



PROGRESSIVE CAUCUS

of the CALIFORNIA DEMOCRATIC PARTY

Progressive Caucus Health Care Report

April 17, 2010

Presented by Rose Roach, Chair, Progressive Caucus Healthcare Committee

Good afternoon Progressives, I'm here today, as the Chair of the Progressive Caucus' Health Care Committee, to provide some Progressive perspective on the national health insurance reform legislation and present a plan for achieving what everyone in this room knows is the only real way to reform our cruel and fragmented health care system and that is by implementing a single-payer, doctor/patient, improved and expanded Medicare for All system.

The CA Democratic Platform on health care reform, thanks to many of the folks in this room tonight, is clear and unambiguous. It states, "California Democrats believe that health care is a right, not a privilege. The CDP recognizes the health and well-being of Californians cannot continue to be based on arbitrary private and public financial decisions and therefore advocates legislation to create and implement a publicly funded (single-payer), privately delivered, fiscally tractable, affordable, comprehensive, secure, high-quality, efficient, and sustainable health care for all Californians." Now I don't know if you all know this or not, but for those of us who believe, as Dr. Martin Luther King believed, that social movements cannot compromise, we are being referred to as "purity trolls" because we stand on our principle that as long as you keep the profit driven health care system in place you will never be able to provide health care to everyone who needs it, when they need it. Since I believe I am in a room filled with "purity trolls" I want to present to you our mascot – he'll stay right here during my remarks to remind us of our commitment to single payer. I know there are some here today who feel strongly about the Patient Protection and Affordable Care Act just signed into law by President Obama. Those of use in the single payer movement know you ultimately want what we want which is truly universal care and hopefully we can continue to work together to achieve that goal. But here in this room today, I am speaking to Progressive friends and my remarks, as cliché as it may sound, will speak truth to power because there is still much work to do on health care reform.

So, it's been an interesting year hasn't it? Around this time last year we were watching with baited breath as the President and Congress began the task of debating and drafting health care reform legislation. But baited breath quickly turned into holding our breath as it became abundantly clear that the debate, and even the drafting of the bills, would be controlled not by what we needed or wanted, but by what the health care industrial complex needed and wanted as they spent a record \$266.8 million making sure nothing got into the bill that would seriously threaten their profits.

Single payer wasn't even allowed in the room let alone at the table. We came to a fork in the road in this country and unfortunately the path that was chosen is one that says here in the United States of America, health care will be provided by a market based system that treats health care as a consumable good, which it is not. There is no choice between health and illness and no one, no one, should profit from another person's suffering. We didn't reform health care financing - we only expanded and further entrenched our dysfunctional system.

The bill does provide some positives including the \$12.5 billion funding expansion for community health centers, doubling their current patient volume, thanks to Senator Bernie Sanders from Vermont. The legislation reduces, but does not eliminate, the "donut-hole" gap in prescription drug coverage for Medicare enrollees. Dependent children will now be able to remain covered by their parent's insurance plan until age 26 and insurance companies are prohibited from excluding children with pre-existing conditions from plan coverage. Lifetime maximums are gone.

On the other hand, although there were attempts to fix insurance abuse, it seems every fix had a poison pill added by the insurance industry. A good example is no more denials for pre-existing illnesses of adults. The poison pill is that the industry can charge people who do not meet their "wellness guidelines" double what they charge others. And, if you are older, they can charge triple. So, while you cannot be denied insurance, the question is will you be able to afford it?

We also got expansion of coverage. The largest source of expansion is Medicaid – 16 million more people will be covered. But states are already stretched thin trying to pay for Medicaid resulting in more cuts to services and lowered payments to doctors. The federal government provides financial assistance for states but that ends in 2016.

The other expansion of coverage depends on people buying insurance. For many the penalty in increased taxes will be more affordable than health insurance. And businesses will find that it is much cheaper to pay a small fine than to provide insurance.

So even with some constructive changes, the new law does not include significant regulatory control of private insurance premiums nor does it eliminate the anti-trust law that allows the industry to run amok. The bill does require that 75 to 85 percent of premium dollars must be spent on health care but in case you didn't know, here in CA, state law already requires that HMO's commit 85 percent of their premium dollars to be spent on health care. How's that been working for you folks in an HMO? Have you seen your premium costs, co-pays and deductibles remain flat, without increases or with very small increases over the last decade? Of course not – the industry is very clever and they've already figured out how to skirt this requirement – they simply change the name of an administrative function to make it sound as though it's connected to "care" and it gets moved on the books to the 85 percent column. And can someone please tell me why 15 to 25 percent of the premium is considered to be a reasonable share for the private insurers to consume for profit, exorbitant CEO salaries and administrative waste? That money should be going to care – period. I also wonder why we're using a market model that for the last 50 years has clearly demonstrated complete ineffectiveness in controlling costs when we know for a fact that what we need in health financing is a global budget – everybody in, nobody out – it's the only way to provide stability in costs.

And on top of all that, in order to pay for this reform, public hospitals that treat the uninsured will have their federal funding cut by \$36 billion and eight years from now, union health plans and other job-based health insurance will be hit with a 40% excise tax. I don't see how this reform does not get us closer to single payer my friends. I agree with what former Labor Secretary Robert Reich wrote following the vote "don't believe anyone who says Obama's healthcare legislation marks a swing of the pendulum back toward the Great Society and the New Deal. Obama's health bill is a very conservative piece of legislation, building on a Republican (a private market approach) rather than a New Deal foundation. The New Deal foundation would have offered Medicare to all Americans or, at the very least, featured a public insurance option."

On the federal level we must now turn our attention to the "state innovation" section of the bill which says states cannot request a waiver to set up a different plan until 2017. There is no wiggle room, no opt-out language. It's a clear mandate that exchanges be established in every state by 2014. States are required to spend the time, money and resources to set up and operate the insurance exchange. A single payer type plan or an exchange with or without a public option, are not allowed.

We must ensure that our Progressive partners in Congress bring forth and/or support an amendment that removes the 2017 date allowing states to "innovate" that provides waivers from any federal barriers, including ERISA. Congress also needs to make sure that states enacting a single payer or other non-insurance market exchange system will have access to the set-up, grants and subsidies for premiums that states with insurance exchanges will receive. We must be allowed here in CA to lead the way as we

did with Social Security and provide cost effective, evidence based medical care for all Californians. And we do that by building a movement around Senate Bill 810 authored by Senator Mark Leno. SB 810 has passed the Senate and is currently awaiting a hearing, most likely in mid-May, in the Assembly Health committee. Let's put it on the Governor's desk again this fall, even though we know full well that he'll veto it, but let's use it as an opportunity to educate and organize and then let's elect a Governor who will sign the bill in 2011.

Now here's what we need to do. We get every Democratic Central Committee in the state to pass a resolution in support of SB 810. We get every Democratic Club in the state to pass a resolution in support of SB 810. We figure out the cost savings for every public employer; county, city, school district, and we get every one of those public entities to pass a resolution in support of SB 810. Want to increase education funding? Pass SB 810. Want to shore up our needed social safety net programs? Pass SB 810. Want to ensure we have the firefighters and police officers needed to protect us? Pass SB 810. Want to help businesses become more competitive in a global market? Pass SB 810. We partner with our allies in the OneCare Campaign. We continue to hold educational forums all across the state because we know that once we talk straight talk to people, no spin or angles, we win. When someone in the room cries out "its socialism – a government takeover!" Tell them so is Medicare and everybody loves it. We socialize education, highways, police and fire services and the military, and we need to add one more to the list – health care. When someone raises their hand and says "It's bad for the insurance industry, they're one sixth of the economy." You say, yes, but it's great for almost all other businesses, large and small because less money spent on health insurance makes American products more competitive. When you hear "why should I pay for the people who are too lazy to work or pay for their own health insurance?" You tell them that keeping the work force healthy means fewer sick days, greater productivity, higher earnings and increased profits. And when you get told that "it will limit patient choice, benefits and send death squads to kill grandma!" you can simply tell them "a ha, just like Medicare does so let's extend this deeply beloved plan to everyone.

There's one more important component to the plan – we have to make sure, as the 2010 elections are upon us, that we know where the candidates stand on SB 810 – they will be voting on the bill and we have to be secure in knowing that vote will be a solid yes. Be diligent. Who has endorsed their candidacy? If the CA Medical Association, CMA, who is strongly opposed to SB 810, has endorsed a candidate, your antennae should immediately go up. We have to shore up our SB 810 supporters in both houses and help educate our Gubernatorial candidate about the benefits of a single payer health care system in CA and get this thing done.

I want to close by quoting the late, great Progressive Senator from my home state of MN, Senator Paul Wellstone. Senator Wellstone said, "We act with political purpose. We do not create the winds and the tides, the conditions that give rise to great social movements. So it is important to achieve power in other ways. And in a representative democracy, it matters whom we elect to office and hold accountable for public policy. Those who eschew electoral politics marginalize themselves. ... No, politics is not about money or power games, or winning for the sake of winning. Politics is about the improvement of people's lives, lessening human suffering, advancing the cause of peace and justice in our country and in the world." Let's not rest until the cause of peace and justice in our country and world has indeed been advanced - let's not rest until we have a single payer health care system ensuring finally, that we have health care justice for all.

Thank you.

Rose Roach