



## Senator Sheila Kuehl's Floor Statement Health Care Reform and AB 8

*[Editor's note: Senator Kuehl is the Chair of the Senate Health Committee and the author of SB 840 to provide universal health care to all Californians through a single payor plan, commonly referred to as "MediCare for all." She voted against AB 8 (Nunez-Perata), and yet had some complimentary comments about the authors and their aims and strengthening of the Democratic bill that passed yesterday. We publish her remarks in full because of their thoughtfulness.]*

*By State Senator Sheila Kuehl*

Mr. President and Colleagues: As you know, I have been working to secure real healthcare reform in California for a number of years now. Along with my continuing authorship of SB 840, the single payer universal health care bill, I've also actively participated with other authors trying to craft incremental attempts to reform the health insurance market.

This year, as the chair of the Senate Health Committee, I've seen my mission as making certain that everything got appropriately vetted and discussed, while at the same time, continuing to build support for 840. Activists, supporters, organizations, and the panoply of more than 700 organizations, those that the press refers to as the "grassroots", have done a magnificent job in building support for single payer.

This year, as I watched leadership and the administration try to craft a plan different from SB 840, an alternative health reform plan that might expand coverage this year, while preserving the role of insurance companies, the experience taught me why health reform has actually been so difficult to do over the past few years, and why every proposed solution just seems to bring out new and often even bigger problems.

The attempts fail because, until we squarely face the fact that premiums imposed by the insurance companies are rising 3-4 times faster than wages every year, all the reforms that keep those insurance companies firmly in place are doomed to failure. The same is true of AB 8, which we are considering today.

As currently drafted, it doesn't pencil out in terms of money, it doesn't pencil out in terms of who's paying what, and, frankly, it definitely doesn't pencil out for consumers.

Our failing health care system has often been compared to the Titanic, and I've said in the past that attempts at reform are nothing but attempts to rearrange the deck chairs. AB 8, for a change, is actually trying to turn the boat. But some of you may know that, in fact, had the Titanic faced the iceberg head on, it would have survived, at least long enough to save most of its passengers. Turning the ship only partially was actually its downfall. It's clear to me that that is also the problem with AB 8.

Our health insurance company driven system has responded to runaway health care spending by dismantling the entire system. The only questions they ask are "How many people can we turn away; how many of our clients can we kick out, how many people can we underinsure?" Rather than working to contain spending in a patient centered manner, they've created huge profits for themselves by raising premiums, cutting benefits, and limiting access in countless ways.

So the governor was quite correct to say "Let's have a year of health reform." Unfortunately, however, it became more of a Year of Magical Thinking, with apologies to Joan Didion for stealing her title. All the Governor has really done is to say, "I am sure we can solve this in nine months. Let's hurry up and do it".

To the credit of the authors of AB 8, they have worked and worked to try to do a good bill within the context of keeping the insurance companies in place.

They have said we will cap what employers have to pay and we will cap what employees have to pay. What remains uncapped are the premiums that the companies can charge for all this reform.

We have been told there is no individual mandate in this bill, but that is incorrect. If an employer pays into the pool, as their choice of how to spend their 7.5% of payroll contribution, then their employees must buy insurance from the pool. Only if the healthcare costs of those same employees would exceed 5% of their gross income can these employees be let out of the requirement to buy it, and what happens then? They are simply either uninsured or they can “choose” to pay the inflated premiums that might be heaped on them. For those employees whose employer puts 7.5% of payroll into insurance for his or her own employees, those employees are then required to “take up” the employer’s insurance offer.

And again, if “accepting” the employer’s insurance plan will cost them more than 5% of their wages, they don’t have to take up the offer which means they’re not going to be insured either if they can’t afford the higher premiums.

The bill has come a long way, even since it went through the health committee, and I can understand why many of the unions are now in support of the bill because of the affordability provisions added to the bill.

But there are still also major problems with the coverage provisions. Your employer might offer you a plan that costs you a little bit less than 5 % of your gross income for the year, and you would have to buy it, but it might not cover what you need. It might be a minimal plan, a catastrophic plan. It might not have the drugs that you need for the condition you have - for cancer, for AIDS, etc. As we’ve seen in the last few months, it might not even cover pregnancy.

AB 8 also has an entirely separate insurance pool for an undefined group of people with “serious” conditions. We don’t know if that’s chronic conditions, we don’t know who will be in that pool. And frankly there’s no protection for them in terms of what they might have to pay.

So I see a number of real flaws in this much improved bill.

I continue to believe that the movement that’s been building for single payer, a movement that has seen support for a single payer universal healthcare system more than double over the last six months alone, will continue to build in ’08 in ’09 in 2010. Then, with a new governor, perhaps there might finally be a chance to get a signature on the bill that is actually the best solution for businesses, for employees, and for all the people in California. Because if you take the insurance companies out of the system, and they are the only entity that adds no value at all to the provision of healthcare, the overall costs for healthcare in California drop \$19 billion in the first year alone, simply because we’re finally not paying their inflated overhead and profit.

So I am a no vote on this bill.

I praise those who have been working on this bill for trying. But I encourage those who believe this bill is deeply flawed to join me in voting no.

I know that my colleagues on the other side of the aisle have problems different from my own and will not vote for it. For those who will vote for it on my side, I understand you are voting your hopes. Many of you also have told me you know that 840 is the only real solution.

So I’m also asking you to stay with me on SB 840; it’s not going to the Governor for a veto. Next year we’ll continue to develop it, hold it up as the right standard for California, and work with everyone we can, until the day when we understand that facing the iceberg head on is the only way we are going to save everyone on the ship.