SPEAKER NOTES

Issues Related to Single-Payer Healthcare

Summarized by Thomas T. Thomas

Among the legislative actions being taken statewide and nationally, health care is one that perhaps most impacts NAMI families. Specific health insurance plans, treatment options, best practices, medications, etc.—these take up a lot of conversation at support groups and general meetings. Because of this, on January 24 we presented an evening of discussion devoted primarily to the issue of providing universal healthcare with members of the group Healthcare Action Committee: **Ernest Isaacs, MFT,** is a psychotherapist with a practice in Berkeley; helping him with Q&A was **Donovan Wong, MD,** Medical Director of Behavioral Health in Solano County.

ERNEST ISAACS, MFT, AND DONOVAN WONG, MD

"Our current health insurance system is terrible," Isaacs said. As just one example, he cited the case of a woman who suffered a brain tumor at the age of 14 and has experienced recurring tumors over the years—she currently has three at the age of 50—who is being treated by one of the top oncology specialists in the field. Last year, her health insurance provider withdrew from Alameda County. Covered California, the statewide implementation of the Affordable Care Act, won't cover her because her disability income is not enough. And MediCal will not cover the doctor she has trusted for years.

Isaacs noted that medical bills are one of the leading causes of bankruptcy in this country.

The United States now has 1,300 different insurance companies, each with its own plan, panel of doctors, medication formulary, and utilization review process. Doctors' offices and hospitals carry a tremendous overhead in justifying billing and dealing with the inevitable denial process—because insurance companies are incentivized not to provide or pay for care. Businesses in this country must staff a large part of their human resources departments to process employees' medical insurance.

All other developed countries have some form of single-payer healthcare. Of the eleven major industrial countries, the U.S. is dead last in healthcare outcomes, including infant mortality. At the same time, we pay twice as much as the next country on the list for our health services.

Isaacs showed clips from *Now Is the Time*, a DVD prepared by Educational Videos Plus, to promote "Healthcare for Everybody." Among the points the DVD made:

- A company in Canada with 200 employees pays about $48,000 a month in health costs. A similar U.S. company pays $96,000 a month. In addition, Canadians when interviewed did not experience medical copays or denials of service.
- Under the current insurance system in Vermont, people pay about 14% of salaries on healthcare, plus premiums and copays, in addition to any government subsidies. A single-payer proposal there in 2011 found that it could provide a much better level of care with just an 11% payroll tax.
- About 20% of U.S. health insurance premiums are attributed to overhead: salaries, administration, and profits. By comparison, Medicare and MediCal pay 3% to 4% in overhead. Kaiser-Permanente pays between 12% and 15%.
- Under our representational system of government, bills with either popular support or popular opposition pass about 30% of the time. Bills with backing or opposition from special interests, such as the insurance companies in the case of single-payer healthcare, are passed or defeated at a much higher rate. The Affordable Care Act, for example, was largely written by insurance executives and benefits their industry.

The Healthcare Action Committee and other supporters of a single-payer system in California believe that healthcare is a human right, just like education. Everyone needs healthcare. They support legislation that is currently stalled in the California Assembly, Senate Bill 562, The Healthy California Act. The principles behind this bill are, first, "Everybody In, Nobody Out" and then "Everybody is Covered for Everything."

The bill would provide coverage for all residents of the state, including the 10% to 12% who are currently not covered, such as homeless people and undocumented immigrants. It would provide coverage for all doctor visits—and the patient can visit any licensed healthcare provider—as well as surgeries, dental and vision care, and mental health services. The bill states that all fees would have to be reasonable, which would be negotiated between the funding authority and provider groups.

"Any procedure based on clinical need would be covered," Isaacs said. (This would rule out cosmetic surgeries.) The bill provides a list of 35 services, of which mental health is one, so it is well positioned and described. In the bill's current form, these mental health services would be provided by any licensed therapist.

Unlike socialized systems such as the British National Health Service, where the government owns and operates the hospitals and employs the medical providers, SB562 only provides a financing authority, the Healthy California trust fund, which would pay for all for services provided by the current infrastructure of doctors and hospitals. This simplifies things for the patient, removes the administrative overhead in doctors' offices, and puts the insurance companies out of business.

The original legislative analysis of SB562 estimated that Healthy California would need a $400 billion budget—about twice the current statewide expenditures. But a private economic analysis shows that Californians currently pay about $370 billion a year for healthcare, of which $214 billion is covered through federal

subsidies such as Medicare, MediCal, and the Affordable Care Act. The rest of the cost is from individual and corporate insurance premiums and copays.

SB562 would actually reduce the state's medical bill to about $320 billion, realizing a savings of $50 billion from reductions in insurance company, employer, and provider overheads. Small businesses would be paying about 22% less under the single-payer system, medium businesses between 6.8% and 13.4% less, and large employers up to 5.7% less. Low-income households would spend about 5.5% less, middle-income families between 2.6% (if employer insured) and 9.1% (if individually insured) less, and high-income families would pay about 1.7% more for healthcare.

In one funding strategy, offered by the private economic analysis, the additional $106 billion would be paid for by a 2.3% sales tax that excluded housing, food, and utilities and a 2.3% gross receipts tax on businesses after their first $2 million in revenue. These taxes would replace current healthcare funding based on individual premiums, deductions, and copays and corporate health insurance costs. Individuals would still pay federal payroll taxes for Social Security and Medicare, with their medical benefits directed to the Healthy California trust fund.

SB562 would hold down costs by eliminating insurance company overhead for duplicate plans, advertising, salaries, and profits; holding down prices of medical services and prescription medications through bulk-purchasing negotiations; and allowing better health system planning to avoid unnecessary expenses.

The bill was introduced in the California Senate in February 2017 as barebones legislation to establish the Healthy California trust fund, similar to the Canadian single-payer system. It defined providers and services but did not include a taxation structure—which would have required a two-thirds vote in the Senate. It was passed out of committee in May and approved by a Senate majority.

The bill went to the California Assembly in July 2017 but was held up by Speaker Anthony Rendon and not sent to committee for evaluation. There the bill languishes because conservative Democrats and Governor Jerry Brown are influenced by the insurance and pharmaceutical industries and do not want to see it passed. The bill is also opposed by the California Medical Association, representing physicians, but is supported by the California Nurses Association.

An Assembly Healthcare Select Committee has held local hearings on the bill in Los Angeles and Sacramento, with others planned as of this printing.

The Healthcare Action Committee recommends people take action by sending postcards and letters urging approval of SB562 to:

Anthony Rendon, Speaker of the Assembly
State Capitol, Room 219
Sacramento, CA 95814

and to your assembly member, whose name and address can be found at assembly.ca.gov.

"We need to work together to change the current system," Ernest Isaacs said. "We need to go out, inspire, and educate."