

March 22, 2005

Marin County Board of Supervisors  
3501 Civic Center Drive  
San Rafael, CA 94903

**SUBJECT: Support for SB 840 (Kuehl), the California Health Insurance Reliability Act**

Dear Board Members:

**RECOMMENDATION:**

1. Approve attached resolution regarding SB 840 (Kuehl) and authorize its transmission to the County's state lobbyist, to Senator Migden and Assemblymember Nation, and to the committees of the State Legislature that will be considering the bill.

**SUMMARY:** In late February Senator Sheila Kuehl introduced SB 840, the California Health Insurance Reliability Act. The bill is similar to SB 921, which Senator Kuehl introduced in the last Legislative Session. The bill provides for a single-payer universal health care system for California.

In January 2005, the Lewin Group consulting firm issued "The Health Care For All Californians Act: Cost and Economic Impacts Analysis", which provides an analysis of the provisions of SB 840. The Lewin Group concludes that adoption of the provisions of SB 840 would reduce health care spending in California – by about \$68.9 billion by 2015 – and would save state and local governments \$43.8 billion during this time.

The Act's benefits go far beyond reduced costs. It would ensure services for all Californians in a manner that emphasizes prevention and wellness, and thus could significantly improve the overall health status of Californians. It would eliminate the confusing array of administrative rules and procedures that make it difficult for health care providers to focus on the delivery of quality health care to those who need it. It would assist in efforts to preserve the State's trauma care system. The Act's provisions are more specifically detailed in the attached fact sheet.

**FISCAL IMPACT:** Enactment of SB 840 would have no effect on the County's FY 2004-05 budget. As noted above, over time the enactment of SB 840 could save Marin County and its residents a significant amount.

<b>REVIEWED BY:</b>	<input type="checkbox"/> Auditor Controller	<input checked="" type="checkbox"/> NA
	<input type="checkbox"/> County Counsel	<input checked="" type="checkbox"/> NA
	<input type="checkbox"/> Human Resources	<input checked="" type="checkbox"/> NA

Respectfully submitted,

Larry Meredith, Ph.D.  
Director

## FACT SHEET REGARDING SB 840

### New State Agency, under direction of elected Health Insurance Commissioner to administer the program\*

- Agency negotiates or sets fees for services and pays claims for those services
- Determines the maximum level of co-payments or deductibles that individuals would have to pay for services
- Acts at the direction of policy and advisory boards focusing on the health care needs of Californians; on the quality of care; and on patient satisfaction
- Regional administrative structure, with up to ten regions and including regional policy boards will provide input regarding the policies and potential regional impacts and differences

### All California residents eligible for services

- Based on physical presence in state and intent to reside
- Coverage is provided for California residents who are temporarily out of state

### Health care provided under the system

- Inpatient and outpatient health facility services and professional care
- Diagnostic and evaluative services
- Durable medical equipment and related appliances and assisted technology
- Home health care, rehabilitative care, up to 100 days in a skilled nursing facility following hospitalization, and adult day care
- Emergency transportation and care
- Language interpretation as needed and culturally appropriate services
- Child and adult immunizations and preventive care
- Health education and case management
- Prescription drugs listed on the system formulary or if individually approved
- Mental and behavioral health care
- Dental and podiatric care
- Chiropractic and acupuncture care
- Vision care
- Substance abuse treatment
- Case management
- Alternative or spiritual care as approved by the Commissioner

### Health care not provided under the system

- Cosmetic surgery or procedures unrelated to a disease or injury
- Private rooms unless medically indicated
- Services from a non licensed or non approved provider

### Choice of Provider

- All licensed providers in good standing shall be eligible to participate in the system
- Individuals may choose their primary care provider who shall coordinate their care or ensure that it is coordinated (in certain circumstances, specialists may serve as the individual's primary care provider)
- Referrals from the primary care provider are needed for specialty care and referrals shall not be denied solely for financial reasons

### Sources of funding for system

- Reduced expenditures through simplifying and consolidating administrative functions,

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\* NOTE that the current version of the bill does not detail the State programs or departments that will be eliminated as the result of adoption of SB 840, but it is anticipated that there will be such reductions.

achieving bulk purchase discounts and reducing the use of emergency facilities

- The remaining revenues are not specified in the current version of SB 840; however, last session's SB 921 and the conclusions in the Lewin Group report are based upon the use of Medi-Cal, Medicare, Healthy Families monies, and monies from State support for mentally ill, disabled, and substance abuse programs.

#### Other measures incorporated into the system

- Assurance of sufficient and accurate consumer information
- Establish medical practice standards and seek to monitor and decrease medical errors
- Establish regional health priorities
- Encourage of innovative projects to further high quality care
- Assist in the re-employment of persons displaced as a result of the enactment of SB 840
- Support for the training, development and continuing education of health care providers and the health care workforce
- No co-payments can be assessed for preventive care
- A Board appointed of experts in health care finance and insurance shall set the limits of compensation for upper level health care managers in both the private and public systems; and for health care providers (on both a fee-for-service and total compensation basis)

#### Timelines

- System shall be operational within two years of the effective date of SB 840