Central Valley Health Policy Institute
California State University, Fresno

California State Health Policy Update

Budget "Impasse" follow-up

In a move that would diminish the clout of his fellow Republicans in the Legislature, Gov. Arnold Schwarzenegger recently stated that he could support eliminating the two-thirds voting requirement for passing future state budgets.

"Everyone now has come to the conclusion — all the leaders — that we must work, as soon as the budget is over, work on a system that allows us to have a budget on time," the governor said. "If that means we should go and shoot for, as some suggested, a simple majority to pass the budget rather than a two-thirds vote, maybe that's the solution." The Legislature has failed to meet a June 15 deadline for passing the budget 26 times in the past 30 years. Read the full story in the Sacramento Bee...

Legislative Timeline

- **August 20:** Legislature reconvenes after summer recess
- **August 31:** is the deadline for fiscal (appropriation) committees to meet and report bills to the Floor
- **September 3–14:** Floor session only no committee meetings
- **September 14:** Last day for any bill to be passed
- **October 14:** Last day for governor to sign or veto bills

The California Endowment Media Campaign for Health Reform

The California Endowment has begun a media campaign in support of health reform entitled "Californians are waiting for health care reform. What are California's leaders waiting for?" For more information please go to The California Endowment's California Health Reform Now Web site.

California Speaks Convening

Almost 3,500 Californians convened on August 11, 2007 in eight California cities, including Fresno, to evaluate the health reform proposals and develop consensus on the priorities our leaders should be addressing. Read the preliminary report at the California Speaks Web site.

California to Issue *Report Cards* to Help Consumers Compare Health Plans

The California Department of Insurance recently announced a new health care report card program for six of the state's largest preferred provider organizations as part of an effort to help consumers compare health plans.

State Insurance Commissioner Steve Poizner said the report cards will measure how physicians in each PPO network follow best-practices guidelines, including providing childhood immunizations and giving at-risk patients regular cancer screenings.

Physicians also will be rated based on patient satisfaction surveys. In addition, the report cards might include clinical outcomes, which could help determine how well physicians are improving care. The participating insurers are Aetna; Blue Shield of California; Cigna; Health Net; WellPoint; and UnitedHealth Group.

Reports of Interest from the UCLA Center for Health Policy Research

Job-Based Insurance Declines for Moderate and Low-Income Workers

As California's system of job-based health insurance continues to erode, low- and moderate-income workers are increasingly being left out, according to this policy brief from the UCLA Center for Health Policy Research.

While a majority of Californians continue to get health insurance through their employer or that of a family member, researchers noted that job-based insurance is declining among less affluent working families.

What does it take for a family to afford to pay for health care?

This report, jointly authored by the UCLA Center for Health Policy Research and the California Budget Project, finds many California families spend a substantial amount on health care premiums and out-of-pockets costs, and could face financially devastating medical expenses if they are not adequately protected.

This research suggest most Californians with incomes below twice the poverty line - $41,300 for a family of 4 - may not be able to contribute resources toward their health care and that partial subsidies are needed for many families with incomes well above 3 times the poverty line - $61,950 for a family of 4, according to the UCLA Center for Health Policy Research.

The report recommends that health care reform proposals ensure that families can realistically afford premiums and out-of-pocket costs, such as co-payments and deductibles. Read this report and others from UCLA Center for Health Policy Research...

Federal Health Policy Update

Consumer Reports addresses Health care and Insurance

The Consumer Reports National Research Center recently conducted a survey of 2,905 adults, ages 18 through 64, to better understand the impact of medical costs on well insured versus underinsured. See the table below for some of the results or go to the Consumer Reports Web site for more information.

Readers weigh in on medical costs:

	Well Insured	Under Insured
Prepared to handle unexpected major medical costs in next 12 months	65%	37%
Postponed needed medical care in past 12 months due to costs	22	56
Dug deep into savings to pay medical bills	9	33
Made important job-related decisions based mainly on health-care needs	11	21
Health plan does not adequately cover prescription-drug costs	7	63

Consumer Reports

State Children's Health Insurance Program Reauthorization

Former acting CMS Administrator Leslie Norwalk recently said that many scenarios might occur in efforts to pass legislation that would reauthorize and expand SCHIP, CQ HealthBeat reports (Carey, CQ HealthBeat, 8/9).

Senate legislation (S 1893), approved in early August, would reauthorize SCHIP and increase the federal cigarette tax by 61 cents per pack to boost funding for the program by $35 billion over five years. The House version (HR 3162), also approved last week, would reduce payments to Medicare Advantage plans and increase the federal cigarette tax by 45 cents per pack to increase funding for SCHIP by $50 billion over five years. The House bill also would make a number of revisions to Medicare. President Bush has proposed a $5 billion increase over five years for SCHIP, which would raise the program's total five-year funding to $30 billion (Kaiser Daily Health Policy Report, 8/9).

Bush in an interview said, "If SCHIP is used to expand the nationalization of health care, I will veto it." The House and Senate versions must be reconciled before Bush can veto the measure (McClatchy/Contra Costa Times, 8/9).

Norwalk in an interview on Thursday said she finds it difficult to believe that Democrats and Bush will be able to reach a compromise on a five-year extension of the program and instead might approve a shorter extension. Norwalk said, "Whether it's two years or one year or five years, a lot of that will just depend on amounts. I don't know how they're going to get five years. ... Something shorter, that is less money -- the president will have a harder time vetoing it."

In addition, Norwalk said that reductions in payments to MA plans most likely will be smaller than the cuts included in the House legislation, because Bush is more likely to veto larger cuts.

Presidential Hopeful Proposals

Democratic candidate Bill Richardson recently unveiled his plan for universal health care which would expand preventive coverage to offset the estimate $100 Billion cost. "Universal health care is not only a moral imperative, it is also an economic imperative," said Richardson. Read the details on Governor Richardson's plan...

Recap of Other Plans:

John Edwards would require all Americans to have health care coverage and all employers to provide it. Illinois Sen. Barack Obama does not have the individual mandate, but like Edwards, he would help those who can't afford health coverage pay for it.

Both Edwards and Obama said they would largely pay for their plans by ending President Bush's tax cuts on the wealthy.

Edwards said his plan would cost $90 billion to $120 billion annually. The Obama campaign has refused to provide the total cost for his plan. They say it would cost between $50 billion and $65 billion a year, but that's only after deducting an undisclosed amount for improved efficiency and other federal savings that his campaign says the plan would generate.

Hillary Rodham Clinton also has said she will have a universal health care plan, but she has yet to explain how it would work.

Food For Thought from Health Reform Opinion Pieces

No patient Left Behind

Freshman Representative Steve Kagen from Wisconsin is also physician and suggests the following in regards to health care reform: "Let me be perfectly clear – we do not need socialized medicine – period. And we do not need more government control of our personal health."

But for many of my patients, it's either skip a pill or skip a meal. As a physician, I see and feel this crisis everyday. We must enact legislation to guarantee access to affordable care for every citizen by enacting these essential elements in a single piece of legislation: (1) open disclosure of all prices; (2) securing the same discounts for all citizens, so we all pay the same price for the same health service or product; and (3) build the largest insurance risk pool possible - 300 million strong to leverage down prices for insurance coverage and prescription drugs.

We must also establish a standard health insurance policy and demand that health insurance companies sell this basic policy nationwide - one that covers you from head-to-toe without any discrimination due to any pre-existing conditions.

In other words, if it's in your body – it's covered, and if you're a citizen - you're in – with No Patient Left Behind. Visit Steve Kagen's Web site for more information

Health Insurance a Public, Not Private, Good

"Health care is a classic public good that should be supported by a social compact: The healthy should pay into the system to underwrite care for those who need it now, both as a matter of civic morality and self-interest," columnist Chris Satullo writes in a Philadelphia Inquirer opinion piece. He notes that public goods "include things such as education, clean air and health care," adding, "These things are not the same as toaster ovens. Public policy that pretends they are is doomed to fail."

Other News

U.S. Trails 41 Other Countries in Life Expectancy Rates

Life expectancy in the U.S. has reached its highest point ever, but it is exceeded by the rates in 41 other countries, the AP/Arizona Daily Star reports.

The U.S. has been slipping for decades in international rankings of life expectancies as other countries are improving health care, nutrition and lifestyles, according to the AP/Daily Star.

Countries that rank above the U.S. include Japan, most of Europe, Jordan and the Cayman Islands.

A U.S. resident born in 2004 has a life expectancy of 77.9 years, placing the U.S. in 42nd place, down from 11th place two decades ago.

Researchers say the lower U.S. ranking is attributed to the high uninsured rate among the population, in addition to rising obesity rates and racial disparities in life expectancy. Black U.S. residents have a shorter life span, at 73.3 years, than whites.

The U.S. also has a high infant mortality rate compared with other industrialized nations, with 40 countries having lower infant mortality rates than the U.S. in 2004.

GAO Study of Medicaid Citizenship Documentation Requirement

The United States Government Accountability Office was asked to evaluate how the Deficit Reduction Act provision requiring documentation of citizenship when determining Medicaid eligibility has affected access Medicaid benefits. They were also asked to assess the administrative and fiscal effects of implementing the requirement. Read highlights of the study as well as to the full report.

The Health Update Report is written by Deborah Riordan, Health Policy Analyst for the Central Valley Health Policy Institute (August 2007).