



HEALTHY CALIFORNIA FOR ALL

Accessible, Affordable, Equitable, High Quality, Universal

Virtual Commission Meeting

August 13, 2020

Virtual Meeting Protocols



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- This meeting is being recorded.
- Commissioners:
 - You have the ability to mute and unmute and the option to be on video.
 - Please mute yourselves when you are not speaking.
 - To indicate that you would like to speak, please use the “yes” feature 
 - When the facilitator calls your name, please unmute to speak and then mute again.
- Members of the public:
 - You can listen to and view the meeting.
 - For written public comment, please use the “chat” feature or email comments to HealthyCAforAll@chhs.ca.gov. Public comment will be solicited during the meeting.
 - Public comment provided during the meeting will be a part of the public record.

Welcome and Introductions

Mark Ghaly, MD, Commission Chair and Secretary
of California Health and Human Services Agency

Alice Hm Chen, MD, MPH, Deputy Secretary, CHHSA

Roll Call

Commission Meeting Work Plan:



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Topic

Timing

Increasing Equity and Improving Quality

July 8

Financing

August 13

Provider Payment

September 24

Role, if any, for Intermediary Organizations

October 22

Eligibility, Covered Benefits, and Patient Cost Sharing

November 12

Governance and Cost Containment

December 10



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Environmental Analysis Report

Overview: Environmental Analysis Report

Marian Mulkey, MPP, MPH
Mulkey Consulting

Context



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The Healthy California for All Commission is charged with delivering to the Legislature and the Governor an initial report that:

- Analyzes California's existing health care delivery system
- Describes options for additional steps California can take to prepare for transition to a unified financing system
- Offers options for coverage expansions

Process to Date



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- Report drafts have been authored and revised by consulting team led by Dr. Andrew Bindman
- Two prior versions were made available for Commissioner review and comment:
 - June, which was also shared with public
 - July, which incorporated substantial revisions based on earlier feedback
- Today's version reflects numerous additional changes based on Commissioner comments received through August 3

How Recent Commissioner Comments Have Been Addressed



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- When Commissioners proposed specific line edits that clarified the intended meaning, changes were made.
- When Commissioners offered additional context that could be readily incorporated in the draft as structured, changes were made.
- When requests involved extensive elaboration, or identification and incorporation of new data, changes were not made. Such suggestions will inform content for future meetings and the second report.
- When members of the Commission offered formal comments in the form of a one-page letter, they are incorporated within an appendix to this version.

Preview Advisory Vote



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- The advisory vote is on whether the Healthy California for All Commission should accept the final Environmental Analysis Report and that it should be transmitted to the Governor and the Legislature.
- A “yes” vote signifies that you believe it should.

Public Comment

Commission Discussion

Advisory Vote Process



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- The advisory vote is on whether the Healthy California for All Commission should accept the final Environmental Analysis Report and that it should be transmitted to the Governor and the Legislature.
- A “yes” vote signifies that you believe it should.
- Only Commissioners, not ex officio members, should vote.
- Use the chat to indicate a “yes” or “no.”



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Update on Community Engagement

Community Engagement Listening Sessions and Stakeholder Meetings

**Bobbie Wunsch, Founder and Partner
Pacific Health Consulting Group**

Today's Discussion



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- What we want to learn from listening sessions
- Revised timeline for sessions and approach
- Population groups
- Criteria for co-hosting community organizations
- Guidelines for selection of participants
- Content of listening sessions
- Key stakeholder sessions
- Report back to Healthy California for All Commission

Purpose



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- To reach throughout the State of California to gain input to the Commission from voices often not heard during these policy discussions;
- To learn the perspectives of a broad array of community residents, community-based organizations, and community coalitions with a focus on diverse communities, underrepresented and low-income individuals, and others deeply impacted by the potential proposals as well as by COVID-19;
- To test ideas and concepts that the Commission is considering.

What We Hope to Learn



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- How low-income, disadvantaged communities of color and rural communities view the problems and potential solutions being discussed by the Healthy California For All Commission
- What are the preferences regarding the key design features for unified financing within these diverse communities
- How the perspectives of these communities around the state align with or may differ from the Commission's discussions

Timeline and Approach



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- A series of input sessions with high priority population-based groups throughout the state via Zoom for 2.0 hours with 12-25 representative participants in each session
 - **Series #1: mid/late September – early October 2020**
 - **Series #2: mid/late November – early December 2020**
- All sessions will be open to the public with public comment of 30 minutes
- Commissioners are invited to attend

Co-Hosting Community Organizations/Coalitions



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- A community-based co-host for each population group
- Each co-hosting organization to receive a grant from The California Endowment
 - recruit, co-facilitate, technical support, interpretation services
- Co-hosting organizations and participants will receive orientation to Commission's purpose prior to sessions
- Each group will have a balance of CBOs and community residents with preference for as many community residents as possible
- Participants will be asked to be available for both sessions

Co-Host Selection Criteria



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- Effective history working with population group and leading coalition/community-based efforts
- Track record working with community residents in population group, and CBOs around state, on health-related efforts
- Experience recruiting, orienting and organizing low-income, underserved community residents and CBOs
- Ability to support participants with technology, including support at participant's home; to provide stipends to community residents; and to provide interpretation/translation services
- Willingness to help co-facilitate and co-design sessions in both series, attend orientation and planning meetings
- Willingness to have name of organization listed on website of Healthy California for All Commission and to present findings at Commission meeting, if requested

Participant Selection Guidelines

(12-25 participants per session)



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- Ability to represent views and concerns of population-group from which participant comes
- Ability to participate remotely via zoom or with co-host organization support
- Willingness to speak publicly about health-related issues
- Knowledge about local community and/or population group health issues
- Active or engaged in their community or CBO leader serving the population
- Voices not generally heard in these policy discussions

CONFIDENTIALITY – names of participants will not be published or required for participation. Demographics – population group, county of residence, insurance status including uninsured, age, gender - will be requested.

STIPENDS –community residents will be paid a per session stipend for participation 23

Series #1 Sample Questions for Listening Sessions (Examples)



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- How do your current health care arrangements meet your family's needs?
 - What aspects work for you and your family?
 - What needs improvement?

- Suppose California were to create a new health program that covered all Californians.
 - What do you imagine might be the pros and cons of such a new program?
 - What would you want to know about the program to decide if it would be helpful for you and your family?

Series #2 Sample Topics



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- Benefits
- Provider choice
- Co-payments/share of cost
- Eligibility
- Equity
- Quality and consumer/patient experience

Key Stakeholders



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- Multiple sessions with invited organizational representatives
- Held September 2020 – January 2021
- Participants could include
 - Statewide health advocacy organizations
 - Labor groups
 - Single payer advocates
 - Employers
 - Providers

Report Back to the Commission



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- Written summary to share with Commission and the public at regularly scheduled Commission meetings
- Summary of each series of listening/stakeholder sessions will include:
 - Location, number of attendees, affiliations and demographics of participants
 - Questions posed at each session
 - Summarized responses of participants
- Sent to Commissioners in advance of meeting
- 2-3 Co-Host Community Leaders will offer short verbal summary of sessions at future Commission meetings to highlight participant voices and reflections

Questions



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- We welcome Commissioner questions on:
 - Purpose and what we hope to learn
 - Timeline and approach
 - Population groups
 - Example questions and topics
 - Key stakeholder sessions
 - Other issues

Commissioner Questions

Public Comment



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Design Element: Financing

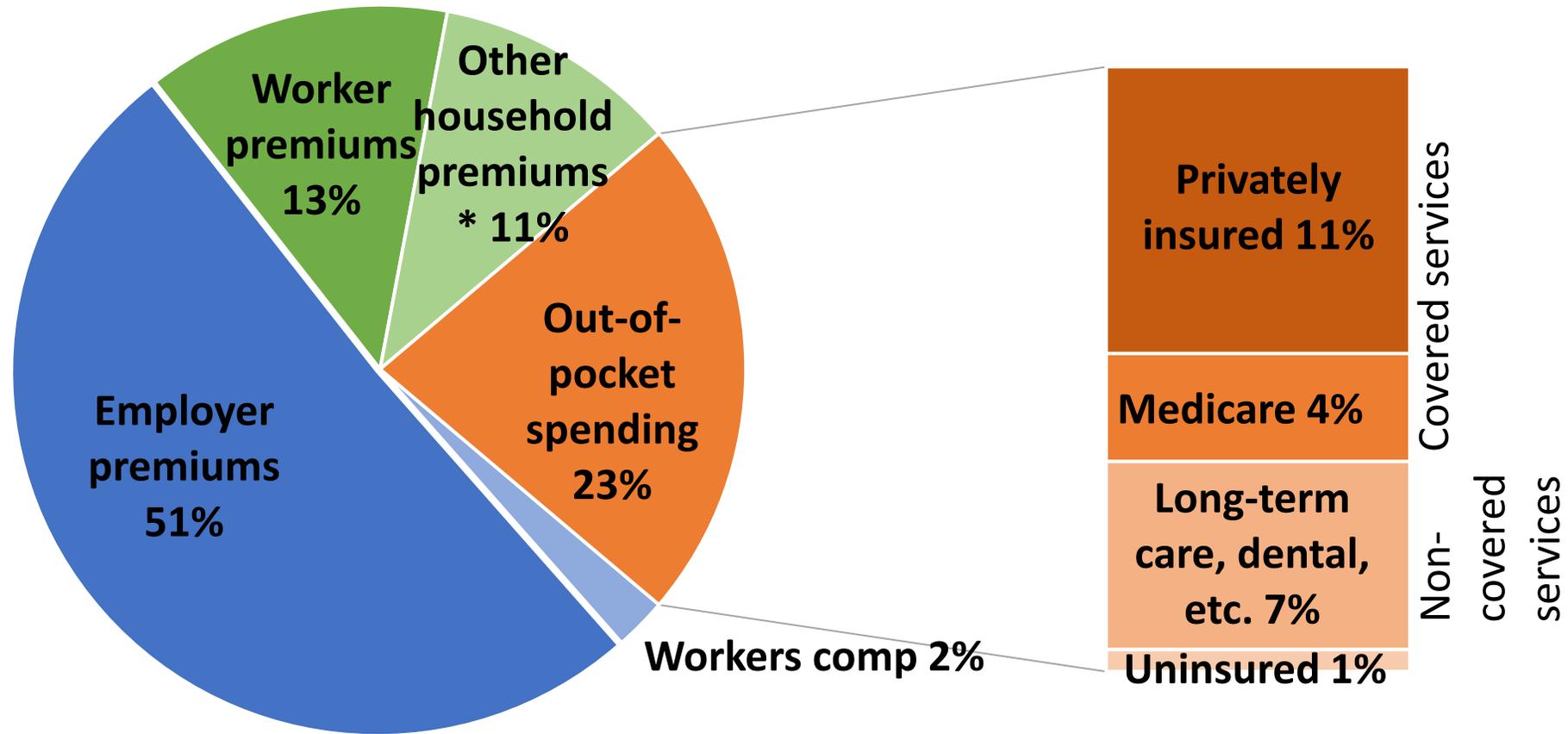
Design Element: Financing

Rick Kronick, PHD
University of California San Diego

Estimated health expenditures by California households and employers, 2019 (\$197 billion)



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* Other premiums include individual market, Medicare Parts B & D, Medigap, medical portion of property/ casualty

Source: Extrapolated from National Health Expenditures data among other sources

Potential Criteria for Evaluating Revenue Options (Part 1)



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1. Equity: Make financing more equitable
 - How well do revenue sources reflect individuals'/ households' ability to pay?
 - Are similarly situated households and firms treated similarly?
2. Adequacy: Ensure that financing is adequate to meet revenue needs
 - Are the revenue sources sufficient to meet the revenue needs?
 - Will the revenue source grow in the future as needs grow?
3. Do No Harm: Avoid federal income tax increase
 - If the revenue source replaces tax-advantaged employer and employee contributions to health insurance, will federal taxes take a greater share of Californians' income?
4. Neutrality: Minimize economic distortions
 - What effects does the revenue source have on the economy (labor market, capital investment, competitiveness of California industry, etc.)?

Potential Criteria for Evaluating Revenue Options (Part 2)



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5. Stability: Mitigate and address volatility

- How much do the combined revenue sources fluctuate with the economy?
- What strategies can be used to address these fluctuations?

6. Simplicity: Minimize administrative costs and burden

- Does the revenue source require new tax and administrative systems?
- What is the cost of administering a new tax or other source of revenue relative to other sources and to the revenue generated?

7. Healthy behavior: Change corporate and individual behaviors that contribute to poor health through tax policy

- How do you balance desired behavioral change with need for revenue?
- Is there a trade off with equity? If so, can it be mitigated while retaining sufficient revenue?

Broad Based Financing Options



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- Broad based financing options: scalable, depending on tax rate
 - Payroll taxes
 - Broad income tax at source
 - Gross receipts tax
 - Sales tax on services
 - Raise income tax rates for all income brackets
- All estimates are based on economic activity prior to the pandemic

Replace employment-based spending with a payroll tax



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Criterion	Assessment
Equity	Percentage of payroll better reflects ability to pay; more progressive if exempt first \$20K
Adequacy	1% raises \$12.5 billion; 10.1% would cover current employer/employee premiums if applied to all income
Do No Harm	Retains federal tax advantage of employer paid system (if employer paid)
Neutrality	Maintains higher cost on labor relative to capital Same tax on independent contractors and sole proprietors would increase equity and avoid incentives based on employment status
Stability	Fluctuates with the economy
Simplicity	Administratively simple
Healthy behavior	No direct impact though improving equity can improve health

Source: Tax rate based on estimated premium spending and Bureau of Labor Statistics Quarterly Census of Employment and Wages payroll data (2019)

Flat tax on labor and capital income: compensation, corporate profits, interest



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Criterion	Assessment
Equity	More progressive than payroll tax in including all labor and capital income To make more progressive could exempt first \$20K in income
Adequacy	Scalable: each 1% = ~\$18-20 billion a year (based on 2019 earnings); lower if some of labor income is excluded Grows along with the economy
Do No Harm	Largely retains federal tax advantage of employer paid system
Neutrality	Minimizes economic distortions by treating all income sources the same As with current California corporate income tax, tax on profits apportioned on state share of sales to avoid incentives to leave the state
Stability	Broad based. Fluctuates with the economy
Simplicity	New approach, but works within existing tax collection systems
Healthy behavior	No direct impact though improving equity can improve health

Source: Emmanuel Saez and Gabriel Zucman (2019) ,The Triumph of Injustice. Estimates based on economic activity prior to pandemic.

Gross Receipts Tax on businesses' revenue



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Criterion	Assessment
Equity	Effectively a sales tax on firms, like other sales taxes incidence is generally regressive
Adequacy	Scalable: each 1% = \$40 billion a year Broad-based gross receipts taxes are generally small (1% or less)
Do No Harm	If wages increase, big increase in federal income tax payments
Neutrality	Incentivizes vertical integration of firms Disproportionate effect on businesses with large cash flows and low margins
Stability	Broad based. Fluctuates with the economy
Simplicity	Would require new tax collection infrastructure
Healthy behavior	No direct impact on healthy behaviors

Source: Legislative Analysts Office; estimates are based on economic activity prior to the pandemic

Sales and use taxes on certain services



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Criterion	Assessment
Equity	Regressive
Adequacy	Scalable: each 1% = \$6.9 billion a year if services exclude healthcare, education, childcare, social services, entertainment, repair and personal services. Less if more services excluded. Matching 7.25% state sales tax rate on goods = \$50 billion
Do No Harm	If wages increase, big increase in federal income tax payments
Neutrality	Reduces incentive to purchase services over goods
Stability	Low volatility
Simplicity	Would require additional resources for tax collection and auditing
Healthy behavior	Unknown

Services included: finance, real estate, legal, other professional and technical, non-residential construction, publishing, telecommunications, transportation, hotels, other.

Source: Blue Sky Consulting Group; estimates are based on economic activity prior to the pandemic

Raise California income taxes for all tax brackets



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Criterion	Assessment
Equity	Potentially progressive, would depend on employers raising pay on savings from job-based coverage
Adequacy	Scalable: each 10% increase in each tax bracket (e.g. the top tax bracket goes from 12.3 to 13.5 = \$10 billion a year)
Do No Harm	If wages increase, big increase in federal income tax payments
Neutrality	May reduce labor supply
Stability	More volatile than other taxes; can be mitigated with a rainy day fund
Simplicity	Works through existing tax structures
Healthy behavior	No direct impact though improving equity can improve health

Source: Legislative Analyst's Office presentation to Assembly Select Committee on Health Care Delivery Systems and Universal Coverage. Estimates based on economic activity prior to the pandemic.

Commission Input on Financing Criteria



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1. Equity: Make financing more equitable
2. Adequacy: Ensure that financing is adequate to meet revenue needs
3. Do No Harm: Avoid federal income tax increase
4. Neutrality: Minimize economic distortions
5. Stability: Mitigate and address volatility
6. Simplicity: Minimize administrative costs and burden
7. Healthy behavior: Change corporate and individual behaviors that contribute to poor health through tax policy



Breakout Discussion Topic

- In today's breakout sessions, we invite you to discuss the five potential revenue options to support unified financing.
- Are there options you prefer over others? Why?
- Is there additional information you would like to see?

Breakout Discussion Protocols



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- Commissioners
 - Will be divided into three breakout groups and automatically “moved” to a breakout room
- Members of the Public
 - Will be randomly assigned and automatically “moved” to one of the three breakout rooms
 - Will be able to observe the breakout group in “listen-only” mode
- Facilitation and Report Out
 - All three breakout rooms will address the same discussion topic
 - Consultant team members will facilitate and capture input
 - Facilitators will note which options Commissioners prefer
 - After the breakout sessions end, the facilitator will report out using their notes
 - Video recordings of breakout rooms will be posted to web page following this meeting

Commission Discussion



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- Hear reports from each breakout group
- Discuss issues and additional information desired

Public Comment