





- Community-based adult services, as defined
- Dietary and nutritional therapies determined appropriate by the board.
- Therapies that are shown by the National Center for Complementary and Integrative Health in the National Institutes of Health to be safe and effective, including chiropractic care and acupuncture
- Health care items and services previously covered by county integrated health and human services programs, as defined
- Health care items and services previously covered by a regional center for persons with developmental disabilities, as defined
- Language interpretation and translation for health care items and services, including sign language and braille or other services needed for individuals with communication barriers
- Covers new and pre-existing health conditions
- Defines the conditions for which health care providers may participate in CalCare
- Requires the Board to adopt regulations regarding contracting for, and establishing payment methodologies for, covered health care items and services provided to members under CalCare by participating providers
- Requires the Board, in consultation with relevant state agencies, to negotiate prices to be paid for pharmaceuticals, medical supplies, medical technology, and medically necessary assistive equipment covered through CalCare
- Requires the Board, in consultation with relevant state agencies and health care groups, to establish a prescription drug formulary system
- Requires the Board to establish a single standard of safe, therapeutic, and effective care for all residents of the state
- Authorizes the Board to seek federal waivers and other federal approvals and arrangements to operate CalCare, including Medicare administration in California
- Creates the CalCare Trust Fund in the State Treasury
- Establishes that it is the intent of the Legislature to develop a revenue plan
- Establishes the process under which collective negotiation and action is allowed Federal legislation which would guarantee health care for all, including S.1129 (2019-2020) and the Medicare for All Act (H.R. 1976), has been introduced from time to time and would have a similar effect on the health care system as AB 1400, but on a nationwide scale.

**DISCUSSION:**

The resolution attached to this item supports legislation which would enact universal health care on either a statewide and national basis, and authorizes the Mayor to submit letters of support on behalf of the Council for legislation with the following characteristics:

- Universal in scope (i.e. provides medical coverage for all residents within a defined area)
- Is free at the point of service (no premiums, copays, deductibles, or other cost-sharing mechanisms)
- Provides preventative, diagnostic, treatment, and rehabilitative coverage
- Covers a wide range of health care items and services
- Cost neutral or positive to the health care recipient (i.e. new single-payer cost through the state or federal government is equal to or less than the cost of premiums, copays, deductibles, and/or other health care charges through the existing, multi-payer system)

The benefits of a guaranteed health care system include eliminating catastrophic, unexpected health care costs (i.e. no medical bill bankruptcy), no denials of preventative health care or forcing residents to use the emergency room due to lack of health insurance, reduced health care cost complexity (e.g. no copays, deductibles, or out of pocket costs for covered health care items or services), reduction of health care premiums paid by businesses and municipalities, and decoupling the connection between employment and ability to maintain health coverage.

Attachment 1 contains a list of frequently asked questions compiled by AB 1400's author, Assemblymember Ash Kalra, states that studies have shown that single-payer health care systems with comprehensive coverage produces savings on health care costs compared to the existing, multi-payer system.

**CITY COUNCIL AND/OR GENERAL PLAN GOALS:**

Goal 5 - Provide Open and Responsive Municipal Government Leadership

**PUBLIC COMMENT:**

As of the writing of this staff report, the City has not received any public comment. However, if public comment is received from interested parties following the publication and distribution of this staff report, it will be provided to the City Council as supplemental materials before or at the meeting. In addition, public comments may be offered during the public comment portion of the agenda item.

**PUBLIC NOTICE:**

This item was noticed in accordance with the Ralph M. Brown Act and was available for public viewing and review at least 72 hours prior to scheduled meeting date.

**FISCAL IMPACT:**

There is no fiscal impact to approval of this item tonight. However, should a single-payer plan be passed at the state or federal level, it would have an uncertain effect on City finances, depending on how it is funded. It could result in a significant decrease in costs for employers like the City as health premiums go away, but other employer-based taxes may increase to offset that.

**RECOMMENDATION:**

That the City Council approve the Resolution Supporting Legislation Guaranteeing Healthcare to All.

**Attachment:**

Proposed Resolution

Question/Answer Handout from Assembly Member Ash Kalra (D-San Jose)

CalCare Pamphlet

Public Comment Received Prior to posting

RESOLUTION NUMBER XXXX-2022

A Resolution of the City Council of the City of Sebastopol Supporting Legislation for Guaranteed Health Care for All

WHEREAS every resident in Sebastopol deserves high-quality healthcare, and

WHEREAS the ever-increasing costs of care, which are further elevated due to the pandemic, challenge already strapped municipal budgets, and

WHEREAS the pandemic has led to the loss of employer-sponsored health insurance—showing the shortcoming of tying health insurance to employment, and

WHEREAS the vast majority of households and small businesses in Sebastopol would save money under a single-payer healthcare system and physicians would be able to focus on efficiently providing the best care possible for all residents, and

WHEREAS comprehensive single-payer health care is expected to reduce health care costs compared to the existing multi-payer health care system; and

WHEREAS, the benefits of a guaranteed health care system include eliminating catastrophic, unexpected health care costs, eliminating denials of preventative health care and forcing residents to use the emergency room due to lack of health insurance, reduced health care cost complexity, reduction of health care premiums paid by businesses and municipalities, and decoupling the connection between employment and ability to maintain health coverage; and

WHEREAS, single-payer health care systems such as the federal Medicare for All Act and CalCare would provide health insurance that covers all necessary medical care including prescription drugs, hospital, surgical and outpatient services, primary and preventive care, emergency services, reproductive care, dental and vision care, and long term care; and

WHEREAS both the federal Medicare for All Act of 2021 and the state CalCare bill will guarantee that all residents of Sebastopol will be fully covered for healthcare without co-pays, deductibles, or other out-of-pocket costs, and would save millions in taxpayer dollars now spent on premiums that provide often inadequate health insurance coverage for government employees.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Sebastopol that the City of Sebastopol urges the U.S. Congress and the California state legislature to pass legislation to create a single-payer system that will provide all residents with universal, comprehensive, and equitable health coverage; and

BE IT FURTHER RESOLVED that the City Council of the City of Sebastopol hereby declares its support for health care legislation with the following characteristics:

- Universal in scope
- Free at the point of service
- Provides preventative, diagnostic, treatment, and rehabilitative coverage
- Covers a wide range of health care items and services
- Cost neutral or positive to the health care recipient

PASSED AND ADOPTED, by the CITY COUNCIL of THE CITY OF SEBASTOPOL, COUNTY OF SONOMA, of STATE OF CALIFORNIA on this 1st day of February 2022.

I, the undersigned, hereby certify that the foregoing Resolution was duly adopted by City of Sebastopol City Council following a roll call vote:

VOTE:

Ayes:

Noes:

Absent:

Abstain:

APPROVED:

Patrick Slayter, Mayor

ATTEST:

Mary Gourley, Assistant City Manager/City Clerk, MMC

APPROVED AS TO FORM:

Larry McLaughlin, City Attorney

## **AB 1400, CalCare, Frequently Asked Questions**

### **What would AB 1400, the California Guaranteed Health Care for All Act, accomplish?**

The California Guaranteed Health Care for All Act, or AB 1400, would enact a comprehensive framework of governance, benefits, program standards, and health care cost controls for a single-payer health care coverage system in California. This system would be called CalCare, and it would be available to all California residents. By passing this policy framework, California can set in motion state consolidation of existing health care programs, obtain necessary federal waivers, and determine public financing.

### **What is the guaranteed benefit coverage under CalCare?**

CalCare is designed to cover all medically necessary and appropriate care as determined by a patient's treating physician or health care professional and consistent with the patient's best interest and wishes. Californians will have access to comprehensive health care coverage, including and not limited to all primary and preventive care, hospital and outpatient services, prescription drugs, dental, vision, audiology, reproductive health services, maternity and newborn care, long-term services and supports, mental health and substance abuse treatment, laboratory and diagnostic services, and ambulatory services.

### **Will there be any copays, deductibles, or out-of-pocket costs for accessing CalCare benefits?**

No, Californians would receive health care services and other defined benefits without having to pay any copays, reach a deductible, or provide other out-of-pocket costs.

### **Who is eligible for CalCare?**

Every California resident would be eligible to receive benefits under the CalCare program regardless of their citizenship or immigration status. Residency would be determined by the principles and requirements used by Medi-Cal. Additionally, a college or university would be able to purchase CalCare coverage for a student or student's dependent who is not a California resident. AB 1400 also prohibits health care providers from discriminating based on citizenship or immigration status.

### **Can States implement a publicly financed single payer system in the United States?**

Yes, a State single-payer health care program could be granted a Medicare innovation waiver or other federal waivers that would make it possible for a State to capture or administer federal health care dollars and enroll residents that are traditionally covered by Medicare or other federal health care programs. In fact, the ability for States to "pass-through" or use federal

funding for implementing innovative health care programs, like single-payer, was envisioned under the Patient Protection and Affordable Care Act (PPACA). Specifically, the U.S. Health and Human Services Secretary could exercise waiver authority under Section 1332 of the PPACA to integrate federal programs with a publicly financed single-payer health care system in California if the State includes a detailed plan.

### **How much will AB 1400 cost or save in the long-term?**

Study after study has shown that a single-payer health care system with comprehensive coverage for all would produce massive savings on health care costs, and as a result of single-payer savings, California could provide better health care coverage to all people and do so for less money than our current system. By simplifying our health care system, CalCare would save billions in administrative costs. By directing negotiating prescription drug prices and provider payments on a statewide basis, CalCare would be able to lower prices for drugs and health care services, resulting in substantial savings overall.

Currently, the total health care spending in California is roughly \$400 billion annually and funded by a patchwork of pay sources and administrative waste largely due to the complexity of our fragmented health system. The cost of a single-payer system, however, is envisioned to be lower than the cost of the current multi-payer system. This assumption is supported by high-level meta-analysis of single-payer systems (Cai et al., 2020) that estimated lower costs due to simplified administration and projected long-term net savings from a more tightly controlled rate of growth. A cost comparison of California's current system and a proposed single-payer system that provided comprehensive coverage to all California residents by PERI (Pollin et al., 2017) found that the single-payer system would have a net savings of saved 10% relative to our current system.

AB 1400 includes cost-controls and would minimize new spending by consolidating existing funds and redirecting funds spent on administrative waste toward providing more equitable health care to all Californians.

### **How does AB 1400 control health care costs?**

CalCare controls health care costs in several different ways. First, a simplified payment system constitutes the largest area of reduced spending, as there is strong evidence that billing and insurance-related administration account for higher system-wide costs. AB 1400 would also establish reasonable payment methodologies for health care providers that align with actual costs of care rather than profit. Additionally, leveraging its negotiating power as the single payer for health care in California, CalCare would be able to obtain reasonable prices for prescription drugs and other provider payments through direct negotiations with drug manufacturers, hospitals, doctors, and other providers.

In order to ensure that hospitals and larger institutional providers do not have unsustainable rates of growth, CalCare would negotiate adequate global budgets to cover all operating



expenses while making strategic investments to promote high quality, equitable health care. Tailored to each hospital or institutional provider, global budgets ensure that providers get the appropriate funding for the services that their patients need and that reimbursements are being used towards care.

To ensure that CalCare funds are used to target health care inequities, special projects funding and adjustments in the global budgeting process would ensure that hospitals and clinics in underserved areas would be able to receive increased payments.

### **How would AB 1400 address the rising cost of prescription drugs?**

CalCare will be able to leverage bulk purchasing power to negotiate lower costs of prescription drugs in California. Currently, drug prices are set high by drug manufacturers that expect insurance companies, pharmacy benefit managers, and health providers to use their market share to negotiate a lower price. Having a single large public purchaser of prescription drugs will allow hospitals and other institutional providers to pay less.

### **How will CalCare address long-term care?**

AB1400 will fully cover long-term care for older adults and people living with disabilities.

CalCare provides long-term care with the goal to cause as little disruption to a person's life as possible. One of the hardest aspects of needing long-term care is the fear of losing the ability to live a healthy and independent lifestyle. The CalCare long-term care benefit is geared toward helping people remain in their homes, though it also covers long-term care facilities for those who need them.

The CalCare governance structure would include an Advisory Commission on Long-Term Services and Supports (LTSS), which must include people who use LTSS, to help guide the CalCare board's policymaking on LTSS.

### **Can people opt-out of CalCare?**

The benefits outlined by AB 1400 are guaranteed to all California residents, and their health care services will be paid through the CalCare single-payer system. Individuals will not be able use an alternative payment system for a provider reimbursed by CalCare. However, individuals could choose to receive services from providers without participating agreements with CalCare and pay out-of-pocket for services that would have been covered by CalCare if the care was rendered by a CalCare provider.

**Will I see a difference in the way my health care is delivered under CalCare?**

No, CalCare is a simplified payment system that will not disrupt the delivery or quality of health care that Californians have grown accustomed to. On the contrary, CalCare will end persistent disruptions to care that arise from changes in health insurance and provider networks. For example, a visit to the doctor would be adequately reimbursed by CalCare without the need for a prior approval or authorization from an insurer or health plan. Under CalCare, the only thing that would change is how your health care is paid.

**Would CalCare be making any decisions on the health care I receive?**

No, CalCare would put health care decisions in the hands of you and your health care provider. CalCare also ensures that the professional judgment of health care professionals, in consultation with their patients, is the basis for health care decisions.

**Will I be able to choose my own doctor and health care providers?**

Yes, a patient will have the freedom to choose their doctors, hospitals, and other providers without worrying about whether a provider is “in-network.”

**Can I keep my current health insurance or private health plan under CalCare?**

No, commercial health insurance would not be allowed to pay for services covered under CalCare’s comprehensive benefits package. Additionally, CalCare providers would agree to exclusively accept payment for covered care through CalCare. However, insurance companies could offer commercial coverage for benefits that may not be covered by CalCare (e.g., nonmedically necessary services or coverage for anyone who is not eligible for CalCare).

**How would CalCare affect the Veterans Health System, TRICARE, and Indian Health Services?**

The Veterans Health Administration, military hospitals and clinics, and Indian Health Services would not be affected by CalCare, unless the federal government chooses to contract with CalCare to provide care for TRICARE or IHS enrollees. California residents eligible for care through the Veterans Health Administration, TRICARE, or the Indian Health Services would be fully eligible for CalCare just like every other California resident.

### **How would CalCare ensure patients have timely access to care?**

Under CalCare, patients should expect timely access to care and decreased wait times to make an appointment with a health care provider. Currently, patients experience wait times due to lack of providers, particularly in rural and or medically underserved areas. Hospital closures have also affected access, particularly in rural areas.

CalCare's program design includes a provider reimbursement structure to incentive care where it is needed. It also allows for a special projects budget that would create reliable funding streams for hospitals and other institutional providers in rural and medically underserved areas that could be used to increase the capacity of providers. For example, special projects funds could be used to expand health care provider facilities, increase staffing, or extend operating hours. Additionally, there would be capital expenditures available to prioritize funding for the construction or renovation of health care facilities in rural or medically underserved areas.

Currently, our existing system causes patients to delay seeking care due to burdensome costs of access and other financial barriers such as cost-sharing or potential surprise medical bills. CalCare would remove these cost barriers, like copays and deductibles, since a person's ability to afford care would no longer matter.

### **How will CalCare address health care disparities and inequities in the health care system?**

CalCare will remove barriers to care that prevent vulnerable populations, like people of color and those with low incomes, from being served by the current health care system. Financial barriers to care, such as copays and deductibles, will end with CalCare. Other barriers, like limited insurance networks and prior authorization requirements, will also end.

CalCare will also create and support new ways for vulnerable populations to access health care. For example, it will establish a special projects budget to fund the construction, renovation, or staffing of health care facilities in rural or underserved communities. CalCare will also prioritize the funding of special projects that address the health inequities that pervade our health care system.

Additionally, CalCare will fund hospitals with global budgets that align payments with the needs and actual cost of care of patients. This will ensure that rural and safety net hospitals have adequate resources to provide quality care and not be completely dependent on an area's patient-payer mix. Creating a system that supports our most vulnerable communities will ensure a more equitable health care system for all.

From a public health perspective, the COVID-19 pandemic has also demonstrated how important it is to address health disparities. Controlling the spread of infectious disease is much more difficult when disparities and inequities are allowed to persist and place the entire health system at risk.

# AB 1400 California Guaranteed Health Care for All Act (CalCare)

**Assembly Members Ash Kalra, Lee, Santiago Principal Coauthors » Assembly Members Chiu and Ting and Senators Lena Gonzalez, McGuire, and Wiener Coauthors » Assembly Members Carrillo, Friedman, Kamlager, McCarty, Nazarian, Luz Rivas, Wicks and Senators Becker, Cortese, Laird, and Wieckowski**

## SUMMARY

Today's U.S. health care system is a complex, fragmented multi-payer system that still leaves wide gaps of coverage and poses significant issues of affordability. Despite health care spending in the U.S. far exceeding other high-income, industrialized countries that offer a publically financed single-payer system, we consistently report worse health outcomes and disparities among vulnerable populations.

AB 1400 sets in motion a single-payer health care coverage system in California, called CalCare, for all residents, regardless of citizenship status. By streamlining payments and lowering per-capita health care spending, CalCare guarantees quality health care and long-term care without creating barriers to care or out-of-pocket costs.

By affirming health care as a right to all Californians and establishing a payment system that eliminates waste and aligns reimbursements with the actual cost of care, we can make significant progress on financing and acquiring state and federal approvals.

## HEALTH SYSTEM STATUS QUO

An estimated 2.7 million Californians remain uninsured<sup>1</sup> and millions more with coverage often delay or are unable to access necessary medications or health care services due to cost. Since the Covid-19 pandemic, that number has grown as many workers have lost their employer-based coverage or were unable to afford the high cost of health care due to economic constraints.

Health care spending in the United States far outpaces other industrialized countries.<sup>2</sup> Based on prior years of health insurance rate filing data, hospital costs and physician services

represent an overwhelming proportion of the overall projected premium dollar — 75% of the projected 2018 premium dollar.

Americans use significantly less health care services than people in other industrialized countries<sup>3</sup> — including physician visits and hospital admissions — yet spending is greater due to higher prices. Despite higher spending, Americans have worse health outcomes, including shorter life expectancy and greater prevalence of chronic conditions.<sup>4</sup>

Another challenge with our health care system is the pervasiveness in health disparities. California is a diverse state — racially, ethnically, economically, and geographically — and vulnerable populations face greater health risks and have less access to safety net programs.

California's growing senior population, aged 60 years and over, is expected to grow more than three times as fast as the total population,<sup>5</sup> which will place additional strain on health care services. As more aging adults enter Medicare, there will be a need to improve access and lower costs by pooling state and federal funds.

*continued »»*

- 1 Covered California estimates, Jan. 12, 2021.
- 2 I. Papanicolas, L.R. Woskie, and A.K. Jha, "Health Care Spending in the United States and Other High-Income Countries," *JAMA*, Mar. 13, 2018.
- 3 Health at a Glance 2017: OECD Indicators — number of doctor consultations per person, hospital discharges, and average length of stay in hospital.
- 4 "U.S. Health Care from a Global Perspective: Spending, Use of Services, Prices, and Health in 13 Countries," The Commonwealth Fund, Oct. 2015.
- 5 California Department of Aging website, "Facts About California's Elderly." [https://aging.ca.gov/Data\\_and\\_Reports/](https://aging.ca.gov/Data_and_Reports/).

## CALIFORNIA'S GUARANTEED HEALTH CARE FOR ALL (CALCARE)

The Covid-19 pandemic has exposed how grossly flawed and inequitable our multi-payer health system is and how critical it is for all Californians to be guaranteed access to health care. AB 1400 will bring California closer to achieving a single-payer health care system by setting in place a comprehensive framework of governance, eligibility and enrollment, benefits, delivery of care, and health care cost controls and program standards.

By passing the California Guaranteed Health Care for All Act, the state can position itself to seek consolidated federal waivers from the U.S. Department of Health and Human Services. These waivers would make it easier for California to consolidate health care dollars, provide flexibility, expand benefits, and eliminate cost-sharing.

Upon being authorized and financed, CalCare will establish a comprehensive universal single-payer health care coverage program and a health care cost control system. CalCare will be set up as an independent public entity governed by a nine member executive board with expertise in health care policy and delivery.

The CalCare Board's composition shall be reflective of California's diversity and free of any conflicts of interest. The Board shall convene a Public Advisory Committee to advise on all matters of policy and make informed recommendations.

## THE CALCARE MISSION AND DUTIES

CalCare will be charged with overseeing the state's single-payer system, and will ensure the following »

### » Comprehensive Benefits and Freedom of Choice

Californians will have access to comprehensive health care coverage, including all primary and preventive care, hospital and outpatient services, prescription drugs, dental, vision, audiology, reproductive health services, maternity and newborn care, long-term services and supports, prescription drugs, mental health and substance abuse treatment, laboratory and diagnostic services, ambulatory services,

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and more. Patients will have freedom to choose doctors, hospitals, and other providers they wish to see, without worrying about whether a provider is "in-network."

### » No Premiums, Copays, or Deductibles

Californians would receive health care services and other defined benefits without paying any premiums or deductibles. Upon receiving care, patients would not be charged any copays or other out-of-pocket costs.

### » Addressing Health Care Disparities

CalCare would remove barriers to care and create a special projects budget to fund the construction, renovation, or staffing of health care facilities in rural or underserved communities.

### » Long-Term Services and Supports for People with Disabilities and the Elderly

Long-term services and supports for daily living will be fully covered for medically determinable conditions, whether physical, mental or due to age.

### » Reducing Health Care Spending and Improving Care

CalCare would move the state to a simplified health care payment system that will free health care providers from devoting time on billing and instead focus on patient care. The new system would establish reasonable payment methodologies for providers that are aligned with the actual costs of care rather than driven by profits. Health care professionals and institutional providers would be prohibited from overutilizing services. CalCare can negotiate bulk drug prices for all Californians and take other measures to lower the costs of prescription drugs.

### » Global Budgets for Institutional Providers

CalCare would negotiate fair, adequate global budgets to hospitals and other institutional providers to help contain the exorbitant costs by aligning health care payments with the actual cost of care and eliminating waste present in the system today. Institutional providers may submit appeals to the global budget to address justifiable or unforeseen circumstances.



**From:** [Richard Holv](#)  
**To:** [info](#)  
**Subject:** Single Payer Support  
**Date:** Thursday, January 13, 2022 9:17:00 AM

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I am a retired Family Physician and Sebastopol resident who over the course of a 35 year career worked at community health centers across the western United States and at Kaiser Permanente in Santa Rosa. Our current health care system is, more often than not, a hodgepodge of physician providers, hospitals, labs, and pharmacies that are poorly integrated and a challenge for patients to navigate. To a large degree this “non-system” is a historical relic of World War II policies that tied health insurance to employment as a way to boost employee compensation during the war effort. These policies may have served their purpose 80 years ago but they are certainly not working now. Moving to a single-payer system is not a perfect solution, but it would at least provide a unifying framework on which to build a more equitable and rational health care system. I urge the city council to adopt the resolution “Guaranteed Healthcare for All”.

Richard L Holve, MD