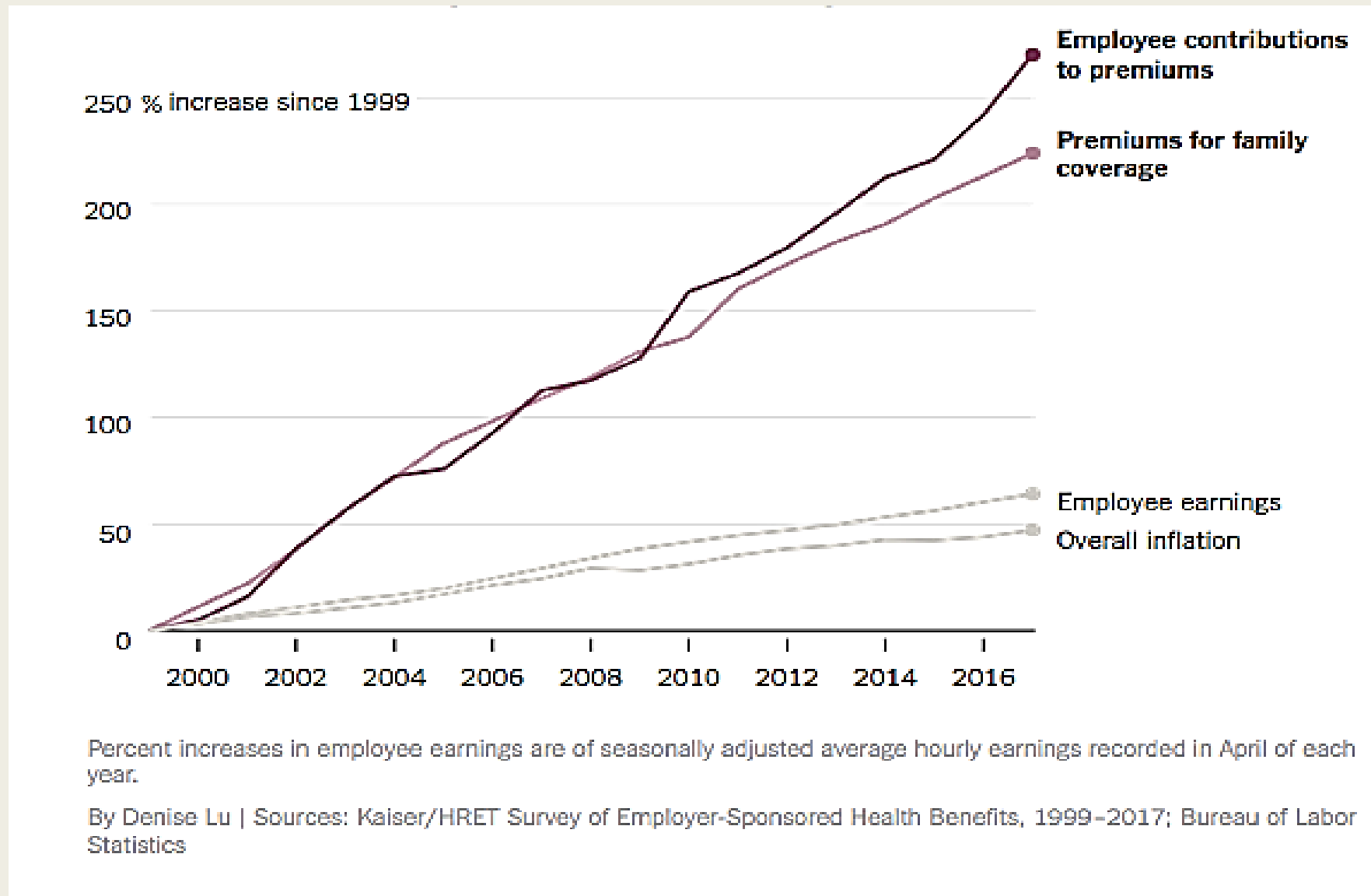




Assembly Select Committee on Health Care Delivery Systems and Universal Coverage

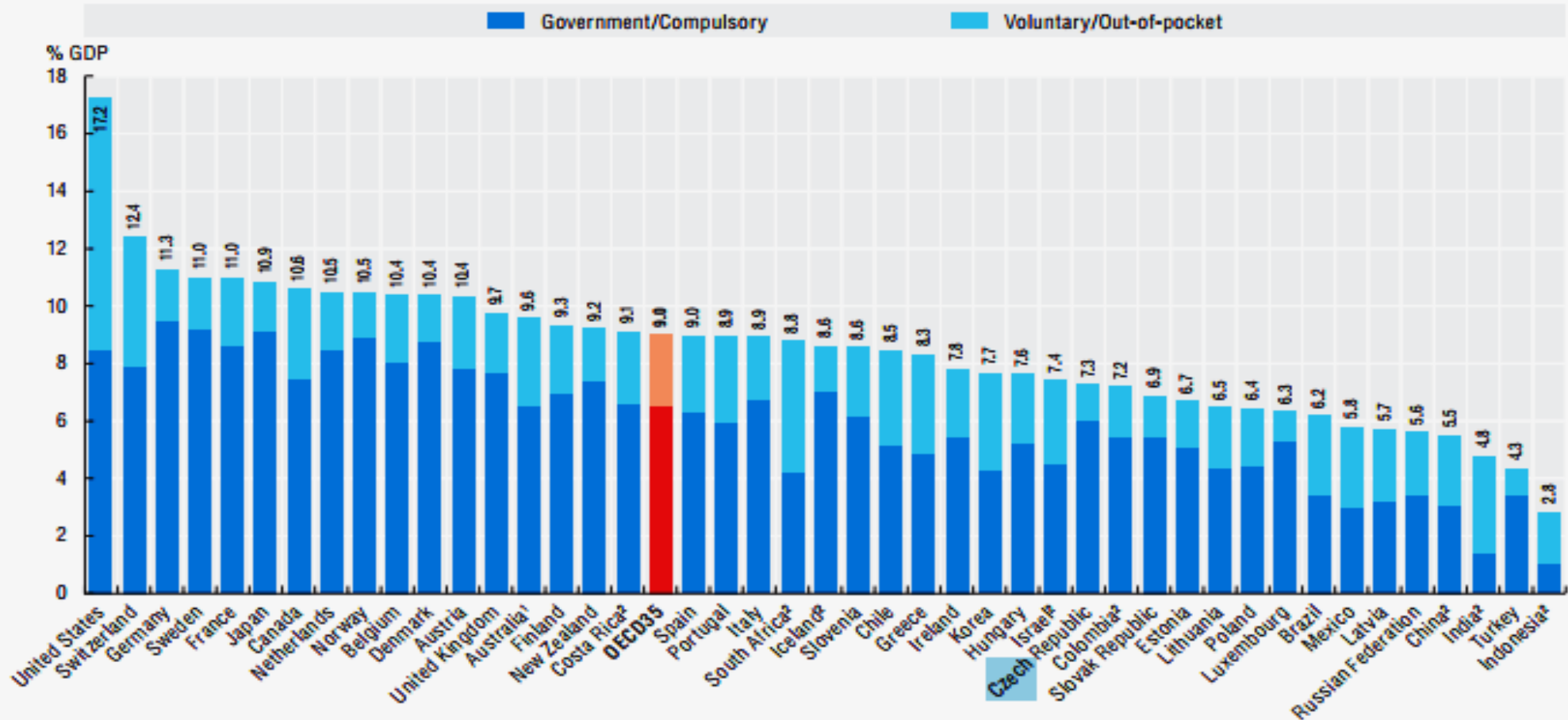
California Labor Federation
February 7th, 2018

Premiums rising faster than wages & inflation



Health expenditures as share of GDP

7.3. Health expenditure as a share of GDP, 2016 (or nearest year)

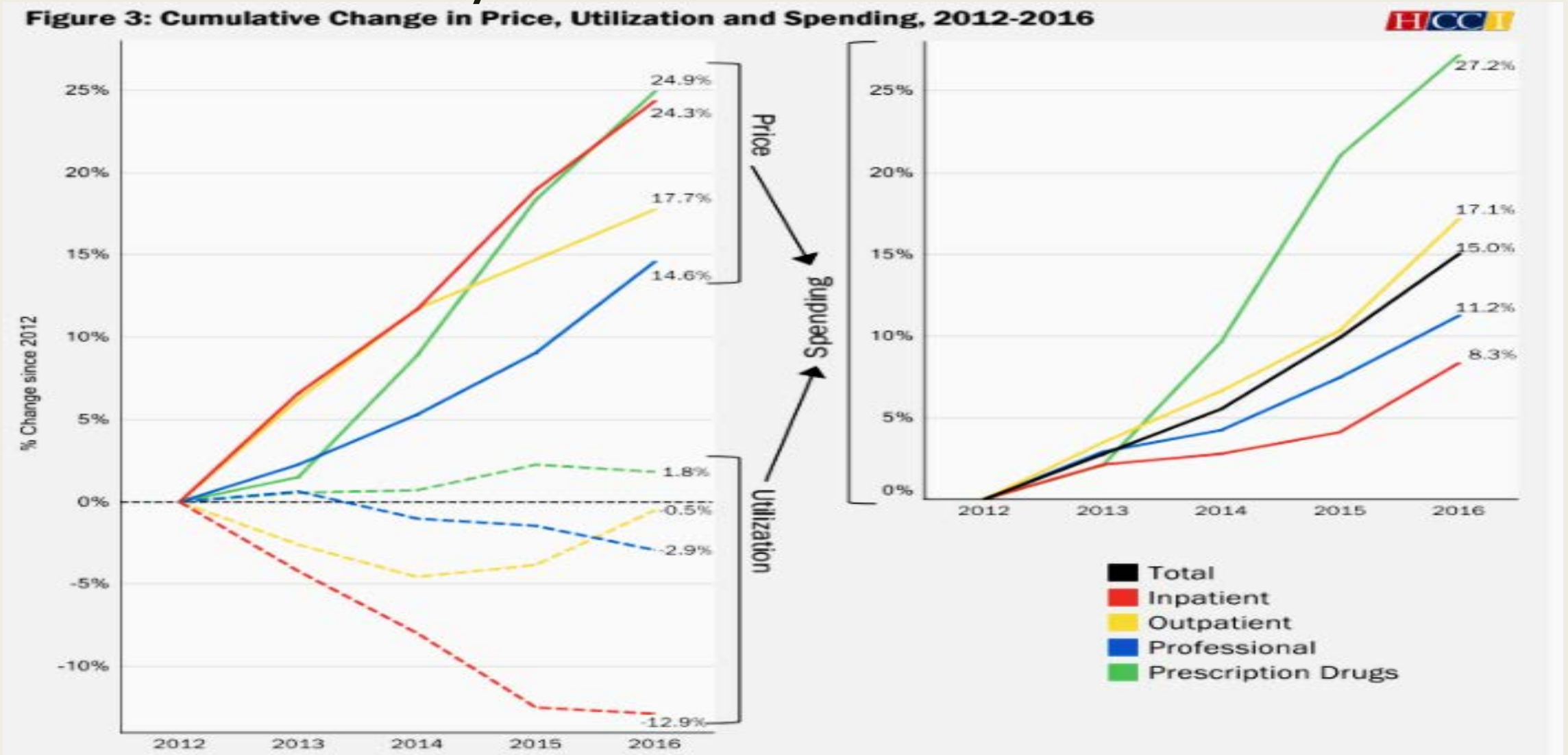


Note: Expenditure excludes investments, unless otherwise stated.

1. Australian expenditure estimates exclude all expenditure for residential aged care facilities in welfare (social) services.
2. Includes investments.

Source: OECD Health Statistics 2017, WHO Global Health Expenditure Database.

Americans Pay More for Less



Source: 2016 Health Care Cost and Utilization Report, January 2018, Health Care Cost Institute

Health care prices vary wildly

MRI COSTS VARY

Prices for a common MRI – of the lower back without dye – can vary wildly, even in the same area¹. A selection within a 100-mile radius of San Francisco:



¹ – Prices are collected from consumers, healthcare providers and ClearHealthcosts.com staff research

SOURCE: Clearhealthcosts.com
Janet Loehrke, USA TODAY



Medicare

- Medicare rates are transparent and based on a formula.
- Sets rates for hospitals, doctors and outpatient services.
- Rates are adjusted or increased for 1) labor costs; 2) medical education; 3) cost outliers and 4) disproportionate share payments.
- Medicare's model has been adopted by numerous countries, including France, Germany and Australia, and California's workers' compensation system.

Medicare Advantage

- Medicare Advantage allows private health plans to provide coverage to Medicare enrollees.
- In California, over 40% of Medicare beneficiaries are enrolled in private Advantage health plans.
- Medicare pays Advantage plans a capitated (per enrollee) amount per month to cover all care plus premiums.

Maryland—All Payer Rate Setting for Hospitals

- All-payer rate setting used in France, Germany, Japan, the Netherlands, and Switzerland.
- Maryland sets rates paid to hospitals by all payers in the state, including Medicare, Medicaid, commercial and self-insured payers.
- In 2014, Maryland added budget cap for how much the state spends overall on health care, on top of existing rate setting. Goal to control total health care spending while regulating prices.

Core Principles

- Build toward a universal Single Payer system.
- Aim to contain costs, increase quality, improve health outcomes and reduce health disparities through regulation.
- Allow for flexibility to assure financial stability for regulated entities, as well as to account for reasonable costs.
- Operate with maximum simplicity and transparency.