

2006 In Review: Major Victories, Significant Progress, Continued Momentum, More Work To Do

2006 was a watershed year for health care consumers, as the uninsured won significant relief from being overcharged for hospital services and prescription drugs. Major coverage expansions and reforms advanced further than they had before, and while stalled, the election year created a mandate setting up 2007 as a year for major action.

Major Victories, in Principle and Practice: Those With the Least Should Not Be Charged The Most

Uninsured Californians had two major victories, the subject of multi-year campaigns, which will provide real relief, while also establishing a key principle: The uninsured and underinsured, those with the least, should not be charged the most in our health care system. These two bills, on prescription drugs and hospital charges, where California leads the way with only one other state, are the most important and meaningful changes in health policy for the uninsured in years.

DRUGS: Americans without prescription drug coverage pay more for needed medications than anyone else in the world—40-60% more than Canadians or those in other countries that negotiate on behalf of the citizens; more than insurance companies purchasing on behalf of who they cover.

AB2911 (Nunez/Perata) was a landmark prescription drug law, allowing the state of California to use its massive purchasing power through the Medi-Cal program to negotiate lower prices for those without drug coverage. Up to 6 million uninsured, underinsured and senior Californians could benefit with a drug discount card that may provide 40-60% off needed medications. As the first large-scale implementation of a program modeled in Maine, the principle helps propel the national debate about negotiating for the best price under Medicare Part D, and shows that the prescription drug industry can be beaten, despite them spending \$80 million to stop a ballot measure the year before.

HOSPITAL CHARGES: Uninsured patients who go to the emergency room get a bill that is multiple times what insurers pay for exactly the same service. These inflated bills often send patients to collections, court and bankruptcy.

AB774(Chan) is a groundbreaking law, providing consumer protections for self-pay hospital patients. Hospitals will need to provide uninsured and underinsured patients with information about their consumer rights and financial options, provide a moratorium before sending patients to collections, and not place liens on patient's homes. In particular, most uninsured and underinsured will not have to pay more than the Medicare, Medi-Cal, or worker's compensation rate for hospital services. While this issue has gotten attention in national media, Congressional hearings, and class action lawsuits, California joins only New York in passing a bill this year to cap hospital bills.

While neither bill provides actual coverage or free care, it does ensure a fair price. These bills will provide real financial relief, and help millions of Californians get the care they need, and to avoid medical debt.

Progress and Momentum for Coverage Expansions

UNIVERSAL CARE: Another historic advance was the legislative passage of SB840(Kuehl), the California Health Insurance Reliability Act, a proposal to create a universal, single-payer health care system to cover all Californians. The bill did not include a financing mechanism and was ultimately vetoed by Governor Schwarzenegger, but it clearly put universal health care in the political discussion, and advanced such a proposal farther than it ever has before. The vast majority of Democratic legislators endorsed a broad health care measure, some ran on it, and all who were up for re-election won. This created additional momentum.

CHILDREN'S COVERAGE: The goal for universal children's coverage inched closer to reality, as the issue was discussed in the legislature in the budget discussions. While it was disappointing that expanded children's coverage was not included in the budget, and that Proposition 86 was defeated by the narrowest of margins of all the initiatives, the issue is very alive. However, Governor Schwarzenegger took a major step when he voiced support for covering all children, including those that are undocumented. While he opposed both a bill and a ballot measure to accomplish the goal, he has reiterated his overall support for the goal.

MOMENTUM AND A MANDATE: The top goal for health advocates this year was to keep health care in the campaign debate, and use the opportunity of the election to create a mandate for reform and action. Mission accomplished: both gubernatorial candidates pledged to take action on health reform in the first days of their new term. Governor Schwarzenegger displayed a new focus on health care, holding a health care summit in the summer, pledging to unveil a major health care plan in his 2007 State of the State, highlighting health care in campaign ads, hiring key staffers that indicate seriousness, and reconsidering previously-opposed issues that led to the signatures on the bills described above. With the attention raised by the health reforms passed in Massachusetts, Maryland, Illinois, Vermont, New York City, and most close to home with San Francisco, the momentum for reform is strong.

Other Victories and Developments

INDIVIDUAL BURDENS: Advocates were successful in not just advancing good reform proposals through the legislative process, but also killing bad proposals, most notably proposals for an "individual mandate." Also stopped were efforts to use the tax code to subsidize underinsurance and high-deductible plans, through so-called Health Savings Accounts.

MEDICARE PART D: In the introduction and first year of the Medicare Part D program, California took a lead role in assisting low-income seniors and people with disabilities (the "dual-eligibles"), providing "emergency coverage of last resort" when these patients were not getting the drugs they needed. Unfortunately, legislative leaders and the Governor did not see fit to fix the ongoing problem for these dual-eligibles, the newly-imposed co-payments. The Governor did sign a bill to provide some additional oversight over Medicare Part D plans, but vetoed a bill to provide seniors with a report card to evaluate the myriad of choices before them.

INTEGRITY OF INSURANCE: While health advocates won battles with the drug companies and hospitals, insurers were successful in killing a range of bills to ensure their plans provided value to consumers. In particular, AB977(Nava) and AB2281(Chan) would have provided consumer protections and oversight on high out-of-pocket costs and underinsurance. This important issue needs more effort, to win as part of another multi-year campaign.