Title
Universal Health Care: Gov. Schwarzenegger’s Ambitious Plan

Permalink
https://escholarship.org/uc/item/1b62z36d

Journal
Western Journal of Emergency Medicine: Integrating Emergency Care with Population Health, 8(1)

ISSN
1936-900X

Author
Brosnan, Douglas

Publication Date
2007

Peer reviewed
In an effort to extend health insurance to the 20% (6.5 million) of Californians who lack health insurance, Governor Schwarzenegger recently unveiled a plan for Universal Health Care Coverage. The governor’s plan is based on three central themes:

1. Coverage for all Californians
2. Prevention and wellness
3. Funding and affordability

1. Coverage for All Californians

Actuaries estimate that insurance premiums are driven 10% higher in order to defray the costs of the state’s uninsured. This “hidden tax” amounts to $1,186 for every insured California family and $455 for insured individuals. By insuring all Californians, this hidden tax will be reduced or even eliminated. To achieve meaningful access, the governor’s plan proposes significantly increasing Medi-Cal reimbursement rates to encourage robust provider participation. Expanded physician participation is a cornerstone of this plan, as the governor proposes not just to expand access to Medi-Cal and Healthy Families but, more importantly, to extend actual access to care. For those uninsured and unemployed adults without a “green card,” care will continued to be provided by county and UC hospitals funded with federal Disproportionate Share funds.

Compliance with this ambitious plan will be achieved via mandatory enrollment at provider locations and ultimately the expectation that everyone must present a coverage card at the point of service. Those people who do not qualify for state-sponsored programs or opt out must maintain a catastrophic illness insurance plan.

The governor’s plan specifically noted the current emergency care crisis in California and seeks to ensure availability of Emergency Departments and trauma centers. In the past decade over 65 EDs have closed. In Los Angeles County alone, 20% have shut down in the face of explosive population growth. Overcrowding occurred in 40-50% of EDs during 2003-2004, attributable in large part to the uninsured and other persons who have problems accessing care. This dwindling number of EDs has resulted in longer drives to access emergency care, longer wait times, and lack of surge capacity. By expanding access to providers for routine care, the governor aims to decrease the misuse of EDs as primary care facilities.

2. Prevention and Wellness

Obesity costs California $28.5 billion in health care costs, lost productivity, and workers’ compensation. The governor envisions that expanded access to a state-sponsored health plan will include deductibles and co-payment structures that encourage preventative benefits, and reward healthy lifestyle choices with “Healthy Action Rewards and Incentives” that will include gym memberships and access to weight-management services. These deductibles will also be structured to discourage unnecessary use of EDs.

The governor’s plan also seeks the prevention of medical errors by mandating electronic prescribing and introducing health care safety measures aimed at reducing medical errors and nosocomial infections by 0% by 200.

3. Funding and Affordability

Health care costs have been rising at astronomical rates in California. Health care spending in California increased from $41 billion in 1984 to $169 billion in 2004, an increase of more than 400%. Insurance premiums surged 8.2% in 2005, more than twice the rate of inflation for the same period (3.9%). Medical expenses were also cited as the cause of 54.5% of all bankruptcies in 2001.

So, with the unsustainable rise in the cost of medical care, how does the governor propose paying the estimated $12 billion price tag for universal coverage? He identifies four primary funding sources: increased federal reimbursements for Healthy Families and Medi-Cal expansions; a 4% payroll tax on employers who have more than nine employees but do not offer a health plan; a 4% tax on hospital revenues; and a 2% provider tax.

Short-term affordability will be achieved by eliminating the “hidden tax,” extending tax breaks to individuals and businesses for the purchase of health insurance, and increasing insurer and hospital efficiency by requiring that at least 85% of premiums and hospital funds be spent on patient care.

Long-term sustainability of the governor’s plan is projected to be accomplished by creating a healthier populace through prevention and wellness programs, fostering information-
technology advances that include a paperless system, and tying Medi-Cal reimbursement increases to cost containment and performance measures.

COMMENTARY

It is commendable that the governor recognizes the existence of a health care crisis in California and seeks to bring this issue to the political forefront. Although the initial iteration of his plan includes many essential elements, such as individual mandates, prevention targets, and requirements to restrict administrative costs to less than 15%, there remain several areas of concern.

It is essential that any comprehensive plan focus on the core value of health care – the facilitation of patient access to a physician who can provide the proper treatment. To that end, it is critical that a universal health insurance plan that intends to rely heavily on state-sponsored plans, such as Medi-Cal and Healthy Families, includes meaningful reimbursement increases in order to encourage physicians to participate in such plans. Reimbursement must also increase automatically to defray increasing medical delivery costs and inflation. Without such increases, actual access to care will not be improved despite insurance coverage expansions.

Further, the governor’s plan seeks funding from inappropriate sources. Imposing hospital and physician taxes is a penalty on the very entities and individuals that already provide free or below-cost care. Also concerning is the governor’s plan to broaden the role of allied health professionals – possibly eliminating physician-supervision requirements. This proposal poses serious safety concerns. And it would, in effect, create a two-tier health care delivery system in which the affluent see a physician while the poor are relegated to see allied health professionals who do not meet the critical education and training requirements of physicians. Moreover, mandating information-technology compliance within 10 years, including electronic medical records and prescriptions, may be financially prohibitive for smaller community hospitals, especially in light of additional provider and hospital taxes.

Although the goals are admirable, it is essential that Governor Schwarzenegger amend his plan to address these issues. Ultimately it is up to us, as emergency physicians, to provide informed counsel to the governor in order to protect our patients and our profession.

REFERENCES

1. California Health Interview Survey, 2005
3. Office of Statewide Health Planning and Development
4. Office of Statewide Health Planning and Development
5. Centers for Medicare and Medicaid Services
6. California Employer Health Benefits Survey 2005, Department of Finance
7. Illness and Injury as Contributors to Bankruptcy. *Health Affairs*, February 2005