

# Assembly Bill 1400

## California Guaranteed Health Care for All Act (CalCare)

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### SUMMARY

Today's U.S. health care system is a complex, fragmented multi-payer system that still leaves wide gaps of coverage and poses significant issues of affordability. Despite health care spending in the U.S. far exceeding other high-income, industrialized countries that offer a publically financed single-payer system, we consistently report worse health outcomes and disparities among vulnerable populations.

AB 1400 sets in motion a single-payer health care coverage system in California, called CalCare, for all residents, regardless of citizenship status. By streamlining payments and lowering per-capita health care spending, CalCare guarantees quality health care and long-term care without creating barriers to care or out-of-pocket costs.

By affirming health care as a right to all Californians and establishing a payment system that eliminates waste and aligns reimbursements with the actual cost of care, we can make significant progress on financing and acquiring state and federal approvals.

### HEALTH SYSTEM STATUS QUO

An estimated 2.7 million Californians remain uninsured<sup>1</sup> and millions more with coverage often delay or are unable to access necessary medications or health care services due to cost. Since the COVID-19 pandemic, that number has grown as many workers have lost their employer-based coverage or were unable to afford the high cost of health care due to economic constraints.

<sup>1</sup> Covered California estimates, January 12, 2021

Health care spending in the United States far outpaces other industrialized countries.<sup>2</sup> Based on prior years of health insurance rate filing data, hospital costs and physician services represent an overwhelming proportion of the overall projected premium dollar – 75% of the projected 2018 premium dollar.

Americans use significantly less health care services than people in other industrialized countries<sup>3</sup> – including physician visits and hospital admissions – yet spending is greater due to higher prices. Despite higher spending, Americans have worse health outcomes, including shorter life expectancy and greater prevalence of chronic conditions.<sup>4</sup>

Another challenge with our health care system is the pervasiveness in health disparities. California is a diverse state – racially, ethnically, economically, and geographically – and vulnerable populations face greater health risks and have less access to safety net programs.

California's growing senior population, aged 60 years and over, is expected to grow more than three times as fast as the total population<sup>5</sup>, which will place additional strain on health care services. As more aging adults enter Medicare, there will be a need to improve access and lower costs by pooling state and federal funds.

<sup>2</sup> I. Papanicolas, L.R. Woskie, and A.K. Jha, "Health Care Spending in the United States and Other High-Income Countries," *JAMA*, March 13, 2018

<sup>3</sup> *Health at a Glance 2017: OECD Indicators* – number of doctor consultations per person, hospital discharges, and average length of stay in hospital.

<sup>4</sup> "U.S. Health Care from a Global Perspective: Spending, Use of Services, Prices, and Health in 13 Countries," *The Commonwealth Fund*, October 2015

<sup>5</sup> California Department of Aging website, "Facts About California's Elderly." [https://aging.ca.gov/Data\\_and\\_Reports/](https://aging.ca.gov/Data_and_Reports/)

## **CALIFORNIA’S GUARANTEED HEALTH CARE FOR ALL (CALCARE)**

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The COVID-19 pandemic has exposed how grossly flawed and inequitable our multi-payer health system is and how critical it is for all Californians to be guaranteed access to health care. AB 1400 will bring California closer to achieving a single-payer health care system by setting in place a comprehensive framework of governance, eligibility and enrollment, benefits, delivery of care, and health care cost controls and program standards.

By passing the California Guaranteed Health Care for All Act, the state can position itself to seek consolidated federal waivers from the U.S. Department of Health and Human Services. These waivers would make it easier for California to consolidate health care dollars, provide flexibility, expand benefits, and eliminate cost-sharing.

Upon being authorized and financed, CalCare will establish a comprehensive universal single-payer health care coverage program and a health care cost control system. CalCare will be set up as an independent public entity governed by a nine member executive board with expertise in health care policy and delivery.

The CalCare Board’s composition shall be reflective of California’s diversity and free of any conflicts of interest. The Board shall convene a Public Advisory Committee to advise on all matters of policy and make informed recommendations.

### **THE CALCARE MISSION AND DUTIES**

CalCare will be charged with overseeing the state’s single-payer system, and will ensure the following:

*Comprehensive Benefits and Freedom of Choice*  
Californians will have access to comprehensive health care coverage, including all primary and preventive care, hospital and outpatient services, prescription drugs, dental, vision, audiology, reproductive health services, maternity and newborn care, long-term services and supports, prescription drugs, mental health and substance abuse treatment, laboratory and diagnostic services, ambulatory

services, and more. Patients will have freedom to choose doctors, hospitals, and other providers they wish to see, without worrying about whether a provider is “in-network.”

### *No Premiums, Copays, or Deductibles*

Californians would receive health care services and other defined benefits without paying any premiums or deductibles. Upon receiving care, patients would not be charged any copays or other out-of-pocket costs.

### *Addressing Health Care Disparities*

CalCare would remove barriers to care and create a special projects budget to fund the construction, renovation, or staffing of health care facilities in rural or underserved communities.

### *Long-Term Services and Supports for People with Disabilities and the Elderly*

Long-term services and supports for daily living will be fully covered for medically determinable conditions, whether physical, mental or due to age.

### *Reducing Health Care Spending and Improving Care*

CalCare would move the state to a simplified health care payment system that will free health care providers from devoting time on billing and instead focus on patient care. The new system would establish reasonable payment methodologies for providers that are aligned with the actual costs of care rather than driven by profits. Health care professionals and institutional providers would be prohibited from over utilizing services. CalCare can negotiate bulk drug prices for all Californians and take other measures to lower the costs of prescription drugs.

### *Global Budgets for Institutional Providers*

CalCare would negotiate fair, adequate global budgets to hospitals and other institutional providers to help contain the exorbitant costs by aligning health care payments with the actual cost of care and eliminating waste present in the system today. Institutional providers may submit appeals to the global budget to address justifiable or unforeseen circumstances.