



## **Legislative Update August 2006**

### **Governor Hosts Healthcare Summit at University of California, Los Angeles:**

Governor Arnold Schwarzenegger hosted a summit on health care affordability in July where corporate executives, doctors, medical administrators, labor leaders and academics debated ideas on how to address the problem of increasing medical costs and covering the nearly 6.5 million Californians who are uninsured. The basis for the Summit was to convene all stakeholders to debate the policy issues and potential solutions. The discussion covered topics and proposals currently being circulated at the national level with the stakeholders offering a number of reasons for increasing costs and uninsured Californians.

In response to the Governor's convening of the Summit, Democratic Gubernatorial Candidate, Phil Angelides, announced his plan to address the healthcare crisis in the state. He has said that if elected he would work with the Legislature to introduce a measure that would require employers with 200 employees or more to provide health insurance. The plan would essentially mirror the healthcare plan laid out in SB 2 (Burton) and Proposition 72 that was overturned in 2004. Additionally, Angelides has indicated his support for forcing drug companies to lower their costs as well as requiring HMOs to allocate more money to healthcare rather than the perceived "excessive" profits and administrative costs.

### **San Francisco Universal Health Insurance Accord Will Require Help from Business**

San Francisco is moving towards approving a *Health Access Plan*, which would offer comprehensive healthcare services to all uninsured city residents. While the Board of Supervisors does not plan to offer universal insurance, under the plan they would expand access to San Francisco's public health system to those residents without coverage. More specifically, the Plan would offer preventive, primary and emergency care by hospitals, county- and community-run clinics within the city.

The proposed plan is believed to be capable of providing healthcare coverage to an estimated 85,000 uninsured city residents at an estimated cost of \$200 million per year, of which \$104 million will come from already earmarked city healthcare funds, \$56 million in contributions from consumers and the rest coming from employers. The plan would go into effect in July 2007 after which time employers with 50 workers or more would be required to make payments and by April 2008 smaller employers with 20-49 employees would also begin making contributions. The legislation caps the per worker per month employer contribution at \$180 with any broader cost increases in the first three years of the plan being held at an annual rate of 5 percent to give companies time to adjust. Employers already offering healthcare coverage but not spending at the minimum level would still be required to contribute under the city program. As a cost safeguard and at the urging of businesses, employees already covered by an employer or spouse's health plan could not join the city's program to obtain double coverage. Because the Board would not be instituting an actual insurance program, city officials will still be able to take advantage of state and federal programs that defray the cost of care for the indigent, including Medicare. With the plan not being insurance, however, it will not cover enrollees who get sick outside the city.

The Plan will be taken up by the Board of Supervisors in the coming weeks and is expected to be signed by the Mayor shortly thereafter. The first phase of the Program would begin July 1, 2007.

## **Despite Eligibility, Californians Do Not Sign up for Government Health Insurance**

According to a number of recent statewide studies as reported by the *Insurance Journal*, roughly 2.9 million Californians who qualify for some form of government-sponsored health insurance do not sign up for coverage. The Foundation for Health Coverage Education (FHCE) has noted that the disconnect may be a result of a lack of knowledge and available information regarding the various programs and requirements to obtain state coverage. The following is a list of little known services and statistics about public health care coverage as reported by the *Insurance Journal*.

- A family of 4 can obtain coverage for the children in the family at a cost of \$5-10 a month per child despite an income of up to \$50,000 a year.
- Pregnant women who cannot afford coverage can obtain comprehensive government coverage for herself and baby before, during and after giving birth under the Aid to Infants and Mothers Program (AIM).
- An estimated 2.1 million individuals do not obtain coverage because they do not consider it a good investment.
- Californians who are unable to obtain private coverage because of a medical condition can obtain guaranteed continued coverage under the MRMIP program.
- Uninsured Statistics: 69 percent are single and 62 percent are below the age of 40.
- Californians who are self-employed with as few as 2 employees can receive guaranteed small group health insurance regardless of preexisting conditions.

*\*\*Statistics are courtesy of the FHCE and the California Healthcare Foundation (2002).*

## **Proposition 89 – Taxpayers for Fair Elections:**

One of the many initiatives on the November Ballot is Proposition 89 that is sponsored by the California Nurses Association (CNA). Proposition 89 would impose an increase in corporate taxes to pay for public financing of candidates for state office and would severely limit contributions to initiative campaigns, independent expenditure committees (IEs), and political parties. It also would impose new limits on campaign contributions to state-office candidates and committees who do not accept public funds, as well as new restrictions on contributions and expenditures by lobbyists and corporations. Proponents of the measure have said that it will help “level the playing field,” when in fact it would completely tie the hands of businesses, non-profit organizations and organized labor unions that are set up as corporations by severely limiting their ability to be involved in the political process.

The CNA’s basis for the initiative is two-fold. It is widely known that the implications it would have if passed would be entirely detrimental to corporations—large, small and non-profit—because it would limit, and in many cases, ban contributions to IEs, parties, candidates, initiative campaigns and institute a new tax to publicly finance campaigns. But what the CNA is not openly discussing is the fact that this apparently a first step in a two-step plan to ultimately bind the hands of business and their involvement in political races and initiatives before moving on to a single-payer healthcare initiative that the business community would not be able to fight as a result of their limitations on contributions and political involvement.

NAIFA-California will continue to update its members on the progress of the initiative as we near the November election. For more information on the initiative, visit [www.taxpayersforfairelections.com](http://www.taxpayersforfairelections.com).

*If you have any questions regarding any of the topics mentioned in this report, or others not mentioned, please contact Shari McHugh or Dawn Sanders Koepke, Legislative Advocates for NAIFA-California, at 916/440-0850. Thank you!*