

## [A FAQ About California's Single Payer Health Care Legislation, SB 562.](#)



[By jpmassar](#)

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I've gathered together many of the questions people ask, and objections they raise, when single payer health care is discussed. Accompanying the questions are my answers: some definitive, some an admission of doubt and uncertainty. With a few jabs and a bit of snark thrown in.

So enjoy! And point your dubious friends here when they ask you any of these 50+ questions...

### **THE BASICS**

**Q.** *What is SB 562?*

**A.** It's [legislation introduced by Senator Richard Lara](#) into the California legislature in 2017, designed to create a single-payer, universal health care system in the state. It would set up an organization called Healthy California to administer the program.

**Q.** *Who would it cover?*

**A.** Everyone who is a resident of California, using a residency requirement very similar to that of California's current Medicaid program (MediCal).

**Q.** *Including undocumented individuals?*

**A.** Yes. Everyone.

**Q.** *Homeless people?*

**A.** Yes. Everyone.

**Q.** *Health insurance company CEO's?*

**A.** Hmmm. Maybe there'll be an exception...

**Q.** *What would it cover?*

**A.** Pretty much everything. Anything you'd normally think of as associated with doctors and hospitals as well as mental health services, dental services, vision, medical equipment purchases, nursing home and long-term care, and on. You can find a non-limiting list [in the legislation \(Chapter 4, 100630\)](#).

**Q.** *What would people have to pay to get services?*

**A.** Zero. Zip. Nada. \$0.00. No copays, no fees, no deductibles, no premiums.

**Q.** *How would it work from an individual's perspective?*

**A.** You'd get a Healthy California membership card. You make an appointment. You present your card. You get treated. You go to a pharmacy. You get your medicine. You never pay anything.

**Q.** *How would it work from a company's perspective?*

**A.** Companies would no longer have to deal in any way with health insurance, health insurance companies, self-insurance, or health benefits. It would all just go away.

**Q.** *How would it work from a medical services provider's perspective?*

**A.** Logically, a service would scan your card, provide services to you, and then bill the Healthy California Trust Fund, which would process the request and send the service provider a check. Of course the details may be different (e.g., reimbursements may be aggregated and sent in one weekly check, covering everyone treated, or sent via an electronic transfer). Most importantly health service providers would not be dealing with twenty different insurance companies' rules and regulations, questions of coverage or denial of claims issues.

There's another way - the Kaiser way (integrated care). The legislation allows Healthy California to pay an organization like Kaiser a fixed fee per person per year (perhaps adjusted by age). It would be Kaiser's responsibility to make ends meet from that revenue stream. In such a case there wouldn't even be a need for billing or reimbursement.

## **COSTS**

**Q.** *What will it cost?*

**A.** A guesstimate by the staff of the California Senate Appropriations Committee put the cost at \$400 billion annually. [A detailed analysis](#) by economists using hard data and modelling arrived at a figure of \$330 billion annually.

**Q.** *That's a lot of money, even by Carl Sagan standards. How could we possibly come up with a sum like that?*

**A.** In order for these numbers to have any meaning, they must be compared to what California spends now on health care per year. That's close to \$370 billion! So the money already exists and is being used for the same purposes. No one has to "come up with it."

That \$370B figure includes all money spend by the federal government in California (e.g., Medicare, Medicaid, CHIP, ACA subsidies, emergency room subsidies, etc), all money spent by the state and local governments (insurance premiums for employees, costs to keep County hospitals open, mental health services spending, etc), all money spent by employers on health insurance premiums and other health benefits, and all money spent by individuals on premiums, co-pays, deductibles, fees, medical equipment, etc.

For more perspective, the GDP of California is \$2.6 Trillion.



Robert Pollin, study author, presenting its findings at a May 31st press conference in Sacramento with California Nurses looking on.

**Q.** *So depending on who you believe, it will either cost California \$30B more per year or \$40B less per year?*

**A.** Yes. Keep in mind the smaller figure is based on a rigorous analysis by a team of academics — led by Robert Pollin. Governor Brown's former economic advisor - with extensive experience in these matters. The larger figure was a fairly quick guesstimate by competent legislative staff but was by no means a rigorous analysis.

**Q.** *Why might it cost less?*

**A.** Insurance companies would go away. So no more insurance company profits and far less paperwork and red tape. Fewer emergency room visits. Healthier individuals overall whose conditions are treated before they become million-dollar problems. The ability (and mandate) to negotiate drug prices with pharmaceutical companies. The mandate to negotiate fair and reasonable prices for medical services based on Medicare reimbursement rates, which are less than current private-market prices. Along with other efficiencies that can be realized once you have a non-profit, single-payer entity managing the system.

**Q.** *Why might it cost more?*

**A.** Higher utilization and frivolous use. More people (everyone) covered. Possible increased fraud.

**Q.** *Is there any evidence one way or another?*

**A.** We know that other countries, most notably Canada and Taiwan, have single-payer systems and costs a) are much less than they are in the United States per capita, and b) they don't have unacceptable problems with too much utilization, frivolous use or fraud.

We know that Canada negotiates drug prices and gets around a 30% reduction vis a vis the prices we pay in America.

We know that our existing single-payer system in the United States - Medicare - has far lower administrative overhead than private insurance companies.

We know, from our own personal experience and studies, that insurance companies impose huge bureaucratic burdens both on doctors and patients.

Of course we don't know for sure what will happen until we try.

**Q.** *What if the analysis is wrong and it does cost more?*

**A.** We still get universal coverage, dental and vision for everyone, the elimination of medical debt, peace of mind, no more bake sales and GOFUNDme's when someone gets sick, and more. We retain the ability to look at what's going wrong and make the appropriate corrections, unlike the situation now, where the ACA, even if it survives, can't be tweaked or repaired because of Republican intransigence.

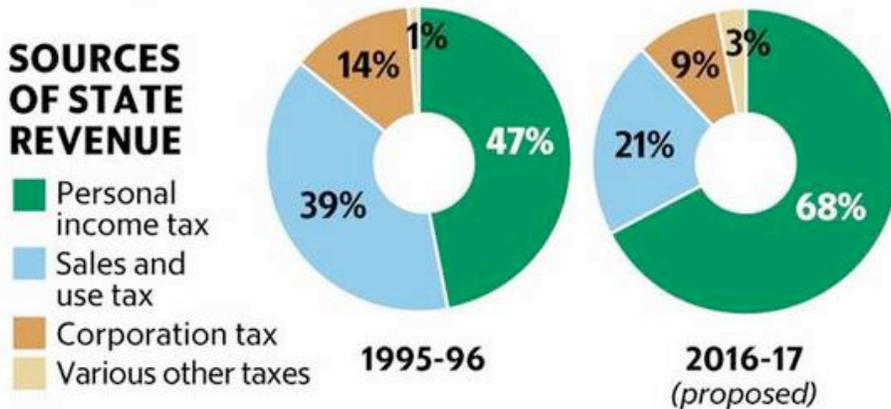
## **FINANCING**

**Q.** *Where will the money to pay service providers come from? How does it get into the Healthy California Trust Fund?*

**A.** California would take all the money it's getting now from the Federal government, and all other state and local allocations for health care, and direct it into the Trust Fund. New sources of revenue (aka new taxes) will be created to fund the difference, which is approximately \$100B using the study's numbers.

## Where the money comes from

The California general fund budget relies heavily on personal income tax revenue. The sales tax is the next-largest source of state revenue.



Sources: State Franchise Tax Board, Board of Equalization, Department of Finance The Sacramento Bee

**Q.** Did you say 'new taxes' ?

**A.** Yes. Taxes. The same sort of mechanism that now pays for schools and roads would also be used henceforth to pay for health care. It's radical, but the alternative is continuing to pay health insurance company CEO's millions to pay people low wages to stamp DENIED on claims.

**Q.** What taxes?

**A.** There is no specific additional tax written into the legislation at the moment. However, the financial analysis study proposed two revenue sources:

- A gross receipts tax for businesses of 2.3% in lieu of all the health insurance costs they now incur, imposed only on receipts over \$2,000,000. (Therefore, the smallest businesses would pay nothing, and a small business with, say, \$2,500,000 in gross receipts, would pay only on \$500,000, not \$2,500,000, for a total annual bill of \$11,500). The bigger the business, the higher the effective rate.
- An increase in the sales tax of 2.3%, with a rebate to low-income households to insure that the net effect on those with low income is minimal, or even net beneficial.

**Q.** Why aren't these funding sources written into the legislation?

**A.** Because the financing proposal came out too late to be inserted into the legislation before it was voted on by the California Senate (the legislature now has a 72-hour posting rule, which, while it may or may not have actually applied here, was honored by the Senate).

Also, because there are other financing mechanisms possible (e.g. a progressive payroll tax, progressive capital gains and interest income taxes, or a carbon tax), and the authors want an open debate and flexibility.

*[Nerdlyness warning — The next four questions are a bit on the policy wonk side. You can scroll down to "Prospects for Passage" if that's not your thing.]*

**Q.** What happens if the Federal government refuses to give California the money it's currently spending in California on medical services if California sets up a single-payer system? Doesn't the Trump administration already hate us?

**A.** Yes, they already hate us. No, they can't just say "Screw you." And if they try to, there is sound legal basis for suing to compel them to provide the money. The Feds can't let Indiana get special waivers to do what they want with Medicaid money while not letting California have the same rights.

Existing Medicare law already allows California to take over the administration of Medicare. Medicare and Medicaid are the two biggest chunks of money coming from the Feds.

Could it get messy? Indeed. Could Trump figure out a legal way to screw California over? It's certainly possible. But since there is no possibility of a better health care system any time soon at the Federal level, and a significant possibility of a worse one - that California will suffer immensely from - we need to push forward.

**Q.** *What happens to this plan if Congress repeals the ACA?*

**A.** Congress isn't considering repealing the ACA. At least not currently. They want to change the way the ACA exchange subsidies are doled out, and change Medicaid reimbursement, cutting the amount of each (and they want to give states greater authority to screw people). So the amount of money that California (and every other state) would receive from the Feds would be reduced, but it would not be eliminated.

If states gets less money from the Feds for healthcare, either that money has to be made up somehow by the state and/or its people or everyone gets less healthcare, takes on more medical debt, and starts dying. The latter may be acceptable in Alabama but is probably not going to play well in the Golden State.

So either our state taxes go up to cover the shortfall, or companies and people with enough money start paying out-of-pocket for more of their health care. The former seems like a fairer thing to do. And given that the Republican plan, the ACHCA, is basically a tax cut for the rich, it seems fairest of all for the state to then tax California's rich to claw back some or all of that bonanza and use it for health care.

**Q.** *What about ERISA (Employee Retirement Income Security Act), Federal legislation which reserves for the Federal government the right to regulate self-funded employer health plans such as those offered by large corporate employers?*

**A.** That could be a problem. Changing ERISA would require an Act of Congress. California seemingly cannot otherwise force self-funding companies operating in California to become part of its single-payer plan.

However, there is nothing that prevents California from taxing businesses using the gross receipts tax regardless of whether they self-insure their employees or not. What company in its right mind would continue to choose to self-insure its California employees, effectively paying for their health care, AND pay the gross receipts tax? Why not voluntarily drop the self-insurance plan and save a lot of money?

**Q.** *So if you institute these new taxes and now the state is going to spend some \$330B on health care, that will more than double the state budget. What about that?*

**A.** Yes, the state budget would increase by a large factor, in a technical sense.

The money will come into the state in various forms, and immediately go out again directly to the Healthy California Trust fund, where it will then be disbursed to health care providers.

Remember, California's (as in everyone in California's) budget for health care is already \$370B.

Whether electronic money flows through a state owned computer and therefore technically increases the state "budget," or the Feds, insurance companies and people send the money to health care providers is a technical detail that the press and opponents have blown up into a scare headline: "State budget would more than double!"

Ultimately, the money still goes to the health care providers. The path it takes is of pretty much no concern to those receiving health care, taxpayers or anyone else except the insurance companies who will no longer be able to extract their pound of flesh.

In meaningful terms the State budget will increase by the costs to administer the Healthy California program - a bunch of people will have to be hired by the state, and paid like other State employees.

Administration is estimated to be about five percent of total spending, so we're talking about a some \$17 billion "non-vacuous" increase in spending for the State of California.

## **PROSPECTS FOR PASSAGE**

**Q.** *Won't any financing require a 2/3rd majority in both houses of the legislature?*

**A.** Yes. Any increase in taxes requires a supermajority, per the California Constitution. Democrats currently have 2/3rds majorities in both houses but were only able to obtain 23 votes out of the 27 Democrats in the Senate (with no Republican ayes) for SB 562. Since the financing mechanism was not yet in the bill, it only required a majority, 21, and it passed. The Assembly is considered more conservative than the Senate.

**Q.** *So the legislation is doomed?*

**A.** Who can say? Even if it were miraculously to pass both houses with a supermajority it might still face a veto from Governor Brown.

HOWEVER various analyses have concluded that some provisions of the legislation would require a constitutional amendment to overcome certain constitutional restrictions. In California a constitutional amendment can only be passed by the voters, but needs a simple majority. So if parts of the legislation require a vote on a supporting constitutional amendment anyway, the bill itself could be turned into a ballot initiative and voted on by the people at the same time - again, with only a majority vote to become law. That could happen in June of 2018 but more likely in November, 2018.

Therefore the legislation could theoretically be enacted without the legislature's or the Governor's support.

Another path would be fort enough signatures to be gathered to put it on the ballot — then go to the negotiating table with the Legislature and the Governor to have them pass and sign some form of the bill, avoiding the enormous effort a ballot initiative would entail. This was how California's eventual \$15 statewide minimum wage came to be, and the recently renewed millionaire's tax.

Yet another more distant possibility is that after 2018 there will be a different Governor and possibly an even more progressive legislature. Lt. Governor Newsom has endorsed the idea of single payer for California, and he is probably the front-runner at the moment of those who have announced a run for Governor.

## OBJECTIONS.



**Q.** *Isn't this a government takeover of the health care system?*

**A.** No. It's the replacement of the health care REIMBURSEMENT SYSTEM as it exists now (a bizarre combination of for-profit insurance companies, cash payments by individuals and government payments) with a single, government administered, reimbursement system.

The health care system itself is not changed by this legislation, nor is it "taken over." True, the legislation allows Healthy California to regulate health care in various ways - but there is already regulation under the ACA and before the ACA there was a patchwork of Federal and State regulation of the industry.

In fact, the legislation provides for the reverse of a takeover. It specifically calls for medical decisions to be made by medical experts - your doctors - rather than by either health insurance company death panels or by government bureaucrats.

**Q.** *Won't people come from other states and get free health care?*

**A.** They can't just drive or fly in, get free health care and leave. They would have to become residents.

**Q.** *Won't people move here from states where they would otherwise have to pay for expensive treatments or die?*

**A.** It's possible. Neither the Sierras nor the Mojave Desert proved enough of a barrier to keep people out hundreds of years ago; the fruit inspection stations along I80, I15 and I10 probably won't be able to either (snark).

Again, you would have to become a resident, which takes time. And money. People who can afford it might choose instead to do "medical tourism" to another country for a month or two instead of picking up stakes and literally moving.

It is interesting to note that a similar situation existed vis a vis Massachusetts, with Romneycare, before the ACA was passed. All the sick people and people with pre-existing conditions in the country could have decided to move to Massachusetts, get residency, and be covered via Medicaid or subsidized insurance on their exchange. But that didn't happen.

The passage and implementation of single payer in California may prompt other states to do so as well, which would limit the problem.

In truth, we simply don't know for sure what will happen.

**Q.** *Won't people go to the doctor for every little ache and pain?*

**A.** There may be a few people who do this. If so, it seems like it is a reasonable tradeoff to have a few people get more care than they need than to have a bunch of people not get enough care. I don't know about you, but the last thing I want to do is go to a doctor or a dentist if I don't have to, have my blood drawn and/or have to pee in a cup. This simply does not appear to be a serious problem in any of the countries that have universal health care.

**Q.** *Won't doctors order unnecessary tests, have people come in 'for yuks' so they can bill for appointments, and prescribe unnecessary drugs?*

**A.** That could happen. Remember, we do have proof of concept in Canada and Taiwan, and it doesn't seem to be a budget-killing problem in those countries. And as it stands right now doctors could (and some of them probably do!) order unnecessary tests, create unnecessary appointments and prescribe unnecessary drugs.

**Q.** *Won't costs explode?*

**A.** We'll never know for sure until we try. They haven't in other countries. The legislation provides the Healthy California Board with sufficient oversight and regulatory authority to insure that this doesn't happen. Whether they will use that mandate appropriately only time can tell.

The flip side of this question is that costs have already exploded. We pay far more per capita for health care than any other advanced country and it keeps going higher faster than the inflation rate. Are we going to keep doing the same thing over and over and expecting anything to change?

**Q.** *Won't businesses object?*

**A.** Maybe, but they shouldn't. The study shows that all businesses will save money - especially small businesses which now pick up part or all of their employees health costs.

**Q.** *Won't the Chamber of Commerce object?*

**A.** Yes, they will (and already have). Fuck them.

**Q.** *Won't the insurance companies object?*

**A.** Yes, they certainly will (and already have). Fuck them and the horses they ride in on (keeping in mind we are against cruelty to animals, just in favor of rhetorical devices). Health insurance companies are by definition unethical and immoral - once you get sick, the best outcome for them is that you die, quickly. It's better for all of us if they, instead, die quickly.

**Q.** *Won't the drug companies object?*

**A.** Yes, they certainly will. Fuck them and their \$1000 a dose pills.

**Q.** *What if drug companies refuse to sell to California?*

**A.** They don't refuse to sell to Canada. They don't refuse to sell to Taiwan. They don't refuse to sell to the Veteran's Administration, which pays significantly reduced prices. they don't refuse to sell to other countries that regulate drug prices. Why would they refuse to sell to the world's 6th largest economy? And if they do, we can tell Google, Apple, Twitter and Facebook to cut off their access to Internet search and social media (snark).

**Q.** *Won't people freak out when they hear you'll be raising the sales tax?*

**A.** Assuming that a sales tax hike is written into the legislation, yes, yes they will. (This freaking out concept would apply to just about any proposed tax). It remains to be seen whether facts and math can convince people that a sales tax hike of 2.3% is a sensible way to pay for health care instead of what people are paying now.

All we can do is try:

Let's say a household buys \$20,000 in taxable goods a year (remember, rent or mortgage, which consumes a large part of post-tax income, groceries, movies, live entertainment and certain other things are not sales-taxable in California, so \$20K is A LOT of taxable goods for the average family). That household would pay \$460 in increased sales tax. For that they get completely free health care for the entire household. What an incredible deal.

Do the math. Only those with enormous incomes who also spend a lot on material goods are going to come out behind. Even if your household spends \$200,000 on taxable goods in a year you still only pay \$4600 for everyone's healthcare!

The proposal also sees to it that poor households will basically get back all that they have spent in sales tax, possibly even more, through a tax rebate.

Will people have enough common sense to see this and reject the hysterical anti-tax rhetoric we know will be thrown at the proposal?

### **ALTERNATIVE APPROACHES**

**Q.** *Why don't we just tax the rich to pay for the single-payer plan?*

**A.** Revenue sources such as capital gains taxes are notoriously variable, so one reason not to rely solely on taxing the rich is to have a steadier funding stream.

Also, California received about \$12B in capital gains tax revenue in 2016. Even doubling the capital gains tax rate would therefore bring in at most another \$12B.

Using a gross receipts tax that is paid mostly by big businesses does seem to be a pretty reasonable way to "tax the rich," albeit indirectly.

This all said, there is no obvious reason why the financing plan could not also contain various direct "tax the rich" methods such as progressive increases in taxes on capital gains, interest and income.

**Q.** *Why don't we tax X more? Why don't we implement a new Y tax? (For all conceivable values of X and Y).*

**A.** You have to do something, it can't be too complicated, and you don't want to do everything. Everyone has their favorite tax scheme. Mine is a carbon tax with rebates. Yours may be an increase in the millionaire's tax. Ultimately, someone has to pick some subset of possible taxes that will bring in enough revenue and run with it. It is unlikely that any particular scheme will be able to please even most of the people most of the time. The goal is not to argue for years over the "perfect" revenue producing scheme, it's to make sure that everyone gets the healthcare they need.

**Q.** *Why aren't there any co-pays? Wouldn't that put a stop to the most frivolous abuses? Wouldn't it make the system cost less?*

**A.** Co-pays are a severely regressive tax, especially on poor families with kids. And if you start exempting people, co-pays become an even larger administrative burden than they would be otherwise.

Again, better to put up with a bit of frivolous usage than have people unable to go to the doctor when they or their kids need to.

Copays would only gross the health care system a few billion dollars, not a significant percentage of what health care costs.

It's just not worth it, and they violate the principle that health care is a right.

**Q.** *Why don't we just do a 'Medicare for All' model?*

**A.** At some level it is already a lot like Medicare for All. Everyone is covered, and the government pays the bills. At another level, this is a lot better. No monthly payments, no confusion about Parts A, B C and/or D. No having to have supplementary coverage for the 20% Medicare doesn't pay for. No confusion about which drug plan to choose...

<b>UNIVERSAL HEALTHCARE</b>			
<b>Country</b>	<b>Start Date</b>	<b>Country</b>	<b>Start Date</b>
<b>Australia</b>	<b>1975</b>	<b>Italy</b>	<b>1978</b>
<b>Austria</b>	<b>1967</b>	<b>Japan</b>	<b>1938</b>
<b>Bahrain</b>	<b>1957</b>	<b>Kuwait</b>	<b>1950</b>
<b>Belgium</b>	<b>1945</b>	<b>Luxembourg</b>	<b>1973</b>
<b>Brunei</b>	<b>1958</b>	<b>Netherlands</b>	<b>1966</b>
<b>Canada</b>	<b>1966</b>	<b>New Zealand</b>	<b>1938</b>
<b>Cyprus</b>	<b>1980</b>	<b>Norway</b>	<b>1912</b>
<b>Denmark</b>	<b>1973</b>	<b>Portugal</b>	<b>1979</b>
<b>Finland</b>	<b>1972</b>	<b>Singapore</b>	<b>1993</b>
<b>France</b>	<b>1974</b>	<b>Slovenia</b>	<b>1972</b>
<b>Germany</b>	<b>1941</b>	<b>South Korea</b>	<b>1988</b>
<b>Greece</b>	<b>1983</b>	<b>Spain</b>	<b>1986</b>
<b>Hong Kong</b>	<b>1993</b>	<b>Sweden</b>	<b>1955</b>
<b>Iceland</b>	<b>1990</b>	<b>Switzerland</b>	<b>1994</b>
<b>Ireland</b>	<b>1977</b>	<b>United Arab Emirates</b>	<b>1971</b>
<b>Israel</b>	<b>1995</b>	<b>United Kingdom</b>	<b>1948</b>

**Q.** *Why don't we go with the Swiss [ German, Japanese, French, UK ... ] model?*

**A.** If people proposed going with [the Swiss model](#) (private, highly regulated companies with everyone required by law to obtain policies for basic health insurance, no profits allowed on this basic insurance, low limits on deductibles and cost sharing, limits on premiums as a percent of income, and subsidies for the poor), or [the Japanese model](#) (similar to the Swiss, but with additional strict controls on medical fees), or [the French model](#) (single-payer-ish, with a single insuring entity covering 84% of the population, along with co-pays and complicated reimbursement rules) other people would ask why we weren't going with the Canadian model.

Every other advanced country has some sort of universal health care system that doesn't let private, for-profit health insurance and pharmaceutical companies run amok. These systems run the gamut from an actual takeover of the health industry (the NHS, in the UK) to the Swiss and German models, which still allow insurance companies to exist but keep them under control.

No one is saying that the proposed SB 562 single-payer system is a perfect system. But it's pretty clear that a) no one knows what THE perfect system is, and b) our current system seems to be worse than any we could choose from.

Again, you have to pick some way. At some point the parameters have to be chosen. We know single-payer works (as do other mechanisms for universal care), and there's no point spending decades debating the perfect system and parameters while people continue to get screwed and the country reverts to a system with even less care.

## LOGISTICAL ISSUES

**Q.** *Won't it take a long time to see a doctor?*

**A.** This has not been the experience in other countries; in fact it is just the opposite in serious and emergency situations. For certain things, like elective surgery, it may indeed take longer as has been reported in other countries. But that's a small price to pay to have your cancer treatment start the day after you are diagnosed instead of waiting two months to have the treatment approved by an insurance company.

The time it takes to see a doctor depends on how many doctors there are, as well as how many people want to see one. The supply of doctors is not easily changed in this country, and the legislation does not address this issue except in a very general way. It's certainly something that should be addressed, and should be addressed on a national level.

**Q.** *What about all the people employed by insurance companies?*

**A.** Some of them will quickly find work in similar jobs elsewhere, or with the Healthy California administration. The legislation provides for job training benefits and assurances that people will be given assistance over the years of transition. (A comforting twist is that we know they won't have a financial problem just because they get sick if they are still unemployed!)

**Q.** *What about extending the single payer system in California to other likeminded states like Oregon?*

**A.** In principle it makes perfect sense. In practice, the logistics of getting it to work in just one state will be challenging enough - trying to negotiate an interstate compact before getting it up and running first in California is probably unrealistic.

Also, my understanding is that any such interstate pact would have to be approved by Congress. This could be a stumbling block.

**Q.** *What if you, as a Californian, travel to another state?*

**A.** The legislation provides for the Healthy California administration to work the details out in those cases. But since health facilities in other jurisdictions will know that you have insurance and know they will get paid you should be treated almost like royalty...

**Q.** *If I'm already on Medicare, what happens to me?*

**A.** You'll get a Healthy California card and you'll continue to get health care as you do now. You'll just stop paying monthly Medicare premiums, co-insurance, and any other fees.

**Q.** *If I'm not a Californian but am visiting and need medical care, how will that work?*

**A.** The legislation does not specify that. The Healthy California Board will have the authority to create regulations and procedures to deal with these matters.

**Q.** *What about workman's compensation?*

**A.** The legislation gives the newly established Healthy California Board two years to come out with a plan to incorporate WC into single payer. For the nonce, it will apparently continue as is. The simple solution would be "do it like they do it in Canada" which still operates a Workman's Compensation system but [where](#)

...medical benefits are not the primary driver of workers' compensation costs. Canada's loss of earnings benefits/wage loss benefits are the primary driver of costs due to the publically funded nature of the healthcare system.

so it looks like they've make Workman's Compensation work alongside and with their single-payer system while still continuing to exist as a separate entity.

**Q.** *Kaiser says they would be destroyed if SB 562 were to become law. Is that true?*

**A.** Kaiser is an "integrated health care delivery system" as well as being an insurance entity. The legislation provides for integrated health care systems such as Kaiser. Kaiser would have to stop being an insurance company, of course, but all their doctors, hospitals and impressive, computerized, integrated health systems would remain.

It's not clear why they think they could not operate in the new environment. One reason might be that they would lose customers because people would prefer the freedom to choose any provider instead of just Kaiser employees. A counterargument is that patients which Kaiser does not currently accept, such as some people who qualify for MediCal in some counties such as Alameda, could enroll in Kaiser.

If Kaiser can actually provide good healthcare cheaper than average, and they are being paid the average by Healthy California, then maybe Kaiser should give people a "signup bonus" to become or stay on as a member.

Since Kaiser serves a large portion of California's population, it's clear that whatever happens, Kaiser will not be allowed to just vanish.

## **MISCELLANEOUS**

**Q.** *They say single payer has already failed in Vermont and Colorado, so it makes no sense to try it in California. Is this true?*

**A.** It's false. Single-payer has never actually been implemented in any state. Vermont passed legislation that would have implemented it, but then they got cold feet. Colorado had a ballot initiative which, if it had passed, would have implemented a rather odd variant of single-payer, quite different from this proposal. But it did not pass.

[Vermont's size, economic situation and demographics are radically different than California.](#) The funding proposal to pay for the Vermont legislation, a payroll tax, was very different than the proposed funding mechanism for California. Claiming a system that was never implemented and had a much less sensible funding mechanism as proof that a similar system won't work in California is a bogus argument.

**Q.** *Some say price controls are the only way to save money and stop the rise in costs. Why doesn't SB 562 insist on price controls?*

**A.** Some other countries have price controls; some don't. SB 562 provides for mandated negotiations that result in "fair and reasonable" prices for medical services and for drug supplies.

**Q.** *If people no longer went bankrupt as a result of medical problems wouldn't that be a boon for California's economy? Has that been factored in to the calculations?*

**A.** It would be a boon. To the best of my knowledge, it hasn't been factored in.

**Q.** *If Californians saved \$40B a year in health care costs, who's going to make out?*

**A.** Mainly people who are now paying their own premiums - self-employed middle class types, for example, and small businesses who are now paying premiums for their employees.

**Q.** *Seems like that would be also boost California's economy, encouraging people to start their own businesses and allow small companies to hire new employees?*

**A.** Seems that way. I'm not aware of any analysis along those lines.

**Q.** *How will California's homeless become eligible if they don't have any residence?*

**A.** California's homeless population is generally eligible for MediCal, the state's Medicaid program, and Healthy California will use similar means of determining residency. California also makes it easy for homeless people to register to vote, another way of establishing residency.

**Q.** *Won't this make California a Socialist paradise? And isn't that bad?*

**A.** Hmmm.

**Q.** *What about medical marijuana?*

**A.** The legislation doesn't address that. Even if medical marijuana were found to be appropriate to be prescribed by doctors in California under the Healthy California system there would still be the issue of federal funds being used to pay for it.

That's all folks! That covers a whole lot of the questions people have asked about SB 562 in diaries I've published previously, such as the ones below.

**Background and More Information:**

[SB 562 text and legislative record.](#)

[It's Getting Real: Healthcare 4 All - An Analysis of SB562, CA's Single Payer Healthcare Legislation](#)

[It Gets Even Better - What They Aren't Telling You About Single Payer Legislation.](#)

[Guess What? Financial Study Shows Single Payer for California Would Save \\$400 BILLION Over 10 years.](#)