

September 7, 2008

Dear Governor Arnold Schwarzenegger,

I am an "UNDECLARED" voter, no party affiliation. That means I hear all voices in a political arena before deciding how to vote. So please don't interpret this communication to be about party line rhetoric. I'm simply a citizen in search of answers concerning what drives decision-making in the Governor's Office.

Below is a communication from Senator Sheila Kuehl regarding her communications with the Legislative Analyst's Office concerning how SB 840 would impact the state. I would imagine you've read it. In case not, you may decide to take the time to read it here.

I reviewed your web page (gov.ca.gov/index.php?/issue/P6/) but was unable to find any reference to your exchange with the Legislative Analyst's Office concerning SB 840.

On such an important bill it's a matter of civic responsibility and ethics for the governor to correspond with the Legislative Analyst's Office as a means to help form the most progressive decision.

Question #1: Did you make any inquiry to the Legislative Analyst's Office concerning SB 840 and its impact to California? If so, can you send me a verbatim copy of your exchange? If you did not communicate with the Legislative Analyst's Office concerning SB 840's impact to California, can you send me an explanation why you made a decision not to communicate with the Legislative Analyst's Office?

Question #2: After receiving a report from the Legislative Analyst's Office in regards to the negative impact of your collaboration to design a health coverage package, did you ever communicate with Senator Sheila Gruehl in an attempt to form an agreement?

Question #3: With terrorism as a major new concern, wouldn't it make most sense to create a system where all Americans are covered for health insurance? Any sector of the population left uncovered leaves an opening for disease to spread rapidly. Wouldn't there be a greater possibility to resolve large scale health problems if we had a Single Payer Health Coverage system comparable to all other G8 countries--including Austria where you were born? Having the actual experience of growing up in a country with a government run health care system, what was wrong about it?

Please consider taking the initiative to sign SB 840. You would be taking center stage in the national arena where the debate before the entire country would move to sharpening the focus for a national health insurance coverage.

As stated prior, I am an apolitical citizen in search of clarification on your decision concerning SB 840. No disrespect is intended.

Thanks for the time taken to read and reply to this written communication.

Respectfully,

Luis South

LAO Confirms Single Payer Reduces Health Care Spending, Contains Annual Growth

by State Senator Sheila Kuehl

I interrupt my presentations on the current budget crisis to report on a confidential analysis of SB 840, my legislation creating a single payer health insurance system.

[This analysis was] requested by anonymous members of the Assembly [the requesters' names are not revealed, as a matter of course, by the Legislative Analyst's Office (LAO)] and conducted, in the middle of their budget analyses, by the California Legislative Analyst's Office.

Why the Legislative Analyst Looked at SB 840

The LAO, in addition to their yearly on-going analysis of state spending and the budget, receives requests from members of the Legislature to look at the fiscal impacts on the state of various legislative measures. You may recall that during the discussion of the omnibus health measure put forward by the Governor and then-Speaker Fabian Nunez, Senate President pro-temps Don Perata asked the Legislative Analyst's Office to report on the potential impact of the bill on State finances. In so doing, the LAO took into account a proposed funding initiative the Governor had submitted for the next ballot go-round, which, if adopted by the people, would have set out a plan to fund the measure to be put on the ballot later in the year.

The LAO's report was presented to the Senate Health Committee and the programmatic bill did not pass the Committee. The funding mechanism was not in front of the Committee and did not go on the ballot.

Following the defeat of that bill, three members asked the LAO to analyze SB 840, not only for its impact on State spending (which was found to be favorable), but also for the larger issues raised in funding the new program.

The new LAO report did not actually analyze SB 840

Although the LAO's report clearly showed the kinds of savings a single payer plan would provide for the State, workers, employers and private individuals; it was not an assessment of SB 840.

SB 840, now awaiting a hearing in the Assembly Appropriations Committee, does not contain details concerning taxes, premiums, expenses or other financial matters, but rather constructs a Blue Ribbon Panel, made up of statewide officers, to research and propose the actual funding mechanism and put it out for a vote of the people, along with the entire health insurance plan.

This is made necessary by the fact that any change to state revenues that increases revenues (even though all premiums for single payer would take the place of all premiums, co-pays and deductibles now paid by those who are insured) must garner a 2/3 vote in both houses. No Republican will vote for SB 840 and so, the bill with the current Blue Ribbon Panel in it, needs only a majority vote to go to the Governor's desk.

What the LAO found

The LAO study confirmed that a single payer health care system saves money and lowers the rate at which health care costs grow each year. This has always been the main argument for single payer: the total monies devoted to health care spending in California in any given year are more than enough to guarantee comprehensive universal health care to all Californians.

Generally, the LAO report agreed with the findings of the Lewin Group study of 2006 with regard to the impact of single payer on the growth in health care spending and found that Lewin's projections for the legislation's impact on health care spending were reasonable. Like Lewin, the LAO analysis identified substantial savings on administrative costs, bulk purchasing of drugs and durable medical equipment, and confirmed that it would lower the rate at which costs grow every year.

Lewin Group Report of January, 2005

Early in 2005, at the request of several independent health advocacy groups, the Lewin Group, a non-partisan independent national group of analysts specializing in health care costs, took a year-long look at SB 921, my single payer bill introduced in the 2003-2004 session.

The Lewin study reported that the bill, when enacted, would save more than 29 billion dollars in current costs which could be used toward covering the uninsured in California and reducing total health spending in California by 8 billion dollars in the first year alone.

The plan was proposed to cover every Californian with a comprehensive insurance policy with no limitation on choice of doctors or other healthcare professionals.

This year, LAO took Lewin numbers and inflated them forward

The members asking questions of the LAO did not ask her to estimate the amount by which SB 840 would lower health care spending in the year it was enacted, they only asked her to estimate whether the funding system, modeled to fund the bill in 2006, would fund it in 2011, following 5 years of rampant health care inflation. Unsurprisingly, the LAO found that a funding model set up for health care spending in 2006 would not be enough, as is, in 2011 (in addition to adding in a large reserve in the first year, rather than phasing it in). In fact, the deficit projected by the LAO can largely be looked at as the cost to the state created by the Governor's veto of SB 840 in 2006.

Failing implementation that year, costs have ballooned, and, because the state is an employer, as well as the safety net for so many residents, those costs have fed into the current unprecedented budget crisis.

In fact, many of our budget problems are linked to our failure to address the ruinous growth in health care spending over the last decade. California buys a lot of health care: we pay for it directly through social programs and we also purchase a great deal of insurance as employers.

If health care costs grow 2-3 times faster than wages, and the taxes which pay for that health care are a function of wages, then it's pretty easy to understand that we are standing in a hole and proceeding to dig ourselves deeper each year.

Need for Single Payer greater than ever

The main lesson of the Analyst's report is that the people and employers of California are continuing to pay escalating healthcare costs while wages and payrolls are flat lining. Those costs are a drain on our already shaky economic outlook.

SB 840 will bring stabilization to the healthcare crisis and, since the Blue Ribbon Panel will have flexibility to adjust the details of premium proposals, single payer is still our best answer.