# Frequently Asked Questions

## *How does a single-payer system differ from the current health care system?*

The goal of a single-payer system is to pay for your health care in a fair and efficient way. Our health care is paid for in a complex, confusing, and inefficient way. Currently multiple public agencies and multiple private insurance companies pay most of the money, the rest comes directly out of our pockets or from charity. Handling all of these payments requires a lot of administration. In the end, of course, all of the money is coming from you and me through the goods and services that we buy and the taxes that we pay. “Excess” money is used to pay stockholder dividends, sales commissions, advertising, and payments to campaign funds. These extra expenses do not occur in a single-payer system.

In a single-payer system all bill payers and premium collectors are replaced with a single agency that handles all collections and payments efficiently. The money still comes from us, but now it is directed towards health care and away from excessive administration and other unnecessary costs.

This is the primary difference. It is a very simple idea, and it has many positive consequences that are explored in more detail below.

## *Why is single-payer better than what we have now?*

Single-payer saves money, a lot of money, and at the same time covers everyone with comprehensive health care. The most basic improvement is the reduction of administrative costs - currently around thirty cents of every health care dollar. This is reduced to around five cents or less. Single-payer also covers everyone at all times, no exceptions, which is made possible by these reduced costs.

Beyond this, the single-payer system allows for many additional improvements in our health care that are much more difficult to achieve, if not impossible, without it. These are outlined in more detail below.

## *Who pays for all of this if there is no charge when I get care?*

We pay for it, just as we do now. The big difference is that everyone earning income is paying for it in proportion to their ability to contribute, and payment does not increase due to illness, age, location or any other criteria. Nobody is ever denied care due to financial circumstances. Everybody always has coverage regardless of whether they have a job, are married to someone with or without coverage, or have an existing health condition. In California the only requirement is proof of residency in the state. Government funds already paying for health care are included.

## *Does this actually work in the real world?*

Yes. The notion that society should provide health care for everyone is not a new idea. It was first seen in Germany in the 1880s. Today almost all of the industrialized countries have some form of a society-wide agreement for providing for the health care of their people. A single-payer is the best way to do this as it is both efficient and fair. Canada and Taiwan are examples of single-payer countries. All other industrialized countries have variations on this idea, but the principle is the same. People in these countries do not have to worry about ever being without access to the health care they need, a truly liberating feeling of security which cannot be overstated. This greatly expands career opportunities and the freedom to choose the job that best suits them.

In all of these countries everyone is covered, positive health outcomes are equal to or better than our own, and the cost per person is always less than ours. We pay twice the average cost of these countries

and a third more than any of them. We have nothing to show for these extra costs. We leave millions of people out and they do not.

### *What is covered?*

Just about everything is covered: these include but are not limited to inpatient and outpatient services by accredited health facilities, licensed physicians and other licensed health care professionals, diagnostic imaging, laboratory services, durable medical equipment (including prosthetics, eyeglasses, and hearing aids), rehabilitative care, emergency and necessary transportation, immunizations, preventive care, health education, hospice care, home health care, prescription drugs, mental health care, dentistry, podiatry, chiropractic, acupuncture, religious healing that is protected under federal or state statutes, blood products, emergency care, vision care, adult day care, case management, substance abuse treatment, dialysis, and 100 days of care in a skilled nursing facility.

Not covered are cosmetic procedures with no medical indication, procedures or medications with no proven medical value, care by unlicensed doctors and practitioners, private hospital beds with no medical indication, and skilled nursing care beyond 100 days per benefit period as defined by Medicare, and long term custodial nursing home care.

You are free to choose any doctor, hospital, or clinic you want. You and your doctor are in charge of your care free from outside interference.

### *Would I have to change the great coverage that I have right now?*

If you have a retiree health care benefit contract or are eligible by statute those benefits remain.

If you have a contract that provides great coverage your coverage will continue until the contract expires, after which you are automatically enrolled in the single-payer system. Most likely the single-payer coverage will be better than your current plan. Employer provided coverage is not guaranteed over time while the single-payer coverage is fully guaranteed.

If your coverage is through a private insurance plan, your benefits will likely be better in the new system as it will cover many items currently not covered or only partially covered by most private insurance plans. If you are on Medicare your covered benefits will-increase substantially. If you are covered by the Veterans' Administration your coverage remains the same, as the VA is not folded in.

If you are paying for your coverage in any way, either directly as an individual or through your employer as foregone wages, you know that insurance premiums alone are rising much faster than income - about four times as fast in California. At the current rate, premiums will consume the entire income of the average family of four in the next decade or so. This clearly cannot continue, which is why your employer is reducing your benefits and the affordable plan you could once purchase as an individual is no longer available.

Most people are fortunate to have not had to test their insurance plan. Beyond the fifty million of us with no coverage, there are at least another 50 million of us with poor coverage exposed to bankruptcy in the event of a serious illness. Half of all personal bankruptcies are influenced by medical bills, and over three quarters of these people had insurance coverage at the onset of the illness.

### *Since so many more things are covered, will I pay more?*

You will probably not pay more. All studies in the U.S., the real world experience of other countries, and the Veterans' Administration in our country show conclusively that comprehensive high-quality

coverage for everyone is available with the money we are now spending.

The single-payer system is required to have a payment structure that adequately funds the benefits, varies with income in a way that reflects your ability to contribute, and is affordable for everyone. In the studies done in California 93% of the population will save money. Nearly all will also see benefit increases. The 7% who would pay slightly more would not be overly burdened as the single-payer legislation is designed so that no part of society would be over burdened by health care costs. There is no guarantee that you personally will pay less, but it is very likely that you will pay less keeping in mind that your increase in coverage will eliminate the out-of-pocket expenses of being treated.

## *How does this approach reduce costs?*

Costs are reduced in many ways:

1) Administrative costs are cut from 30% to 5% or less.

2) Prices are negotiated for everything and system-wide payment rules are used.

3) Capital investments, global budgeting, and fee schedules are centrally planned which maximizes the value of every dollar towards delivering health care.

4) In the long term the benefits of preventive medicine will likely begin to take effect, not only in reducing costs but in increasing the quality of our lives.

5) Fraud is easily controlled due to the centralized and uniform nature of the billing system.

All of these cost-reducers are virtually impossible without a single-payer agency. With only one entity that is publicly financed and fully accountable for the financial health of the system, fine tuning the system for optimum performance is much more easy to do.

## *How does this approach control costs?*

The single-payer agency negotiates all prices. Reducing costs now also reduces them in the future, much like a lower fixed interest rate reduces your current and future loan payments.

## *What happens when I travel outside of California?*

Your coverage goes with you for ninety days when you are traveling outside of California.. There will also be coverage for non-residents temporarily working in California if eligibility standards are met.

## *What happens to my Medicare benefit?*

You keep your Medicare benefits and they are expanded by the system. You will no longer pay Part B or Part D premiums. Instead, on your California (not federal) tax return, if your non-wage income is high enough, you will see a line for your contribution to the single-payer system. If you are still earning wages you will most likely contribute through a payroll tax. You will also have benefits not available through Medicare, including dental coverage and full prescription drug coverage.

## *What happens to my Medi-Cal benefit?*

If there is a benefit in the Medi-Cal program that you are eligible for and it is not part of the single-payer system such as long term care, you will still be eligible. For all of the medical care for which you were eligible under Medi-Cal that is part of the system you are now eligible just like everyone else.

## *What happens to my retirement benefit?*

If you have a retiree health care benefit contract or are eligible by statute those benefits will remain whether you live in California or reside outside the state.

## *How does the recent federal legislation, the Patient Protection and Affordable Care Act, affect this?*

The PPACA encourages states to implement their own solutions to the health care crisis as long as they meet the benefit standards implemented by the legislation. Financing our health care with a single-payer system will far surpass the standards set by the Act, as it will cost less over time, be much more fair, and cover everyone.

The system will require legal waivers allowing it to fold in Medicare, Medi-Cal, and other federally funded health programs and ERISA exemptions. This will happen automatically by law for single-payer states in 2017, and possibly as early as 2014.

## *What do people in countries like Canada and England say about their health system - do they like it?*

The vast majority of people in both Canada and England like their health care benefits. They are satisfied with their systems, much more so than are we are with ours. A 2003 Gallup Poll looking at consumer perspectives regarding health care systems found that only about 50% of Americans are satisfied with our health care system while 75% of those in Great Britain and 80%in Canada are satisfied with theirs. Polls asking Canadians if they would trade their system for one more like ours show very low support.

Opinion polls should always be suspect, as so much depends on the wording and other nuances that can severely alter the results between what might otherwise appear to be identical polls. The real proof is in positive health care outcomes. In this respect all of the other industrialized nations, including Canada and England, far surpass the U.S.

## *Can we cover everyone even though there doesn't seem to be enough money?*

Yes, there is plenty of money. In the U.S. we pay one third more than any other wealthy country and our costs are double the average of what the other industrialized countries pay. Yet our overall health statistics are worse than all of them. All financial studies of single-payer systems confirm that there is enough money to cover everyone in our country with comprehensive, high-quality care and pay providers well with the money we spend now, and we can have money left over. Money is certainly not the problem.

## *Since all residents are covered, does this include undocumented immigrants?*

Yes. We already pay for the health care of everyone, including undocumented immigrants, many of whom are working and paying taxes for themselves and their families.

It is crucial to account for all people when providing health care. Leaving some of us without access to health care puts everyone at risk, not just from communicable diseases but also financially. People without access to care allow treatable conditions to develop into crisis situations requiring expensive interventions. Policing the system to ensure exclusion of certain groups is an unnecessary added expense. Anybody working in California is contributing to the health care fund and is helping to fund everyone's health care. Their contribution is welcome.

## *Why not just have people without insurance go to the ER to get treated?*

The emergency room is not designed to provide health care; it is, as the name suggests, designed for emergency health interventions. You cannot go to the ER to get a pap smear, or an annual check-up, or an immunization, or any number of non-emergency treatments that make up the bulk of actual health care.

More importantly, treating medical crises from diabetes, asthma, high blood pressure, and other chronic illnesses in the ER without the patient being able to get the needed follow-up treatment leads to the same patient appearing at the ER over and over again. Uninsured people who use the ER for minor ailments because they can't afford to see a general practitioner add unnecessarily high costs that we all wind up paying. Treating people at the ER is the most expensive option conceivable.

Emergency Rooms have been closing primarily because people using them have not been able to pay their bill. The ER that is closed may be the one that could have saved your life. When we all pay into the system the proper number of ERs will be available for the emergency care you and I may need.

## *Why treat people who are irresponsible and make poor choices such as drinkers, smokers, and over-eaters?*

The better question is, why are we not treating them before they get the diseases associated with these activities? Most of these "choices" are caused by ignorance or underlying disease such as depression and other very treatable conditions. This plan includes education and treats mental and physical health on an equal basis. The health care costs associated with these so-called lifestyle choices are overwhelmed by the health care costs due to genetics, the environment we work and live in, accidents, childhood diseases, income, and other factors over which we have little or no control - including the inability to get health care.

Doctors and our society have agreed that we have a moral obligation to treat the sick without regard to lifestyle. There is more incentive for us to steer people away from these poor choices through educational efforts when we all pay for everyone's care from prenatal care to hospice care.

Punishing people by denying care does not make anyone healthier.

## *Why can't the free market handle all of this?*

To maximize profit in a competitive environment, insurers have only two factors to work with: costs (payouts for claims) and benefits (what and how much of that is covered). Insurance works best when as many people as possible participate in a single insurance plan, thus creating the largest group possible for spreading the risk. But the two factors, claim payouts and how many benefits are provided, directly and forcefully affect profits. This is especially true with health insurance where the buyers must participate in the market or risk life threatening consequences, both physical and financial. Unlike all other types of insurance, which deal with optional choices in life such as home or car ownership, health insurance concerns your physical well-being, which is not an option.

Profits can not be made without harming the buyers of insurance and the providers of health care. Everyone will use health care during their lives (claims are large) and everyone must be covered for all medically necessary care if they are to be protected from bankruptcy (benefits are large).

Health insurers can offer a whole array of different benefit plans in an attempt to attract customers, but this reduces the number of people in any one plan. Reducing plan benefits, and hence costs, could then

attract more customers, but that creates a race towards the bottom through plans with limited benefits that leave people exposed to financial ruin in the event of serious illness.

This is exactly how we are seeing the market behave with health insurance. In California, there are thousands of health insurance plans. Employers are increasingly abandoning plans with adequate benefits in favor of low cost and low benefit plans. The offerings for the individual subscriber are increasingly poorer coverage plans that expose them to bankruptcy.

With median household income at $49,000 and the average cost of health care for a worker's family of four now over $19,000, no amount of free market magic can ever provide comprehensive, high quality, guaranteed health care for everyone.

## *Why is this not socialized (or government run) medicine?*

A single-payer system improves the way health care is paid for.  It doe not change our health care delivery system. There is no explicit directive about the way health care, that is, medicine, is delivered or how it is run. Using a single-payer public finance system means that we have made a society-wide agreement about how we pay for health care , just like we agree to drive on the right. Paying for health care this way enables many beneficial changes to the way all of us are able to access health care, but it makes no demands on the delivery of care, which will remain mostly privately delivered as it is now. Decisions about your care are made between you and your doctor no one else.

As an example of how the government will assist but not dictate, the single-payer system in California will offer information to doctors through the Office of Health Care Quality (headed by a physician) , which collaborates with the medical and medical research community to offer access to guidelines that are appropriate to each medical specialty and to current information on disease prevention and treatment. It will also support continuing medical education. The goal is to provide information to doctors, not insist on certain medical practices.

## *How does this remove bureaucracy from my health care?*

With a single health plan that covers all medically needed services for everyone and one standardized billing form, single-payer virtually eliminates the current bureaucracy. Decisions are no longer made based on what is profitable. All decisions regarding your care are between you and your doctor alone, and you have the freedom to choose any participating doctor you want. Your doctor can now practice health care more effectively to the benefit of everyone.

A single-payer system simplifies the billing process because there is only one form, not thousands of forms. We won’t need whole buildings full of claims clerks, and hospital floors full of personnel dedicated to billing. There is only one “insurer”, your single-payer health care agency, and it is public, not-for-profit. There is no need for advertising, sales commissions, constantly changing health plans, all needing administration. The current public plans will be consolidated into the single-payer agency thus eliminating all that eligibility screening and administrative bureaucracy as well.

Currently, you most likely have an insurance company clerk, who is just a person doing the best that he or she can within a system that works against everyone's health care interests, dictating what you may or may not have in the way of health care without extra out-of-pocket expenses depending on your plan. Private insurance companies spend enormous amounts of money funding this bureaucracy- Processing claims is not what your doctor trained for.

*Won't there be increased wait times for surgery and rationing of health care?*

No. Right now care is rationed in our country through the private health insurance market, the public safety net programs, and charity, all of which limit our access to and even the kinds of care we may get because of money. Fifty million of us have no coverage at all, and another fifty million of us have limited coverage that expose us to bankruptcy. These numbers are increasing. Health care, like everything else in life, is a finite resource. The struggle will always be to find the best way to keep us all healthy in a way that is fair while keeping high standards of quality without limiting our care based on arbitrary financial criteria.

Rationing and wait times can occur in any health care system if the resources and demands are not in balance. A single-payer system can provide the stimulus to keep the system in balance. If general practitioners are needed their negotiated pay can be increased. There can also be a financial incentive for doctors to practice in under-served areas such as the inner city and rural communities.

The single-payer system in California is mandated to be adequately funded with a dedicated health care trust fund. This policy ensures that funding is adequate over time including keeping an emergency reserve fund and helping with funds for building new facilities or renovating old ones when needed, thus ensuring an appropriate infrastructure for serving everyone's health care needs at all times.