



National Health Care Reform

August 2009

Goals

1. Reduce the annual trend increase in health care costs from 6.7 percent to 5.2 percent, for the under 65 and over 65 population cohorts.
2. Improve the quality and patient safety of health care to the highest optimum levels.
3. Expand coverage to the maximum number of residents and provide care to the uninsured.
4. Make the health care system user friendly and culturally competent, and reduce red tape.
5. Create a dynamic, productive public-private partnership to effectively finance and deliver health care.
6. Balance federal and state interests, roles and responsibilities, and align incentives throughout the health care system.

Federal Issues

1. Entitlements and implications
2. Financing and expenditures
3. Regulatory role
4. Quality, patient safety and cultural competence
5. Public and private roles and responsibilities; public plan
6. Universal policy and implementation
7. Workforce development, research and education

State Issues

1. Unfunded federal mandates
2. Entitlements and implications
3. Financing and expenditures
4. Regulatory responsibilities
5. Quality, patient safety and cultural competence
6. Public and private roles and responsibilities
7. State policy and implementation
8. Workforce education, research and clinical competence
9. Federal preemption of state laws

Factors

1. Financing and payment policies and mechanisms; cost containment
2. Access to capital and deployment of capital, technology and services
3. Workforce complement, standards and performance

4. Integration, care coordination and alignment of incentives
5. Mandates, regulations, requirements and market forces
6. Cost and consumption of supplies, products, services and drugs
7. Administrative expense, red tape, siloism and fragmentation
8. Threats to the insured population and interest groups
9. Wild cards
10. Politics within and outside of the Beltway

California Strategy

Support national health care reform to achieve Goals 1-6, with California as a complying state.

Coordinate federal and state actions.

Give states authority and flexibility to govern health care if the trend targets are met to reduce the annual rate of increase in health care costs for the under 65 and over 65 population cohorts by 1.5 percentage points within five years.

California's role, without national action, follows:

1. Increase Medi-Cal payments to hospitals to the upper payment limit (UPL), utilizing a hospital tax to supplement state General Fund allocations, through a short-term bill expiring on December 31, 2010, and a petition ballot initiative in the June 8, 2010, primary election for a long-term program that includes protections for hospitals.
2. Expand coverage for children who can qualify for the Healthy Families Program (SCHIP), up to 300 percent of the Federal Poverty Level (FPL), utilizing a portion of hospital tax funds and 65-35 federal matching funds.
3. Authorize hospitals, physicians and health care service plans and insurance companies to align incentives through payment arrangements and organizational structures.
4. Amend state mandates and regulations to allow compliance through options, alternatives and flexibility changes that produce substantially equivalent quality and safety.