




TOWN OF FAIRFAX

STAFF REPORT

June 7, 2017

TO: Mayor and Council

FROM: Garrett Toy, Town Manager 

SUBJECT: Adopt a resolution in support of SB 562, which would establish a comprehensive universal single-payer health care coverage program in the State of California

RECOMMENDATION

Adopt the Resolution.

DISCUSSION

Vice Mayor Lacques asked that this item be added to the agenda for the Council's consideration. The California League of Cities has not taken a position on this bill, which they summarize as follows:

“Existing federal law, the federal Patient Protection and Affordable Care Act (PPACA), enacted various health care coverage market reforms that took effect January 1, 2014. PPACA required each state, by January 1, 2014, to establish an American Health Benefit Exchange to facilitate the purchase of qualified health benefit plans by qualified individuals and qualified small employers. PPACA defines a “qualified health plan” as a plan that, among other requirements, provides an essential health benefits package. Existing state law creates the California Health Benefit Exchange, also known as Covered California, to facilitate the purchase of qualified health plans by qualified individuals and qualified small employers. This bill, the Healthy California Act, would create the Healthy California program to provide comprehensive universal single-payer health care coverage and a health care cost control system for the benefit of all residents of the state. The bill, among other things, would provide that the program cover a wide range of medical benefits and other services and would incorporate the health care benefits and standards of other existing federal and state provisions, including, but not limited to, the state’s Children’s Health Insurance Program (CHIP), Medi-Cal, ancillary health care or social services covered by regional centers for persons with developmental disabilities, Knox-Keene, and the federal Medicare program. The bill would require the board to seek all necessary waivers, approvals, and agreements to allow various existing federal health care payments to be paid to the Healthy California program, which would then assume responsibility for all benefits and services previously paid for with those funds. This bill contains other related provisions and other existing laws.”

FISCAL IMPACT: N/A

ATTACHMENTS

Resolution and cover letter
Fact sheet

AGENDA ITEM # 11

RESOLUTION 17-__

RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF FAIRFAX IN SUPPORT OF SENATE BILL 562 (LARA & ATKINS), HEALTHY CALIFORNIA ACT, TO ESTABLISH A COMPREHENSIVE UNIVERSAL SINGLE-PAYER HEALTH CARE COVERAGE PROGRAM AND A HEALTH CARE COST CONTROL SYSTEM FOR THE BENEFIT OF ALL RESIDENTS OF THE STATE OF CALIFORNIA

WHEREAS, every Californian should have a right to health care; and

WHEREAS, while the federal Patient Protection and Affordable Care Act (PPACA) brought many improvements in health care and health care coverage, it still leaves many Californians without coverage or with inadequate coverage; and

WHEREAS, on his first day in office, President Trump signed an executive order giving federal agencies broad powers to dismantle regulations created under the PPACA; and the executive order stated that the Trump Administration's official policy is "to seek the prompt repeal" of the PPACA; and

WHEREAS, Californians, as individuals, employers, and taxpayers have experienced a rise in the cost of health care and health care coverage in recent years, including rising premiums, deductibles, and copays, as well as restricted provider networks and high out-of-network charges; and

WHEREAS, businesses and local governments have also experienced increases in the costs of health care benefits for their employees, and many employers are shifting a larger share of the cost of coverage to their employees or dropping coverage entirely; and

WHEREAS, the Town of Fairfax paid over \$463,000 in health insurance premiums in FY 2016 for past and current employees; and

WHEREAS, Senate Bill 562 (SB 562) would create a "comprehensive universal single-payer health care coverage program and a health care cost control system" for the benefit of all 38 million Californians – including undocumented residents; and

WHEREAS, SB 562 would consistently cover all Californians, because coverage is based on residency, not a person's changing income or employment status; and

WHEREAS, SB 562 would eliminate out of control co-pays and high deductibles, and reduce Approved as to Form and Legality City Attorney costs by cutting out insurance company waste and duplication; and

WHEREAS, SB 562 would give patients the freedom to choose their doctor, and would manage prescription drug costs; and

WHEREAS, SB 562 is sponsored by the California Nurses Association and supported by the Healthy California a broad grassroots campaign comprised of four million Californians and over 150 organizations representing community, labor, immigrant rights, business, senior, healthcare providers and advocates;

NOW, THEREFORE, BE IT HERBY RESOLVED, that the Town Council of the Town of Fairfax endorses SB 562;

BE IT FURTHER RESOLVED that a copy of this resolution in support of SB 562 shall be forwarded to the legislative representatives for the Town of Fairfax.

The foregoing Resolution was duly passed and adopted at a regular meeting of the Town Council of the Town of Fairfax held in said Town on the 7th day of June 2017 by the following vote to wit:

AYES:

NOES:

ABSENT:

John Reed, Mayor

Attest:

Michele Gardner, Town Clerk

{DATE}

The Honorable Marc Levine
California State Assembly
State Capitol, Room 5135
Sacramento, CA 94249-0010

The Honorable Mike McGuire
California State Senate
State Capitol, Room 5061
Sacramento, CA 95814

RE: SB 562 (LARA and ATKINS) – SUPPORT

Dear Assembly Member Levine and Senator McGuire:

The Town of Fairfax strongly supports SB 562 (Lara/Atkins), The Healthy California Act. When enacted, the Healthy California Act will guarantee that every resident of California will receive comprehensive healthcare services, free choice of licensed health professionals and services. Covered benefits will include services to keep people healthy — mentally and physically — as well as services that diagnose and treat diseases. In addition to emergency services, surgeries and hospital stays, services such as home healthcare, day care and hospice are covered. Vision and dental care are also included.

The Healthy California Act has been crafted to provide a single high standard of safe, therapeutic care for all California residents in a manner that is financially sustainable. The advances from the Affordable Care Act will be folded into the new system and it will lower prescription drug costs.

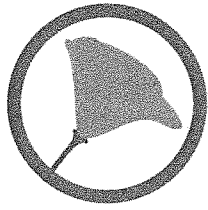
There will be significant cost-savings for business, consumers and local governments by reducing bureaucracy and waste created by for-profit, insurance companies.

Notably, the Town of Fairfax spent over \$460,000 in health care premiums alone. These skyrocketing premiums are a burden for our Town and ultimately our taxpayers. The Healthy California Act will create a system that will serve all Californians equitably, efficiently, and affordably, and reduce the burden of providing health care for local governments.

Sincerely,

John Reed
Mayor of Fairfax

cc: Senator Ricardo Lara
State Capitol, Room 5050
Sacramento, CA 95814



Healthy California

S.B. 562

Questions & Answers >>>

Q WHAT IS A SINGLE-PAYER HEALTHCARE PROGRAM?

A **Healthy California (HC) is a universal single-payer healthcare program** that would provide publicly funded and progressively financed healthcare coverage for all California residents with no network restrictions, deductibles, co-pays, or other limitations on necessary care. This means that a single public body—the Healthy California program—rather than an array of private insurers would pay for the healthcare costs of all California residents.

Healthcare benefits under Healthy California would apply universally to all California residents, establishing a single standard of safe and therapeutic care. Healthcare would no longer be limited by the narrow terms of an insurance plan or premiums paid to an insurance company. Because insurance premiums would be replaced with progressive financing, there would be no out-of-pocket costs to access care when you need it. Gatekeeper obstacles to receiving care—like insurance pre-authorization requirements, lifetime or annual limits, or network restrictions—would also be eliminated.

Q WHO WOULD BE COVERED UNDER HEALTHY CALIFORNIA?

A **All California residents would be eligible** and entitled to enroll in Healthy California regardless of age, income, wealth, employment, or other status—everybody in, nobody out.

Q WOULD I BE ABLE TO CHOOSE OR KEEP MY OWN DOCTOR?

A **Yes.** Everyone enrolled would have complete choice of provider. Members would choose a primary care practitioner or other provider to handle their care coordination—helping to navigate the system and helping to get the care, follow-up, or referrals the patient needs.

Q WOULD I STILL HAVE OUT-OF-POCKET COSTS, LIKE DEDUCTIBLES AND MONTHLY INSURANCE PREMIUMS?

A **No.** Healthy California members would not be charged insurance premiums, co-pays, or deductibles. Participating healthcare providers and care coordinators would be prohibited from charging any rate, co-pay, deductible, or other fee in excess of the payment established under the Healthy California program for healthcare services provided to members.

Q WOULD ALL HEALTHCARE SERVICES BE PUBLICLY RUN?

A **No.** The Healthy California Board, an independent public entity, would administer payments from the California Health Trust Fund to healthcare providers and care coordinators, whether private or public, for healthcare services provided to members. Rates of payments and

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payment methodologies would be negotiated by Healthy California with healthcare providers and drug manufacturers. Administration of Healthy California and the California Health Trust Fund would be state-based.

Q WHAT TYPES OF HEALTHCARE SERVICES WOULD BE COVERED?

A All medical care determined to be medically appropriate by your healthcare provider would be covered. Covered healthcare benefits for Healthy California members would include, at minimum →→

Healthcare services currently covered under the state Children's Health Insurance Plan (CHIP), Medi-Cal, Medicare, CalPERS, and other state programs and laws would be available to all members whether or not the member would otherwise be eligible for or covered by the program.

- INPATIENT AND OUTPATIENT MEDICAL CARE**
- Primary and preventive care
 - Prescription drugs
 - Emergency care
 - Mental health services
 - Pre- and post-natal care
 - Dental
 - Vision
 - Hearing
 - Immunizations
 - Laboratory and diagnostic services
 - Surgical and rehabilitative care
 - Ambulance services
 - Translation and interpretation services
 - Transportation to and from the doctor or hospital
 - Case management
 - Adult day care
 - Hospice
 - In-home care
 - Up to 100 days of skilled nursing
 - Alcohol and drug rehab
 - Dialysis
 - Blood products
 - Chiropractic care
 - Acupuncture
 - Podiatry

Q WOULD THERE BE ANY LIMITATIONS TO CARE?

A Gatekeeper obstacles to receiving care—like insurance pre-authorization requirements, lifetime or annual limits, or network restrictions—would be eliminated. All care determined to be medically appropriate by your healthcare provider would be covered under Healthy California. Doctors, nurses, and clinicians—rather than insurance adjusters—would be in charge of the healthcare services you receive and would make determinations on appropriate care using their professional judgment as licensed healthcare practitioners.

Q WHAT HAPPENS TO EMPLOYER-BASED COVERAGE AND SUPPLEMENTAL INSURANCE PLANS? WHAT IS THE ROLE OF INSURERS?

A Because all California residents would be eligible to enroll in Healthy California, the board would seek waivers from the federal government related to the

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Affordable Care Act and other federal programs so that larger employers would no longer be required to provide health insurance benefits to employees. Private insurance may offer supplemental benefits for any service for which coverage is not offered under Healthy California. Coverage that duplicates benefits offered under Healthy California could not be offered to California residents. Existing retiree coverage may be phased out and replaced with Healthy California.

Q WHAT HAPPENS TO MEDICARE, MEDI-CAL, AND THE CHILDREN'S HEALTH INSURANCE PROGRAM?

A The goal of the Healthy California Act is to fold all federal healthcare programs—including Medicare, Medi-Cal, and the Children's Health Insurance Program—into Healthy California. The board would work to obtain waivers or approvals relating to Medi-Cal, Medicare, the Children's Health Insurance Plan, the Patient Protection and Affordable Care Act, and any other appropriate federal programs, under which federal funds and other subsidies that would otherwise be paid to California would now be paid by the federal government to California and deposited in the California Health Trust Fund. Under such a waiver or approval, health coverage under those programs would be replaced and merged into Healthy California.

Q WHAT HAPPENS IF FEDERAL WAIVERS ARE NOT OBTAINED?

A If federal waivers are not obtained, the board shall use state plan amendments under federal healthcare programs and seek other waivers to maximize the use of federal and federally-matched health programs in Healthy California. The board would take steps to ensure that healthcare delivery by Healthy California would be as seamless as possible such that multiple sources of funding would not be apparent to Healthy California members or participating providers. To that end, the board would be authorized to apply for coverage under any federal or federally-matched program on behalf of any member. The board could also provide premium assistance for members enrolled in federal programs or adjust relevant regulations so that an individual's coinsurance, cost-sharing, or premium obligations under those federal programs are eliminated.

Q WHAT HAPPENS TO CALPERS?

A State public employee health benefits and health benefits for dependants of state employees currently covered under CalPERS would be incorporated into and covered under Healthy California. Pension and retirement benefits under CalPERS would remain the same.

Q WOULD WORKERS' COMPENSATION, LONG-TERM CARE, OR RETIREE HEALTH BE COVERED?

A The Healthy California Board would be required to develop proposals relating to long-term care, retiree health benefits, and coverage of healthcare services covered under state workers' compensation law. Long-term care for all members would not be included in the plan immediately, but the board would be required to develop a plan for its inclusion within two years. Long-term supportive services currently covered under Medi-Cal or the state's Children's Health Insurance Program would be covered under Healthy California. Existing voluntary employer-based retiree health benefits could be phased out and replaced with Healthy California, including benefits for retirees who live out of state but became eligible for retiree benefits while in state through an employer-based plan or under the Healthy California program.

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Q WHO WOULD ADMINISTER THE HEALTHY CALIFORNIA PROGRAM?

A Healthy California would improve upon the existing governance structure of the Covered California Board, which was created to implement and administer California's health insurance exchange program under the Affordable Care Act. The existing Covered California Board, an independent public entity, would be modified and expanded to become the Healthy California Board—doubling the number of appointed board members.

The board would consist of nine members—the Secretary of California Health and Human Services serving *ex officio*, plus eight appointed members with expertise in healthcare serving four-year terms. Of the appointed members, four would be appointed by the governor, two by the Senate Committee on Rules, and two by the Speaker of the Assembly. Current Covered California Board members would complete their current four-year terms. This board would implement and administer the Healthy California program with the advice of a broadly representative Public Advisory Committee that also would be established pursuant to the Healthy California Act.

Q WHAT IS THE ROLE OF THE HEALTHY CALIFORNIA BOARD?

A The Healthy California Board would serve to implement and administer the Healthy California program. It would also be responsible for ensuring the operational well-being and fiscal solvency of the California Health Trust Fund. A broadly representative Public Advisory Committee would advise the board on policy matters for the Healthy California program.

The board would maintain the scope, quality, and accessibility of healthcare services provided under Healthy California and is tasked with promoting a simple, transparent, uniform, and fair healthcare delivery system for members, healthcare providers, healthcare workers, and the public as a whole. To this end, the board would establish program requirements and standards—including requirements related to the terms, methods, and rates of payment and standards for healthcare coordinators and providers that participate in the program. The board would also develop proposals relating to long-term care, retiree health benefits, and coverage of healthcare services covered under state workers' compensation law.

Q HOW WOULD HEALTHY CALIFORNIA BE FUNDED?

A Healthcare would no longer be paid for by insurance companies. A broad base of revenue would be pooled into the California Health Trust Fund and be used to pay healthcare providers, care coordinators, integrated health systems, and for prescription drugs. No co-pays or other out-of-pocket charges would be made to members.

A specific revenue plan, following guidelines in the bill, would be submitted by the Legislature.

State funds now allocated to health services covered by Healthy California would be shifted to the California Health Trust Fund. All federal funds now received for healthcare, including the Affordable Care Act, Medicare, Medi-Cal, and Children's Health Insurance Program, would be combined with state revenue in the California Health Trust Fund. California would seek federal waivers that allow the state to completely fold those programs into Healthy California, which would operate as a true single-payer program. Any other appropriate federal programs, under which federal funds and other subsidies that would otherwise be paid to California, would be paid by the federal government to California and deposited in the California Health Trust Fund.

Q HOW WOULD HEALTHCARE COSTS BE CONTROLLED?

A Bureaucratic waste, inefficiency, and marketing costs of insurance-based plans would be eliminated, which would save workers, employers, and the government billions

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of dollars annually. The care that a patient receives would no longer be measured by its financial costs or value to providers and insurers. Rather, healthcare professionals would be in charge of healthcare services such that doctors, nurses, and clinicians would be enabled to exercise their professional judgment when making determinations on patient care. There also would be price controls on drugs and medical devices, and there would be strict budgets for hospitals based on patient care costs.

Reigning in unrestrained healthcare costs and pharmaceuticals, Healthy California would also directly negotiate reasonable rates of payment and payment methodologies with healthcare provider organizations and drug manufacturers.

Q **WOULD A SINGLE-PAYER SYSTEM BE GOOD FOR WORKERS?**

A **Yes.** Workers would be able to change jobs without losing health insurance coverage and health benefits would not change from employer to employer. Importantly, barriers to accessing healthcare services—like deductibles, co-pays, life-time limits to care, pre-authorization requirements, etc.—would all be eliminated. You would no longer rely on your employer to annually negotiate plans with insurers and benefits would always be comprehensive.

Employers would still be able to pick up 100% of payroll premiums, and money saved from lower healthcare costs could go to wages and other employee benefits. Retiree healthcare benefits would also be covered, which would help fund pension plans. Importantly, in collective bargaining negotiations, healthcare takeaways over pricey health insurance plans would no longer be on the table.

Q **WOULD THERE BE COST SAVINGS FOR BUSINESS?**

A **Under Healthy California, businesses as employers would see lower costs** (estimated between one third to one half lower than current costs) related to healthcare for their employees. Relieved of responsibility to provide health insurance benefits to employees, employers would no longer have to front administrative costs to negotiate and maintain employer-based coverage. Overall, real healthcare cost control measures under the Healthy California program would result in value for businesses.

Hospitals and other healthcare providers also would be able to save on overhead, billing, and other costs that they currently spend on the management and administration of multiple private insurance plans. Overhead in private insurance-based systems typically equal about 12.5% of all costs while publically funded and administered programs, like Medicare, have about 3% of overhead costs. A single-payer program nationally could save over \$2.75 trillion over 10 years for doctors and hospitals.

Q **WOULD THERE BE COST CONTROLS ON PHARMACEUTICALS?**

A **The legislation intends to address the high cost of prescription drugs.** No specific mechanism has been proposed. Approaches that would be consistent with a single-payer program include: state drug purchasing could be consolidated under Healthy California to the extent allowed under federal and state law. By leveraging the state's buying power to reduce drug prices, Healthy California could engage in good faith negotiations with drug manufacturers on rates of payment and payment methodologies for prescription and non-prescription drugs.

Q **WOULD TAFT-HARTLEY FUNDS BE PROTECTED?**

A **The role of Taft-Hartley Trust Funds as care coordinators is explicitly preserved** and, as can other health insurers or carriers, Taft-Hartley Trust Funds can offer

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supplemental benefits that do not cover any service for which coverage is offered to Healthy California members.

Q IS THERE A ROLE FOR KAISER PERMANENTE AND OTHER INTEGRATED HEALTH SYSTEMS?

A Yes. Healthy California members can choose to enroll with and receive care coordination from integrated healthcare delivery systems, essential community providers, and group medical practices that provide comprehensive and coordinated healthcare services such as HMOs, including Kaiser Permanente. These integrated healthcare delivery systems, essential community providers, and group medical practices can choose to be reimbursed through either a capitated or a non-capitated system that covers all costs of healthcare services provided to Healthy California members.

Q WOULD THERE BE PRIVACY PROTECTIONS FOR MEMBERS?

A Healthy California and other state or local agencies would be prohibited from providing or disclosing to anyone, including the federal government, any personally identifiable information obtained under the program. Law enforcement agencies would also be prohibited from using Healthy California resources or personnel in the investigation or enforcement of any criminal, civil, or administration violation of requirements that individuals register with the federal government based on their religion, national origin, ethnicity, or immigration status. Existing state and federal laws, including the Confidentiality of Medical Information Act, the Patient Access to Health Records Act, the Information Practices, and the Health Insurance Portability and Accountability Act of 1996 would also protect private health information.

Q WHAT WOULD HAPPEN TO DISPLACED WORKERS OF HEALTH INSURERS AND OTHER THIRD-PARTY PAYERS?

A The board would allocate funds to the Secretary of the Labor and Workforce Development Agency for a program to retrain and assist individuals employed or previously employed in the field of health insurance or other third-party healthcare payers whose jobs may be ended as a result of the implementation of the Healthy California program.



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