



HEALTH REFORM: What Is At Stake for California's Central Valley?

The Health Care Crisis in the Central Valley ...and How Health Reform (and H.R. 3200) Will Help

- Residents of the Central Valley are more likely to be uninsured.
- Shortages of doctors, nurses and hospitals are worse in the Valley.
- Chronic conditions, like asthma and diabetes, are more prevalent in the Valley.
- The epidemic of home foreclosures has been made worse by medical debt and inadequate coverage.
- The Valley relies on small businesses, agriculture, and construction as major drivers of its economy.
- Health reform will expand coverage; make coverage more affordable and secure; strengthen the health care work force; and improve the health of Central Valley residents.

California Needs Health Reform More Than Other States, and the Central Valley Needs Reform Even More!

- **HEALTH INSURANCE RATES: CALIFORNIA IS BAD, THE CENTRAL VALLEY IS WORSE:** About one in five Californians are uninsured,¹ and almost one million residents of the Central Valley are uninsured.² The rate of uninsurance is much higher in the San Joaquin Valley than in the Bay Area or Sacramento—and in Fresno County alone, over 125,000 residents under 65 have no health insurance.³ These numbers predate the recession of 2008-09, where millions of Californians lost jobs and the health insurance that goes with them.⁴
- **CALIFORNIANS ARE DENIED COVERAGE AND CANNOT AFFORD IT:** Hundreds of thousands of Californians are denied health coverage every year, usually because of a pre-existing condition, and they cannot buy it at any price.⁵ Millions more Californians cannot afford coverage even if it is available; in fact, the vast majority of uninsured are in low-income working families (making less than 400% of the federal poverty level) and earn too little to purchase coverage without subsidies.⁶
- **MEDICAL DEBT MAKES FORECLOSURES WORSE:** Medical debt resulting from a lack of insurance and lack of affordable coverage is part of what has precipitated the foreclosure crisis. The economic impacts of medical debt are significant. For example, it is estimated that 60 percent of bankruptcy filings in 2007 were caused, in part, by medical debt.⁷



Health Reform Will Make Quality Coverage Affordable for Families, Which Means Fewer Foreclosures and Greater Economic Security

- **EXPANDING AND STRENGTHENING COVERAGE:** H.R. 3200 will make affordable, quality coverage available to virtually all (97%) Americans and requires all insurance plans to cover basic benefits similar to what most large employers offer now. It is estimated that under H.R. 3200, an estimated 846,000 currently uninsured Central Valley residents will be newly insured.⁸ In addition, over 42,000 Central Valley seniors will no longer be subject to the Medicare Part D prescription drug donut hole.⁹
- **ENSURING AFFORDABILITY:** H.R. 3200 will provide families with economic security by limiting out-of-pocket health care costs to \$5,000 for an individual or \$10,000 for a family. Furthermore, there are affordability credits for families purchasing coverage in the exchange who earn less than 400% of the federal poverty level (\$73,240 for a family of three in 2009).
- **PROMOTING ECONOMIC SECURITY:** Affordable coverage means less medical debt, fewer medical bankruptcies—and fewer foreclosures undermining the local economy. The protections contained in H.R. 3200 will help prevent the more than 6,700 health care-related bankruptcies that occurred last year in the Central Valley.¹⁰

Health Reform Will Help Address Access Issues Caused By the Shortage of Doctors, Nurses, and Hospitals in the Central Valley

- **EXPANDING THE HEALTHCARE WORKFORCE:** The Central Valley has some of the lowest rates of primary care physicians in the state¹¹ and faces severe shortages of physician specialists, nurses, and other health professionals. These shortages limit access to care for every resident, both with and without insurance. Too often Valley residents are forced to turn to emergency rooms for non-emergency care. H.R. 3200 and the other reform proposals in Congress have important health care workforce improvements to address the shortages of primary care doctors and specialists.
- **FEWER UNINSURED MEANS MORE RESOURCES TO RECRUIT AND RETAIN HEALTH PROFESSIONALS:** Better reimbursement rates and fewer uninsured means more (and better) paying customers—that means more resources in the Central Valley health care system with which to attract and pay health care professionals.¹² For example, the Bay Area has fewer uninsured, and consequently, more doctors than the Central Valley. H.R. 3200 would increase Medicaid and Medicare payment rates and dramatically reduce uncompensated care. Today Central Valley health care providers provide an estimated \$454 million in uncompensated care annually.¹³
- **ADDRESSING THE SPECIAL NEEDS OF RURAL AREAS:** Fully one-quarter of Valley residents live in a rural area.¹⁴ Rural areas face unique challenges sustaining a stable supply of health care providers, in part because payment rates are significantly less in rural areas.¹⁵ By changing the payment mix in rural areas, health reform will help strengthen and expand the health care workforce.

Health Reform Will Provide More Coverage Options for Worker and Employers, Including by Securing and Expanding On-The-Job Benefits

- **ENCOURAGING SHARED RESPONSIBILITY FROM EMPLOYERS:** H.R. 3200 both requires and helps employers contribute to covering their employees. Studies indicate that an employer mandate scaled to payroll with exemptions for small businesses, like that in H.R. 3200, have an impact on employment similar to a modest minimum wage increase.¹⁶ Since most employers offer health benefits today even without a mandate, the mandate will not affect most employers or most employees. Businesses with many low-wage employees have the choice of providing coverage or paying into the Exchange for their employees to get coverage.
- **EXPANDING COVERAGE TO ALL WORKERS:** Given that the economy of Central Valley depends so heavily on construction and agriculture, it is important that stable coverage be extended to *all* workers, including part-time and seasonal employees. Assuring continuous and affordable coverage for workers will reduce the burden on the overall health care system by getting more people basic care rather than expecting them to go without or rely on the emergency room.¹⁷
- **AFFORDABILITY FOR EMPLOYERS:** Employers will have the choice of providing coverage to all or some of their employees or paying eight percent of their payroll or less into the Exchange for their employees. For employers with low-wage workers, seasonal or part-time workers, the Exchange provides affordable coverage. Private employer-based premiums have more than doubled since 2002, and if this rate continues, coverage will be less affordable for more families and businesses.¹⁸
- **HELPING SMALL BUSINESSES:** Small businesses pay more than large employers for the same coverage. H.R. 3200 fixes that so that small business no longer faces a competitive disadvantage in recruiting and retaining talented employees. The economy of the San Joaquin Valley relies on a large number of small businesses. H.R. 3200 recognizes these challenges, providing tax credits for many small businesses to help them afford coverage – almost 66,000 small businesses in the Central Valley are estimated to qualify for such credits.¹⁹ Under various health reform proposals, the smallest businesses (e.g., those with payrolls under \$500,000) are exempt from the requirement to offer coverage.

Health Reform Will Improve the Health of San Joaquin Valley Residents and Address Chronic Conditions Like Asthma, Diabetes, etc.

- **IMPROVING HEALTH AND QUALITY OF LIFE:** The Central Valley has some of the highest rates of chronic disease in the state – including asthma, diabetes, and coronary heart disease - conditions that can be managed if care is affordable, available, and continuous.²⁰ People who churn on and off coverage or who have inadequate coverage are less able to manage asthma, diabetes and other chronic condition--they are more likely to end up in the emergency room or with avoidable complications such as amputations or permanent loss of lung capacity.



- **EMPHASIZING PREVENTION:** An important way to improve health is to focus on preventive services. H.R. 3200 will develop a national strategy to improve health by emphasizing prevention and evidence-based medicine. Furthermore, proven preventive services will be covered by Medicare and Medicaid and private plans without cost-sharing in order to encourage people to use preventive services as they need.

REFERENCES

- ¹ Urban Institute and Kaiser Commission on Medicaid and the Uninsured estimates based on the Census Bureau's March 2007 and 2008 Current Population Survey (CPS: Annual Social and Economic Supplements).
- ² Based on factsheets about the benefits of H.R. 3200 for Congressional districts 11, 18, 19, 20, 21, 22 prepared by the Committee on Energy and Commerce using Gallup-Healthways Survey data.
- ³ Analysis of the 2007 California Health Interview Survey for Fresno County.
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- ¹¹ Great Valley Center, "Assessing the Region Via Indicators: Public Health and Access to Care," (2003).
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- ¹⁸ "California Employer Health Benefits Survey," California HealthCare Foundation (December 2008).
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- ²⁰ Great Valley Center, "Assessing the Region Via Indicators: Public Health and Access to Care," (2003).

HEALTH CARE FOR AMERICA NOW!

This factsheet was prepared by Health Access, a statewide coalition of consumer, labor, ethnic, senior, faith, and other organizations that has been dedicated to achieving quality, affordable health care for all Californians for over 20 years. Please visit our website and read our daily blog at www.health-access.org

Health Access is leading the California campaign of Health Care for America NOW! (HCAN), a national grassroots campaign of more than 850 organizations representing 30 million people dedicated to winning quality, affordable health care we all can count on in 2009. Visit www.healthcareforamericanow.org or contact Patrick Romano at promano@health-access.org for more about the HCAN campaign.