

Harris: SB 840 saves local governments millions

Contributed by Wanda Harris
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Over the past year, Lake County Democrats, along with health care providers and unions, senior advocate groups and numerous concerned citizens have been working to inform the public of the only solution to America's health care delivery crisis, enactment of a single payer plan, or a Medicare for All system.

At the state level groups have worked to support SB 840, California's Universal Health Care Act, introduced by Sen. Sheila Kuehl, and co-authored by the legislators who represent or have represented Lake County in Sacramento: Assembly woman Patty Berg, former state Sen. Wes Chesbro and current state Sen. Patricia Wiggins.

SB 840 is California's plan to establish a functional, modern, universal health care system for the 21st century.

This bill covers every California resident with comprehensive, affordable health benefits and contains the growth in health care spending while improving quality. It guarantees every patient the total choice of their doctors and hospitals.

California's own budget crisis is greatly affected by the rising health care costs. The state budget buys health care directly through public programs and as employers. The bill is supported by the California Nurses Association/National Nurses Organizing Committee, who are the principle sponsor of the bill, as well as the California Physicians Alliance.

Also in support, California School Employees Association, League of Women Voters, Health Care for All-California, California Labor Federation, California Church IMPACT, and leading seniors' organizations including the California Congress of Seniors and California Association of Retired Americans.

This bill was passed by both houses of the legislature in Sacramento in 2006 and was vetoed by the governor.

As of this writing, SB 840 has been placed on suspend by the Assembly appropriations committee. It is lodged there, pending resolution of the state's budget crisis.

In early August, the committee will vote on whether or not to send the bill to the floor, where it will surely pass again, and then it will be forwarded to the governor's desk for his signature.

In July of 2007, the Lake County Board of Supervisors did a cost comparison detailing how much Lake County taxpayers would save if the SB 840 single payer health care system was enacted in California.

The Board's figures revealed that Lake County could save at least \$1.5 million dollars in health care costs under SB 840 every year.

That's \$1.5 million of tax revenue that could be spent on other county services or returned to the taxpayers. (See <http://lakeconews.com/content/view/1267/764/>.)

Answering a written request from Lake County single-payer health care advocates, that was sent to cities and school boards, in the summer of 2007, the Konocti Unified School District did the calculations and showed a \$3 million annual savings in their budget. The school board and union representatives notified the governor of their position supporting SB 840.

In June of this year, Clearlake City Council member Joyce Overton, in response to the 2007 letter, requested that the city of Clearlake's finance director, Michael Vivrette, perform the same cost analysis. The results are that the city could save \$404,000 if SB 840 was enacted.

Around the state of California, these studies are being requested of local jurisdictions, by citizens who are interested in a cost-effective and fair implementation of health care delivery.

For example, the Sonoma County Office of Education calculated a savings of \$1.35 million, the city of Rohnert Park calculated a cost savings of \$1.4 million, the county of Sonoma calculated a cost savings of \$20 million, the City of Newport Beach calculated a cost savings of \$6 million. The Grey Panthers of California have made similar calculations for other jurisdictions. Of the only 15 government entities in California that have been calculated, the savings to taxpayers range from \$230 to \$435 million.

The Lewin Group, an independent, nationally respected health care research organization, analyzed SB 840 and California's current broken health care system. They reported that around \$20 billion in premiums paid to the health insurance industry in California each year never reaches health care providers. It disappears into competing advertising and other overhead expenses, and multimillion dollar bonuses to health care industry CEOs.

The Lewin Report says that California could save around \$8 billion in health care costs in the first year after SB 840's enactment. (Reference site: www.healthcareforall.org.)

Here's how to calculate savings in four simple steps:

- Step One: Multiply \$7,000 (the exemption per employee) by the number of insured employees. The result is the amount of the total payroll that is exempt from SB 840 taxes.
- Step Two: Subtract the result in step one from the total annual payroll of those same employees. The result is the SB 840 taxable payroll.
- Step Three: Multiply the result in step two by 0.0817 (the SB 840 factor of 8.17 percent, as shown in the Lake County memo). The result is the new annual health care cost under SB 840.
- Step Four: Subtract the result in step three from the current annual health care cost (include retirees' cost). The result is the potential annual cost reduction.

Taxpayers would be well advised to contact their local school boards, water boards, and city and county governments and ask those jurisdictions to calculate the savings under a single-payer health care plan.

SB 840 provides truly universal health care — affordable, patient-centered health care — with doctors in charge, not insurance companies.

It's tested, it's possible, a majority of Californians are in support and it's time.

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