safety-net providers dedicated to caring for these populations. Laurel Lucia, Director, UC Berkeley Center for Labor Research, outlined health coverage gaps in California.

Assembly Member David Chiu (Dem-San Francisco) asked about the prospects of a universal healthcare program in the state, to which Kelch suggested starting on a step by step basis. There are existing programs that exist that could be expanded to cover the three million Californians that are uninsured, including Medi-Cal for undocumented adults (1.8 million people). For the remainder, a deeper analysis (by income) of why there are uncovered is necessary then identify which programs already exist for which they could be insured. There are some high-income earners that choose not to be insured, as well. Ultimately, an overall wholesale change of the existing state healthcare coverage system in the longterm requires a multi-year plan of action and implementation.

Wood found Chiu's inquiry to be out of scope of today's request of the panelists. Chiu acknowledged, but advised his future hearing line of questions will be in this area. Nevertheless, Jacobs weighed in that additional cost sharing and subsidies to lower premiums should be the focus for those priced out of coverage. Medium and longterm analysis, regardless of whether the current healthcare system is used or the state moves to single payer, around cost is essential. This would involve analyzing costs on the provider and pharmaceutical side.

Assembly Member Laura Friedman (Dem-Glendale) asked about the prospects of Medi-Cal for all, to which Park said Nevada tried to do this but it was vetoed. There would not likely be federal funding, though. There are Medicare buy-in proposals across states with income earners that cannot take advantage of existing public health coverage options.

Arambula asked about how best to control healthcare costs in the future, to which Jacobs said Maryland has all-payer ratesetting. Pharmaceuticals, Jacobs added, are a key cost driver. There is a great deal more control in other parts of the world on drug costs. There is also the issue of healthcare administration cost. There is the possibility of reform in units of treatment incentive through focus on health outcome results as well. Arambula also asked about transparency and pricing. He took his dog to the veterinarian and was informed of exactly what the cost was for treatment. As a doctor, he has not seen this in human healthcare. Kelch agreed there should be more transparency, and SB 17 (Hernandez) enacted this year moves the state in this direction.

The California Medical Association said it is supportive of universal healthcare access regardless of income or citizenship and look forward to the cost modeling process. The California Dental Association cautioned against a rushed approach to changing the ACA. Those protected by Medi-Cal and Denti-Cal should not experience unintended quality of service reduction.

## Assembly Universal Healthcare Select Committee Begins Informational Hearings: Day Two

Tuesday's hearing was about how international single-payer health programs may help Californians.

Robin Osborn's, Vice President, International Program in Health Policy & Practice Innovations, The Commonwealth Fund, testimony was largely an international academic study of historical health coverage systems. The panelist did make a statement noting drug cost effective review conducted internationally, but it was quite brief. Sara Collins, Vice President, Healthcare Coverage & Access, The Commonwealth Fund, provided testimony that was more universal insurance coverage oriented, but started to get into international provincial-oriented distinctions, including, but not limited to, preventive care differences relative to New Zealand. Collins' analysis did have much less international academic study of historical health coverage systems, though.

In response to Assembly Member Laura Friedman's (Dem-Glendale) inquiry about the common features of high performing international universal health systems, Collins advised that access to quality healthcare is made a human right and that government inevitably has a role in setting benefits, the latter of which varies. Also in response to Friedman, Collins advised that an international study on cancer drugs found that the United States was spending more, but for every dollar the US is spending compared to Japan, Japan was getting seven times the return on health outcomes. The US is making more available, but more expensive, cancer drugs whereas other countries are doing much more on the up front end to ensure value in terms of what is clinically available and cost effective.

Regarding Assembly Member David Chiu's (Dem-San Francisco) interest area about how to practically get to a single payer system, Collins advised that Medicaid, Medicare, and the Children's Health Insurance Program provided substantial coverage. The Affordable Care Act (ACA) rounded out the remainder of uncovered, for the most part, but it is greatly fragmented and has high administrative costs. Also to address Assembly Member Chiu's line of questioning, Collins confirmed the US is by far the most heavily dependent health insurance market. Other countries rely on health insurers, but most commonly for supplemental coverage.

Assembly Health Committee Member Jim Wood's (Dem-Healdsburg) questioning concerned pharmaceutical costs. Wood said in Canada a fraction of the US price is paid. Collins went back to her mention of a study on cost effectiveness of drug methods in other countries. She cited steps utilized to determine which products provide the best results relative to costs. Assembly Member Wood followed up stating that in the US, people are paying more for drugs than doctors, "which is wrong." In this regard, Wood inquired how other countries negotiate with drugmakers, to which Collins explained it varies. Some use reference pricing by putting drugs into certain pricing classes.

Assembly Universal Healthcare Select Committee Chair Joaquin Arambula (Dem-Fresno) asked whether Osborn is of the view that a single payer system is the best care delivery option. She advised that there are ways to use the existing system to getting more value and provider reimbursement equity out of insurance and healthcare used. Osborn said the simplicity in other countries make it easier to meet performance measures. Assembly Member Arambula said the state should have a constitutional amendment stating healthcare is a basic human right.

Health Access California reminded that the state is seven percent away from universal coverage. The Service Employees International Union, of which there are 700,000 members, also endorsed health coverage for all.

The California Association of Health Underwriters said it wants a public-private health for all partnership, and considers the ACA a success that can be approved upon. Kaiser Permanente explained that one of the unintended consequences of SB 562 (Lara-Bell Gardens) is that it would do away with Kaiser, in its current form. SB 562 is the pending single payer healthcare bill in the Legislature. The California Chamber of Commerce suggested looking at other countries for guidance on healthcare system infrastructure, including increasing the number of physicians and providers. Canada has long wait times, evidenced by details revealed in a court case where a person had to wait a year for hip replacement. Also, Australia is increasingly moving to a private healthcare system.

## Legislature Proposes Billions In Higher Taxes & Fees This Legislative Session

California state lawmakers this year proposed \$373.4 billion in higher annual taxes and fees, the California Tax Foundation (CalTax) reported this week. The \$373.4 billion cumulative cost of proposals introduced in 2017 is the highest amount identified since CalTax began publishing Tax Watch in 2015. To put this number in context, it is nearly \$200 billion per year more than the total amount of taxes and fees currently collected by the state government.

The CalTax report identifies all tax and fee proposals introduced during the first year of the 2017-2018 legislative session, with information on which measures were signed into law, which failed, and which remain alive for possible consideration when the Legislature reconvenes next year.

The three proposals with the largest impact on taxpayers:

- SB 562 (Lara, Dem-Bell Gardens) would increase taxes by \$200 billion annually to pay for a single-payer healthcare system where all costs are paid by the State of California;
- SB 640 (Hertzberg, Dem-Van Nuys) is a \$122.63 billion sales tax on services; and,
- ACA 2 (Garcia, Dem-Bell Gardens) is a \$8.65 billion tax on groceries, snacks, and candy.

Under state law, a tax is defined as any levy that results in a taxpayer paying a higher tax, including any unreasonable or excessive fee. CalTax reviewed every bill introduced or amended between December 5, 2016 and September 15, 2017 for tax and fee related provisions.

## 34 Lawmakers Score 100% On California Taxpayers Association Voting Record

CalTax also finalized its 2017 Voting Record, the annual measurement of how elected representatives in the Legislature voted on important tax and fiscal legislation. This resource allows CalTax members to track the performance of elected officials, and to hold lawmakers accountable.

The votes of all state legislators are included in the report, which covers the first-year of the two-year legislative session. Thirty-four lawmakers were in 100 percent agreement with CalTax on key tax issues. On the other hand, 44 legislators voted with taxpayers less than half the time. The voting record represents CalTax's highest priority bills. Calculations include floor votes, committee votes, legislators who authored a bill but did not have a chance to vote on it, and credit for legislators who abstained from voting on key tax bills that CalTax opposed. The number of bills voted on by each legislator differs depending on committee assignments and authorship.

