

Health Care Reform Update – 9/25/07

Last week, Governor Schwarzenegger convened a special session to discuss both water and health care reform. Though there has been no official announcement as to when leaders will take up health care reform, Assembly Speaker Fabian Nunez recently appointed a health care reform work group comprised of Assembly Members: Bass, De la Torre, Dymally, Berg, DeSaulnier, Hernandez and Hayashi.

It is projected that Núñez and Schwarzenegger are about two weeks away from reaching a deal on a health care reform bill, which would establish the framework of the health reform plan, leaving the financing mechanism as the final point of contention. It is rumored that language for the Governor's proposal is nearing completion, which will further negotiations. Once a compromise is reached, the Legislature will hold hearings before passing the measure on a simple majority vote. In the meantime, discussion in the media continues:

1. SF CHRON - Schwarzenegger, Democratic leaders close to deal on health care reform <http://sfgate.com/cgi-bin/article.cgi?f=/c/a/2007/09/23/BA3ASA3QV.DTL>
2. LA TIMES - Nuñez covers the issues, if not the magazines <http://www.latimes.com/news/local/la-me-cap24sep24.1,1300238.column?coll=la-headlines-california>
3. WASH POST - California Closes In on Universal Health-Care Plan--Governor, Democrats Work to Resolve Funding: <http://www.washingtonpost.com/wp-dyn/content/article/2007/09/23/AR2007092300919.html?hpid=moreheadlines>
4. LA TIMES - Mandatory insurance isn't reform: <http://www.latimes.com/news/printedition/opinion/la-oe-court25sep25.1,7611718.story?coll=la-news-comment>

CPCA continues to meet with coalition groups and leadership and will keep members apprised as special session health care reform negotiations commence. If you have any questions regarding health care reform, please contact Serena Kirk at: skirk@cpc.org.

Health Care Reform Update: Debate Heats up as Deadlines Loom

With a legislative deadline fast approaching this week, negotiations on health reform continue at a fevered pace in the Capitol.

Progress in Negotiations

With only days remaining in the Legislative session, the window of opportunity for health care reform is narrowing. The legislative session is officially scheduled to end on September 15th, although there has been talk of ending earlier, on September 11th, in deference to the Jewish holidays. Given the shortness of time, two options have emerged for the passage of passing health reform: a special session, and a ballot measure.

Special Session: Legislative leaders may go into special session this year to pass a bill containing all the provisions and structure of reform. This could be concurrent with the ongoing legislative session, or be called anytime in the fall. Special sessions differ from regular Legislative sessions in that they do not have to adhere to the standard session deadlines. Without a deadline, this could mean less pressure for lawmakers to resolve issues in a timely fashion. Further, given the high level of tension around the budget and the current session, the possibilities for agreement among decision-makers is dubious, at best.

Ballot Measure: There has also been consideration to placing some or all of the health reforms, including the financing structure, in a ballot measure. An initiative would be risky, in particular depending on the content of the measure. However it is appealing to policymakers because of the ability to raise revenues to fund coverage expansions, especially given the prohibitive bar of raising taxes in the legislature because of the 2/3 vote requirement and Republican legislative opposition. Placing a ballot measure on the February 2008 ballot would require 2/3 vote of the legislature; the other option would be to submit signatures to qualify for the November 2008 ballot.

AB 8 Amended, Governor Unlikely to Sign

Governor Schwarzenegger and Assembly Speaker Nunez continue to discuss key issues such as the individual mandate, affordability thresholds, and financing. The Speaker has amended AB 8 to reflect several amendments, including making changes supported by consumer and health advocates. Recent amendments include additional cost containment provisions to foster better transparency and data on cost and quality of health care, to allow for prescription drug bulk purchasing, and to facilitate a public insurer option in addition to the purchasing pool. It would allow ventures to build on the various county-based "Local Initiatives" that currently offer Medi-Cal and Healthy Families and that have pioneered universal kids coverage.

In the assessment of most, this latest version is not likely to be signed by the Governor. If AB 8 is vetoed, a special session is likely to be called to enact a final agreement negotiated between the Governor and legislative leaders, potentially as early as the week of the 17th.

At Issue: Financing Reform

One of the key issues remaining in the health care reform debate is the financing mechanism for the coverage expansions. Sources discussed to date include employer fees, provider and hospital fees/taxes, and most recently, a sales tax. The sales tax was introduced by the California Retailers Association, California Restaurant Association and California Small Business Association in response to the significant impact of the employer mandate on small businesses. The initiative would increase sales tax by one cent to help fund health care reform and to lessen the burden on employers.

Regarding the hospital tax, the California Hospital Association has reached agreement with the Governor on funding for rate increases as part of the over-all package. This is an important step forward. The hospital tax, which would impose a fee up to a 4% of revenue on all hospitals, would inversely allow California to obtain \$1.7 billion in extra Medicaid money from the Federal Government to be distributed back to hospitals based on how many poor they serve. The California Hospital Association, which has been staunchly opposed to the fee, recently came out in support of the governor's proposal. Businesses and doctors remain opposed, despite the fact that the physician's fee may likely be removed from the Governor's plan.

CPCA Advocacy

CPCA continues to encourage leadership to enact meaningful health care reform this year and to build on existing systems that work – specifically the safety net and community health centers. CPCA sent a formal letter encouraging the Governor and Legislative leadership to follow our fundamental principles: coverage for all Californian's, affordability of health coverage, improving quality of care, and providing access to a medical home for newly insured populations. Additionally, CPCA has been advocating comprehensive reform through the press and a recently published op-ed in the Tracy Press.

Link to articles below:

<http://tracypress.com/content/view/10991/2244/>

CPCA will continue to update our members as developments unfold and as we continue to advocate for comprehensive reforms in California. If you have any questions regarding health care reform, please contact Serena Kirk at: skirk@cpc.org.

Health Care Reform Weekly Update

Health Care Reform negotiations between the Governor and legislative leadership have been held up as electeds debate passage of the State Budget. There has been limited focus on the reform proposals in recent weeks because of the energies surrounding the budget. Reform negotiations are expected to begin once the budget is passed.

As noted in the last update, the Senate is in disarray over the Assembly passing a \$145 billion budget on July 20th, which included some highly criticized tax breaks for wealthy business interests. In order to pass the budget, the Senate only needs 2 of the 15 Republicans to vote for the budget; however, Senate Republican Leader Dick Ackerman is holding his caucus tight. Despite the harsh feelings, political jabs and overall mess of the whole situation, things are improving and CPCA is optimistic. Yesterday the Governor offered to use his "line-item" veto authority to help the Senate expedite the process. He urged the Senate Republicans to pass the Assembly's budget, so that when it got to his desk he could eliminate or reduce the agreed upon cuts. This maneuver allows for a resolution without having to call the Assembly back into session which would stall the process further.

While the legislature is stalled, advocates and others are moving forward on elements of reform. The following is an update on CPCA's continued activities:

CPCA Helps Develop Plan for Governor's Diabetes Initiative

As part of his Health Care Reform proposal, Governor Schwarzenegger proposes a five-year Diabetes Prevention and Management Initiative targeted toward the Medi-Cal fee for service population. The Governor proposes to spend \$150 million annually to screen beneficiaries for diabetes and pre-diabetes, as well as promote self-management through financial incentives, which may also be offered to providers for screening, coaching and training their patients.

CPCA has participated in the California Diabetes Prevention and Management Workgroup, a group tasked by the Administration to develop a set of recommendations for the Governor's diabetes initiative. The Diabetes Prevention and Management Initiative Workgroup was comprised of 28 key experts in the field of diabetes health care delivery, and primary prevention, were tasked with working collaboratively with the Medi-Cal Program and the California Diabetes Program in the development and design of a five-year diabetes initiative. Representatives on the workgroup included physicians, a nutritionist, executive staff from community-based organizations and/or state associations and legislative staff.

The goal of the workgroup was specifically to provide expert advice and consultation to the department program staff on design elements of the diabetes initiative, such as screening criteria for pre-diabetes and diabetes, targeted population for the initiative, interventions to improve the health status of those with pre-diabetes and diabetes, and methods to estimate short and long-term cost savings and/or cost avoidance based on risk stratification of screened individuals. The workgroup plans to continue in this capacity until the initiative is fully developed and is ready for implementation.

The recommendations set to come from the workgroup currently mirror strongly CPCA's original proposal to reimburse the Chronic Care Model using a CPSP-type reimbursement system. The program the group has proposed would be known as the "Comprehensive Diabetes Services Program (CDSP)" and would utilize the most current American Diabetes Association screening criteria for diabetes testing in adults. CDSP is structurally modeled after the Comprehensive Perinatal Services Program (CPSP) and incorporates key components of the Chronic Care Model which emphasize high quality chronic disease care. CDSP is a comprehensive diabetes screening and management program, under the Medi-Cal fee-for-service delivery system, providing enhanced diabetes prevention, screening, and treatment services for eligible low-income adults between the ages of 18-64. CDSP protocols will be developed by the California Diabetes Program in collaboration with the Medi-Cal Program. Key components of the protocols will include the identification and certification processes of eligible providers and practitioners; assessment criteria; care plan development; care management/coordination; and appropriate content for group and self-management classes for individuals with pre-diabetes and diabetes.

CPCA will continue to participate in the workgroup, and will provide our members updates on the progress of the initiative

For questions regarding Health Care Reform, contact Louise McCarthy at lmccarthy@cpc.org.

Weekly Update – Health Care Reform (7.17.2007)

More than 500 activists lined the Capitol fourth-floor hallway on July 11th for Senate Health Committee's hearing of AB 8, Assembly Speaker Fabian Nunez and Senate Pro Tem Don Perata's health care reform legislation. The Committee took nearly an hour of testimony from interested parties, most representing labor and consumer groups that conditionally support AB 8.

During the hearing, CEO Carmela Castellano-Garcia testified on behalf of CPCA and its over 600 member clinics. "CPCA is very supportive of a comprehensive healthcare reform and we believe that AB 8 is a beginning. However, one of our biggest concerns is that any healthcare reform must address and invest in the capacity issue in order to meet future demands on California's already strained delivery systems, and more importantly be able to ensure that coverage is not without access."

Other stakeholders weighed in on the bill as well. Position for the bill fell into 4 categories: Support, Support if amended, No position, and Opposed. Those taking a Support if Amended position include: the California Labor Federation, Health Access California, California Medical Association, and Western Center on Law and Poverty, as well as almost a dozen others. The 100% Campaign (made up of three children's groups) and PICO California were in Support of AB 8, while California School Employees Association and California Association for Hospice Care took a No position stance. The list of those Opposed to the measure include: the California Chamber of Commerce, California Association of Health Plans and the California Nurses Association who in their opposition said health insurance is not health care and expressed fear that AB 8 is, or will be, the Governor's proposal.

In preparation for the Committee and at the hearing, Speaker Nunez took a range of suggested amendments, though there was no mention of addressing the capacity issue.

The bill passed with only Democrat support. Senator Sheila Kuehl, Chair of Senate Health Committee, voted for the bill despite having her own health reform proposal in the running. She said her vote recognized that AB 8 was a better vehicle than the governor's plan and urged the inclusion of affordability and coverage in negotiations with the Governor.

AB 8 is expected to be the vehicle for negotiations this summer with Governor Schwarzenegger. The Governor and Legislative leaders are expected to begin discussions seeking compromise legislation after budget deliberations are completed.

After passing out of Senate Health Committee, AB 8 will now go to Senate Appropriations Committee for consideration of its fiscal impacts. If the measure is passed from Appropriations, it will then head to the full Senate.

CPCA Resources on Health Care Reform

CPCA has developed a number of documents – talking points, one page briefs and a longer public analysis – that are available online. These talking points, and other

materials on the health care reform section of our website, are meant to help CPCA's members advocate for health care reform. These materials are being posted online at: www.cpc.org/govaffairs/caissues/HealthCareReformProposal.cfm

In addition, numerous clinic representatives have been asked to participate in local forums and panels on health care reform. CPCA staff have worked with these members, providing talking points and background material to assist them in these events. If you need any resources for talking about reform, please contact Serena Kirk, skirk@cpc.org.

Weekly Update – Health Care Reform (7.9.2007)

Legislation – Assembly Health Committee Passes Senator Sheila Kuehl's SB 840

Tuesday, June 3rd was the last day for Senate health-related bills to pass through Assembly Health Committee. Senator Sheila Kuehl's universal, single-payer health reform bill, SB 840, was the first to be heard in Committee last week and caused quite a line-up of testimony both in support and opposition of the measure. Dozens of organizations stood in support of the bill including the California Nurses Association, Western Center on Law and Poverty, SEIU, Planned Parenthood, California School Employees Association, California Teachers Association, Latino Coalition for a Healthy California, and CPCA. Opposition to the bill came from insurers and business groups including, National Federation of Independent Business, and California Association of Health Underwriters.

After Republican Legislators Nakanishi, Gaines, Huff and Strickland argued that countries with single-payer care must endure long lines and rationed care they persisted in saying that the U.S. currently has the best healthcare in the world. Kuehl responded by acknowledging that all lawmakers are trying to do something to improve our health care system, but that in fact our current system already does ration care and must also endure long waits - noting the fact that the U.S. does not have the best care in the world and is actually ranked 37th by the World Health Organization.

After much discussion the bill passed out of Health Committee on a 12-5 vote. SB 840 will be heard in Appropriations in the coming weeks.

Assembly Speaker Fabian Nunez and Senate President Pro Tempore Don Perata's health reform measure, AB 8, will be heard in Senate Health on Wednesday, July 11th.

Impacts of Major Reform Proposals on Women's Health Coverage

The *Insure the Uninsured Project* recently released a report assessing the impact that the six separate health reform proposals of the Governor, Senator Kuehl, Senator Perata, Assembly Member Nunez, Senate Republicans and Assembly Republicans would have on women's health coverage. Each proposal was critiqued based on its impact on eligibility, benefits, affordability, provider choice, maternity coverage, family planning, breast and cervical cancer screening and treatment, chronic diseases, county health programs, and multi-cultural and linguistically accessible care. The report looked at how the proposals would increase coverage for uninsured women and how they interface with existing state and county programs that pay for women without insurance. Clinics are mentioned in the report for their success in being culturally and linguistically competent providers. Recommendations were made regarding chronic disease management, stating that model chronic disease programs and pilots in clinics and counties for uninsured women need to be retained and expanded as part of health care reform efforts.

The full report is available at:

<http://www.itup.org/Reports/UniversalCoverage/women's%20health%20reform.pdf>

Public Policy Institute Poll on Health Care Reform

What are Californians' current perceptions of health care reform? The Public Policy Institute of California conducted a poll this June questioning over 2,000 adults on their perceptions of California's health care reform efforts. 3 out of 4 adults in California feel major reform is needed and see the number of uninsured people as a big problem. Though 8 of 10 residents report having some form of coverage, 9 of 10 adults say they have deep feelings of insecurity and worry about losing coverage. 7 in 10 likely voters favor the Governor's proposal, with projections that the Legislative proposal will generate favorable responses from concerned Californians. Solid majorities of Californians say the U.S. should provide a national health insurance program, even if it would require higher taxes, favor guarantee coverage for low-income children and agree with the employer requirement. Californians are reasonably optimistic that the Republican governor and Democratic leadership can work together successfully towards health care reform, however, most residents have given up hope that President Bush and congress will reach a bipartisan agreement on a national health care plan.

Unease over Health Care Reform Efforts Rise

Skepticism surrounding the intentions of California's leaders regarding health reform has some wondering if they truly are serious about expanding quality coverage to millions of uninsured Californians, or if they are more interested in national recognition and applause for their pioneering innovation. On June 27, six Assembly Republicans, including Minority leader Mike Villines, wrote a letter to Assembly Health Chairman Mervyn Dymally asking him to hold a hearing to discuss whether the health initiatives proposed by the Governor and Democratic leadership run afoul of the Employee Retirement Income Security Act (ERISA), arguing that ERISA makes it illegal for the state to mandate employers to offer benefits or pay an in-lieu fee. According to the letter, an employer mandate violates a key provision of ERISA which is why the only state currently with an employer mandate is Hawaii having been granted exemption by Congress. It is foreseen that the Governor will receive pressure from Assembly Speaker Fabian Nunez to ignore the request. It is not yet known if Assembly Dymally will hold the hearing.

Additionally, residents from California's Central Valley feel reform efforts completely ignore their issues and offered 11 recommendations for improvements in a report addressing the Valley's issues - *Health Reform 2007: Impact on the Valley*. The Valley's concerns include demographics such as racial or ethnic diversity, large numbers of poor residents, high unemployment and large numbers of undocumented residents. There are also access-related concerns and healthcare professional shortages. Among the suggestions is a proposal to allow seasonal employers, such as farmers, to contract with FQHC's or other safety-net providers to provide care for those workers.

GOP Raises Concerns with Governor's Plan

Republican lawmakers feeling alienated and ignored by Governor Schwarzenegger are becoming increasingly publicly defiant of Administration efforts. GOP senators objected to parts of the Governor's proposed budget by refusing to sign off on requests, rejecting three of the Governor's proposed appointees to the board which oversees the community colleges, and stating that his healthcare plan will be disastrous for the state's economy. Republican leaders are contending that they are acting on their convictions, and that failure to pass the budget soon could jeopardize billions of dollars in scheduled state payments. Public opinion polls have shown that late budgets cause voter frustration and ultimately could affect approval ratings for the Governor.

Other concerns over the Governor's health initiative have caused GOP lawmakers to use parliamentary political tactics to undermine his plan. Assembly Member Rick Keene requested an opinion from the Legislature's nonpartisan lawyers about whether the proposal will require a simple majority vote to pass or a two-thirds support. The Governor has been disputing for months whether his proposal will impose a fee or a tax on employers, doctors, and hospitals. The legal opinion ruled the cost a tax and tax legislation requires a two-thirds vote. The ruling has some Democratic legislators more reluctant to support the Governor's blueprint for reform.