



California Legislature

December 3, 2021

Mark Ghaly, Chair
Healthy California for All Commission
California Health & Human Services Agency
1215 O Street
Sacramento, CA 95814

Dear Chair Ghaly,

We urge the Healthy California for All Commission to direct their consulting team to provide a financing model and recommendations for Assembly Bill (AB) 1400, the California Guaranteed Health Care for All Act. These proposals would be used to educate the Legislature as they consider establishing the single-payer health care system that is prescribed by the bill.

As you know, we introduced AB 1400 in February of this year to establish a single-payer health care program (CalCare) that would guarantee California residents access to quality health care and long-term care. Unlike the complicated and inefficient multi-payer system we currently live under, CalCare promises to streamline payments to participating health care providers with built-in cost controls and mechanisms that will address inequities and disparities. While AB 1400 would not be operative until it is determined that there are adequate revenues to fund the costs of its implementation, enacting it will greatly inform our legislative authority and enable our partners in the federal government to process the necessary waiver applications.

We are specifically requesting that the Commission identify and recommend public revenue sources which can fund health care expenditures that are not already paid for by existing government-funded programs. While it can be assumed from dozens of economic analyses of single-payer systems that AB 1400 will cost less than the current system, we will still need to account for funding areas that are traditionally covered by employer-based insurance, private pay, or individual cost-sharing. Therefore, we request that the Commission, in its final report, detail the revenue-generating potential of a broad range of public revenue sources and any possible exemptions or rebates that could be applied in order to maintain the progressivity of the financing plan. Having the Commission identify and recommend these potential sources of revenue will guide Legislative authority and inform the public at large.

Additionally, we request that the Commission, in its economic modeling of a single-payer system (which is called the “direct payment” scenario in the consultants’ draft analytic findings), provide estimated aggregated breakdowns of major spending and savings categories. We would like for the Commission to clearly preset the dollar-figure savings potential of a single-payer system compared to our current system in its final report and make its consultants’ detailed calculations and findings public. There are credible high-level meta-analyses that show that single-payer health care systems result in lower costs due to simplified administration and long-term savings from a more tightly controlled rate of growth. A single-payer system such as CalCare could provide better health care coverage to all people and do so for less money than our current system.

AB 1400 has built in cost controls that should be factored into the consultants’ economic modeling of a single-payer system. In addition to reducing administrative waste, AB 1400 would establish reasonable payment methodologies for health care providers that will align with actual costs of care rather than profit. The system would also allow providers to use the state’s power to directly negotiate with drug manufacturers, hospitals, doctors, and other providers for better prices on prescription drugs and other provider payments. Additionally, AB 1400 would require hospitals and institutional providers to use negotiated global budgets so that they are funded based on actual operating expenses. These budgets will control unsustainable rates of growth while still allowing institutions to make strategic investments that will promote high quality, equitable health care.

We appreciate the stated mission of the Healthy California for All Commission and agree that we should focus our energy on ensuring that Californians have access to affordable, equitable, and high quality universal health care. This is why it is so imperative that we work together on the design and financing of the single-payer health care system that will be considered by the Legislature and public.

Thank you for everything that you have done to better the lives of Californians before and during the COVID-19 pandemic. We can think of no better way to further this effort than transforming our inequitable and unjust health care system into something fair and accessible to all.

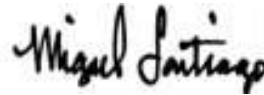
Sincerely,



Assemblymember Ash Kalra
27th Assembly District



Assemblymember Alex Lee
25th Assembly District



Assemblymember Miguel Santiago
53rd Assembly District



Senator Dave Cortese
15th Senate District



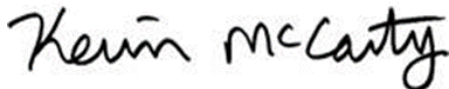
Assemblymember Laura Friedman
43rd Assembly District



Senator Lena Gonzalez
33rd Senate District



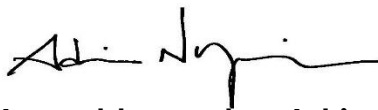
Senator Sydney Kamlager
30th Senate District



Assemblymember Kevin McCarty
7th Assembly District



Senator Mike McGuire
2nd Senate District



Assemblymember Adrin Nazarian
46th Assembly District



Assemblymember Luz Rivas
39th Assembly District



Assemblymember Phil Ting
19th Assembly District



Assemblymember Buffy Wicks
15th Assembly District



Senator Bob Wieckowski
10th Senate District



Senator Scott Wiener
11th Senate District

Cc: Commission Members, Healthy California for All Commission