

PRESS RELEASE



FOR IMMEDIATE RELEASE:

February 7, 2018

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**Major Single Payer Implementation Challenges Raised During Assembly Hearing
*Committee Chairman Acknowledges Receiving Federal Waivers Would be an “Enormous Lift”***

Sacramento, CA-- The Assembly Select Committee on Health Care Delivery Systems and Universal Coverage held its latest hearing on February 5 highlighting the very real and significant obstacles to establishing a single payer health care system in California. Expert witnesses provided key testimony that highlighted how implementing a single payer system could be difficult to achieve. The select committee heard from experts on Proposition 98, the “Gann Limit,” the Medicare Trust Fund, ‘ERISA’ and other federal law considerations.

Following are some key obstacles to single payer raised during the Feb. 5th hearing:

- Scott Graves, Director of Research at the California Budget and Policy Center, testified that achieving a single payer health care system would require significant tax increases. For example, a tax increase of over \$100 billion would be needed to help finance a single-payer system. Graves also noted that key provisions of the state Constitution constrain the Legislature’s ability to raise taxes and dedicate proceeds to universal health coverage.
- These constitutional constraints include Prop. 98, which requires 40% of all state revenues to be spent on education and Prop. 4, also known as the “Gann Limit” and limits growth in state spending based on population growth and inflation. As Graves’ [presentation](#) noted, the state could be particularly vulnerable to legal challenges if the Legislature approved a major tax increase to fund a single payer health plan and excluded the new revenues from Prop. 98 calculations.
- Graves concluded that “trying to address constitutional constraints without voter approval would be risky.”
- Officials with the Legislative Analyst’s Office (LAO) testified on the types of tax increases that would be needed to implement a single payer system. For example, if a payroll tax is implemented to raise money for single payer, a rate of 14-15 percent would be needed to raise \$200 billion. If a gross receipts tax on businesses was sought, a 5 percent tax would be needed to raise \$200 billion. The LAO noted that a gross receipts tax on businesses could have negative economic impacts.
- Lawmakers on the committee also acknowledged that obtaining the necessary federal Medicare and Medicaid waivers to implement a single payer system in California would be

difficult considering the Trump administration's likely unwillingness to cooperate with California on such a system. Committee chairman Jim Wood noted that receiving the required waivers would be **“an enormous lift”** for California to achieve.

- In response to committee questions on the enormity of securing federal approval for necessary changes to the Medi-Cal program to enact single payer, Juliette Cubanski of the Kaiser Family Foundation responded that it could take “years” to get the necessary waivers approved.

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