# *Health care without the bills - will it happen in California?*

***State considers universal health coverage***

*By: Barry Shatzman, Newbor.com editor*

### 7/31/07: Only in America

Paul Knight received a lot of phone calls when his wife, Marlee, died in 1993, but they were not all from friends and relatives. Many were from collection agencies, trying to collect the $220,000 he owed to 53 separate health care providers.

This was not supposed to happen to a couple like the Knights. Both worked at Hewlett-Packard, and both had health insurance through the company. But a debilitating illness forced Marlee to leave her job. And one day, while in the intensive care unit of John Muir Hospital, her insurance reached its limit. And the debt began to build.

"My wife and i were highly-paid engineers. And bam! All of a sudden we're on the verge of bankruptcy," Knight said.

Had the Knights lived in any industrialized country other than the United States, they would have been spared the financial disaster that came with Marlee's illness. That's because every one of them provides some form of universal health coverage to their residents. But California now is trying to do the same. A bill making its way through the legislature, SB-840, would provide complete medical care for every state resident, for no charge.

### Covering everyone for everything

The program would cover virtually every type of health care imaginable - from birth to preventive care to surgery. And not just medical, but dental, hearing, vision, and mental health care. Prescription drugs would be provided at no charge. Need to take your child to the emergency room? It's covered 100 percent - with no co-payment or deductible. Need a wheelchair or hearing aid? You'll get one.

Nobody would be excluded. A California resident's health care would not be affected by their employment status or income. Nor would it be affected by pre-existing conditions.

"(Pre-existing conditions) is a term that nobody else in the world uses," Andrew McGuire, chief executive for Health Care for All - California, told a crowd at a public forum last month.

### How it would work

In one sense, little would change under a universal health care system. People would go to their private doctor or dentist just as they do today. If they need drugs or more specialized care, their doctor would write the prescription or refer them to a specialist.

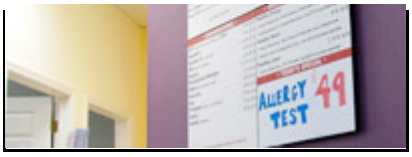
There are a few differences. For one thing, people would be free to choose their doctor and dentist, without having to worry about whether they are in their "network". But the biggest difference would come at the end of the whole process, when they skip the visit to cashier. No need for that, since there's no bill.

### Can a single-payer system really work?

More than 400 people work in the billing department of Stanford University Medical School. The same department at a comparably sized medical school in Canada has just two employees, McGuire said.

The difference, he said, is that Stanford has to handle billing under thousands of

different insurance plans. Health care providers in Canada, on the other hand, bill only one insurance provider - the government. California's universal health care plan would create a similar single-payer system, in which the government, rather than multiple insurance companies, reimburses health care providers.




But you don't need to go to Canada to see how much money can be saved under a single-payer system. You need go only as far as the Wal-Mart on Albrae Street in Fremont. On your right-hand side as you enter the store, you'll see the QuickHealth store. At QuickHealth, you can see a doctor for as little as $49 - less than the co-payment of some health plans. Cut yourself slicing a bagel on a Sunday morning and QuickHealth will stitch it up for under $100 - which includes a return visit to have the stitches removed. No long wait in the emergency room needed. The way they keep the cost down is simple, QuickHealth founder and CEO David Mandelkern says.

"Not dealing with insurance companies saves 25 to 30 percent. And we pass it on," Mandelkern said.

### Choose your bureaucracy

Look at the annual report of any large health insurance company, and you'll see its top executives each earning more than $10 million a year. You'll see profits in the billions.

"In general, 30 cents of every dollar you write in premiums stays with the company to fund their big buildings, perks, advertising campaigns, and lawyers that try to write the fine print on your policy so you can't understand them," McGuire said.

Under a single-payer system, less than a nickel out of each dollar would be needed for overhead, with more than 95 cents being used to directly pay healthcare providers, according to Peter Harbage, a Sacramento-based healthcare consultant. Harbage, who has worked with both California Gov. Arnold Schwarzenegger and Democratic presidential candidate John Edwards, compared the proposed system to Medicare, which needs only 3 percent of its funding to pay for its operations.

"The CEO of United Health Care got billions in stock options. You just won't see that under a government program," Harbage said.

### I gotta pay something, right?

The comparison of California's proposed universal health care system to Medicare is appropriate. In fact, a third of the money needed to pay for the system would be money from the federal government that now pays for Medicare and Medicaid. They no longer would be needed, since every California resident would be fully covered anyway.

Employers and employees also would pay into the system. Employers would pay just under 8 percent of their payroll, and employees 3 percent of their income over $7,000. So somebody earning $15,000 a year would pay $20 a month, and not pay a cent for their medical care. Anyone who earns less than $7,000, including those who are unemployed, would pay nothing, yet still be fully covered. Those earning more than $200,000 a year would pay a somewhat higher rate.

The benefit is even more pronounced for families with children. For a family of four with the husband and wife each earning $60,000, each would pay 3% of $53,000, meaning that complete coverage for their entire family would cost $265 a month. They would incur no other medical expenses.

### Who doesn't like this?

With very little left uncovered by universal health care - the most notable being long-term care beyond 100 days - private insurance for most medical care likely would become obsolete in the state. That means private insurance companies are likely to be hurt the most by a single-payer system.

Schwarzenegger vetoed the bill last year, and is expected to veto it again this year when it reaches his desk. "Socialized medicine is not the solution to our state's health care problems," he wrote in his veto announcement. He also wrote that a

single-payer system would "reduce a person's ability to choose his or her own physician, make people wait longer for treatment and raise the cost of that treatment."

But the proposed system is not socialized medicine, the California Nurses Association said, calling Schwarzenegger's comments "deliberately deceptive". Under socialized medicine, the government would own the healthcare facilities and employ healthcare providers. Under SB-840, facilities and providers would remain private businesses, just as they are now. They just would be reimbursed by the government as they are now under Medicare, rather than private insurance companies.

And choices, rather than being reduced, would be expanded, since people would be free to choose any primary provider. They no longer would be limited to those in their insurance group.

The bill's proponents also point out that Scwharzenegger has received more than $1/2 million in contributions from the top five health insurers and lobby associations since 2001.

### The future of universal health care

Although SB-840 has passed the Senate and is expected to do the same in the Assembly, Californians should not expect universal health care any time soon, considering Schwarzenegger's promised veto and a lack of bipartisan support (Democrats generally support the bill and Republicans generally oppose it) to override the governor's veto, Assemblymember Alberto Torrico said.

Even if the bill does become law, the path to implementing it still is filled with hurdles. It would not take effect for two years, as the state transitions from its current health care system.

A higher hurdle though, might not be in Sacramento, but in Washington, DC. Because the program depends on Medicare and Medicaid money, the state would need a waiver from the federal government to use the federal money this way. And even though everyone now covered under those programs in California would be covered under universal health care, obtaining a waiver is easier said than done, Torrico said.

"It's clear to me you need some level of federal cooperation. and we're not getting any now. Even with a Republican governor," he said.

The real solution, Torrico says, is to have universal health care nationally, with California's effort helping to build grass-roots support that spreads to national elections. There already are efforts in other states, including Oregon, Ohio, Vermont, and Wisconsin, to establish single-payer systems.

Many say these efforts still will have to overcome the highest hurdle of all - changing the mindset of people who are skeptical of anything labeled a government bureaucracy.

"For some reason, we've been told that when it comes to being single-payer insurance company, the state can't do anything right," McGuire said. "Because it's way too complicated to take a dollar in and give 97 cents back into medical care. It's better to take a dollar in and get 70 cents back."

### More information about universal health care...

Click here for more on health care coverage.

For more information SB-840, including a summary of the bill and frequently asked questions, visit www.onecarenow.org/sb840.htm

### 9/30/08: Governor vetoes SB 840 for second time

- 9/30/08: Gov. Arnold Schwarzenegger vetoed SB 840. Read the *Newbor.com* update for more.