

Laying the Groundwork for Single Payer in California

Summary: California is closer to a universal Single Payer system than it might seem. **45.8% of Californians are already on Single Payer** (Medi-Cal, Medicare, or both). By building on and expanding California's existing public Medi-Cal Managed Care plans, we can lay the groundwork for a **universal Single Payer system with cost containment**.

33.6% of Californians are covered by Medi-Cal, which is largely under the control of state and county governments. The vast majority of Medi-Cal beneficiaries consistently say that **Medi-Cal is a good program**. Four in five beneficiaries say it's easy to find a doctor that they are happy with.¹

California does not need a federal waiver to allow individuals or employers to buy into Medi-Cal.² In fact, **L.A. County already offers a Medi-Cal buy-in** for individuals.³

27.1% of Californians are covered by **Medi-Cal Managed Care (MC²)**, while the remaining **6.5% of Californians** in Medi-Cal receive traditional fee-for-service coverage. MC² plans provide high-quality, accessible health care **while containing costs** through a combination of provider incentives, organized systems of care, and an emphasis on primary and preventive care.

19.1% of Californians receive care through a *public* MC² plan, that is, a non-profit entity primarily dedicated to Medi-Cal.⁴ Unlike the private insurers who administer coverage for the remaining **8.0% of Californians** in Medi-Cal Managed Care, public plans have no financial incentive to oppose the creation of a universal single payer system in California. **Public MC² plans also generally outperform private ones:** in 9 out of 13 counties with a public plan and one or more private plans, the public plan performs the best.⁵

90.8% of Californians already live in a county with a public MC² plan, though most cannot currently access it.

California can lay the groundwork for a universal Single Payer health care system by including more Californians in its public MC² plans.

If more Californians were on a public MC² plan, it would become politically much easier to switch from a premium-funded system to a taxpayer-funded one. Participants in an expanded public MC² plan would enjoy some of the benefits of a Single Payer system: an **affordable, predictable default coverage option** that is always available, and **access to most providers**.

¹ See "Medi-Cal gets a Bad Rap" at <http://www.chcf.org/articles/2017/07/medical-gets-a-bad-rap>

² See "Medicaid Buy-In" - Manatt Health at <http://healthcare.assembly.ca.gov/content/2017-2018-hearings>.

³ See <https://www.lacare.org/health-plans/la-care-covered/plan-overview>

⁴ We count Community Health Group in San Diego as a public plan, and exclude Tulare County's local initiative (Anthem Blue Cross). Otherwise, a public plan is the same thing as a Local Initiative/County Operated Health System.

⁵ HEDIS AQFS ratings. See last page of <http://www.dhcs.ca.gov/services/Documents/MMCD/September2017Release.pdf>

How to include more Californians in a public Medi-Cal Managed Care (MC²) plan:

Enroll more Medi-Cal recipients in public plans

- instruct DHCS⁶ to ensure that *all* counties are covered by a public MC² plan, by:
 - expanding neighboring multi-county plans
 - creating new plans
 - helping existing non-profits meet the definition of a Local Initiative or County Operated Health Care system.⁷
- require private MC² plans to perform at least as well as the public plan in the same county to enroll new Medi-Cal beneficiaries
- continue to phase out fee-for-service Medi-Cal

Allow Californians to buy into public MC² plans

- **Employers** are by far the largest market segment. An employer buy-in into Medi-Cal would likely mean enrolling each employee in the public MC² plan for the county where they live. **Reciprocity** between the public plans in different counties would make MC² plans a more appealing option for commuters.⁸
- **Current Medi-Cal recipients** who lose eligibility could be given the option to buy back in to Medi-Cal.
- **Covered California** could offer public MC² plans as an option (L.A. Care Covered™ is an existing example of this). This could mitigate the “health insurance death spiral” brought about by the repeal of the ACA’s individual mandate.
- **Individuals** could buy into public MC² plans directly as well. L.A. Care Covered Direct™ is an existing example.

Q: Would a universal Single Payer system mean the end of Kaiser Permanente as we know it?

A: Kaiser Permanente currently operates a private MC² plan in five counties. Unlike other private insurers, Kaiser’s plans currently outperform *all* other MC² plans,⁹ so it’s probably wise to keep Kaiser as-is.

Medicare Part C (also known as Medicare Advantage) could possibly serve as a model: enroll people in the public plan by default, but allow them to opt into a high-quality, affordable private plan if they choose to.

⁶ The California Department of Health Care Services, which contracts with MC² plans to administer Medi-Cal.

⁷ For example, Community Health Group in San Diego could become a Local Initiative by changing the way its board of directors is selected.

⁸ For example, five of the nine counties of the San Francisco Bay Area have their own MC² public plan, with their own provider network largely contained within the county.

⁹ HEDIS AQFS ratings (same link as above)

All figures are for August 2017. Medi-Cal enrollment figures and from State of California, Department of Health Care Services Research and Analytics Studies Division. Population figures from State of California, Department of Finance (projected from Jan. 2017 based on prior year growth). Medicare enrollment figures from Centers for Medicare and Medicaid services. Please contact Dave Marin (dave.marin@cafrees.org) with questions or requests for supporting data.