

# Single-Payer Health Bill Clears California Assembly; Governor's Veto Expected

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Single-Payer Health Bill Clears California Assembly; Governor's Veto Expected Raymond J Lehmann

A bill that would replace all private health insurance in California with a state-run, single-payer system has cleared the state Assembly and could be delivered to Gov. Arnold Schwarzenegger's desk by week's end.

Passed by a 43-30 vote, S.B. 840 would create a state program to provide medical, dental, vision, prescription drug, hospitalization and emergency coverage for all Californians. Modeled on the federal Medicare program, the plan would be financed by drawing in all current public health spending in the state and assessing premiums, copayments and deductibles to participants based on their ability to pay.

The bill, also known as the California Health Insurance Reliability Act, previously passed the state Senate in late May by a 24-14 vote. It now will return to the Senate for a concurrence session to affirm language added by the Assembly that proposes a panel of health, finance and technical experts to deliver a report on how best to structure the program's premiums. If approved, it then would be sent to the governor, who has pledged to veto the measure.

According to the bill's sponsor, Sen. Sheila James Kuehl, D-Santa Monica, the measure isn't expected to require any new outlays from the state treasury, as she anticipates reduced administrative costs actually will yield at least \$8 billion in savings from the current total health expenditures in the state.

"Those of us who have coverage are seeing everything rise: premiums, deductibles, copays and out of pocket expenses, while our coverage continues to decline," Kuehl said in a statement distributed by the group Health Care for All -- California. "Half of the personal bankruptcies in this country are the result of medical expenses, and the majority of the people bankrupted for that reason had insurance at the time they became sick or injured."

In addition to opposition from Schwarzenegger and other California Republicans, the bill also is opposed by health insurers, agents and brokers.

A report from the Health Economics Consulting Group commissioned by the California Association of Health Underwriters finds that **proponents of the bill overstate the total private health-care administration costs in the state by between \$3.5 billion and \$5 billion.**

Furthermore, the study contends, the **administrative functions currently performed by the private market stand as the primary defense against insurance fraud and abuse.**

"Virtually everyone recognizes that our current health-care system is in a state of crisis, but this study confirms that replacing our current public-private system with a the state-run system will not result in the quality health-care availability and affordability that single-payer health care presumes to offer," said Dave Benson, CAHU's president-elect.

In a letter to Sen. Deborah Ortiz, chair of the California Senate Health Committee, America's Health Insurance Plans **further argued that government-run health care systems such as those in Canada and the United Kingdom have a poor track record of providing timely access to quality health care and tend to evolve into costly bureaucracies.**

**"Experience and research shows us that this type of system is ripe for cost overruns which necessitate increased funding, which ultimately would come from taxpayers," AHIP wrote. "We believe that government-run health care for all Californians would be an expensive undertaking and could lead to the creation of a large state bureaucracy."**

(By R.J. Lehmann, Washington bureau manager: raymond.lehmann@ambest.com)

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