



SR-41 (2017-2018)

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ENROLLED JUNE 21, 2017

PASSED IN SENATE JUNE 19, 2017

AMENDED IN SENATE JUNE 14, 2017

AMENDED IN SENATE JUNE 01, 2017

CALIFORNIA LEGISLATURE— 2017–2018 REGULAR SESSION

SENATE RESOLUTION

NO. 41

Introduced by Senators De León, Allen, Atkins, Beall, Bradford, Dodd, Galgiani, Hernandez, Hertzberg, Hill, Hueso, Jackson, Lara, Leyva, McGuire, Mendoza, Mitchell, Monning, Newman, Pan, Portantino, Roth, Skinner, Stern, Wieckowski, and Wiener

May 15, 2017

Relative to health care coverage

LEGISLATIVE COUNSEL'S DIGEST

SR 41, De León.

WHEREAS, The Senate recognizes that the health care industry has added jobs at more than three times the rate of the rest of the economy and equals almost one-fifth of gross domestic product; and

WHEREAS, The Senate recognizes that numerous experts have cautioned that if the House-passed American Health Care Act of 2017 (AHCA) were to become law, overall economic growth could be undermined and result in the loss of approximately 200,000 jobs in California alone; and

WHEREAS, One-third of all Californians receive their health care coverage through Medi-Cal, California's Medicaid program; and

WHEREAS, The AHCA would cut funding to Medicaid by an estimated \$834 billion over the next decade; and

WHEREAS, The State Department of Health Care Services estimates that under the Medicaid per capita cap in the House bill, California will be responsible for a state share of approximately \$690 million in 2020 growing to \$5.3 billion by 2027; and

WHEREAS, An additional 1.5 million people are enrolled in Covered California, the state-based health benefit exchange; and

WHEREAS, The Legislature created Covered California and provided it with authority to act as an active purchaser and therefore Covered California has successfully negotiated modest rate increases for most enrollees; and

WHEREAS, The AHCA would effectively impose an “age tax” by dramatically increasing premiums and reducing tax credits for elderly Americans. The Center on Budget Policy and Priorities has estimated that the average tax credit for current Covered California enrollees would fall by an average of \$1,500. Consumers in higher cost counties would suffer especially large losses, exceeding \$3,000 in 23 counties. Because the AHCA allows insurers to charge older people much higher premiums and cut their tax credits, it is estimated that a typical 60-year old in California making \$22,000 a year could see a premium rise of more than \$5,000 in every county and over \$10,000 in 38 counties; and

WHEREAS, The Congressional Budget Office (CBO) and the Joint Committee on Taxation estimate that the House-passed version of the AHCA would result in 14 million more people uninsured nationally than under current law. The increase in the number of uninsured people relative to the number under current law would reach 19 million people in 2020 and 23 million people in 2026; and

WHEREAS, The MacArthur amendment allows states to waive ACA essential health benefits, age rating limits, and community rating if states implement high risk pools or some other similar mechanism, and would allow health insurance issuers in states with a waiver to charge significantly more for older individuals and to set rates based on an individual's health status; and

WHEREAS, The CBO projects that premiums will go up in 2018 and 2019, after which time there would be significant variation depending on whether someone lives in a state that opts out of key ACA insurance rules. For premiums to decline a state would have to waive some of the ACA protections such as full coverage or nondiscriminatory pricing policies; and

WHEREAS, The CBO projects for those who live in a state that has obtained a waiver, on average, premiums probably would be lower but out-of-pocket costs would be higher. The CBO further estimates that if a state pursues a waiver, the benefits would not be comprehensive and could exclude essential health care services such as pregnancy coverage and preventative services. The CBO also finds that people who are less healthy, including those with preexisting or newly acquired medical conditions, would ultimately be unable to purchase comprehensive health insurance at premiums comparable to those under current law, if they could purchase it at all, despite the additional funding that would be available to help reduce premiums; and

WHEREAS, The CBO further projects for the one-sixth of the population that will reside in areas where the health insurance market becomes unstable due to community rating waivers, that premiums would be substantially higher than previously estimated for less healthy individuals and somewhat lower for healthier persons; and

WHEREAS, Policy analysts estimate that today there are approximately 2.2 million enrollees nationally in the individual market with some form of preexisting chronic condition, but that there would only be enough to cover 600,000 individuals with the amount of money allocated in the House-passed version of the AHCA for high-risk pools and the Patient and State Stability Fund; and

WHEREAS, The California experience with similar high risk pools resulted in long waiting lists, exorbitant premiums, low annual and lifetime benefit caps, coverage exclusions for preexisting conditions, and limited participation of health insurance carriers. In addition, the number of individuals covered when there is a limit on funding is a fraction of those eligible. An analysis of the April 26 AHCA found that the bill's funding for high-risk pools would result in a shortfall of \$2.5 billion in California alone and almost \$20 billion nationwide, and there has been inadequate time to analyze the impact of the amendments adopted since then; and

WHEREAS, The House-passed bill was in print less than 24 hours and the official version was not released to the public until May 10, almost one week after the vote; and

WHEREAS, The United States Senate has not held a single public hearing to allow open analysis and debate on its version of the AHCA, no hearing is currently planned, and the Senate Finance Committee Chairman has refused to commit to any public hearings on the measure; and

WHEREAS, The United States Senate's health care bill is being drafted in secret by a group of Senators that does not include a single woman or any member from states that expanded Medicaid under the ACA; and

WHEREAS, This process stands in stark contrast to the transparent public process leading to the passage of the ACA in both the United States House of Representatives and the United States Senate in 2009 and 2010, during which the United States Senate Finance Committee and Health, Education, Labor and Pensions Committee held a combined 100 public hearings on health care reform, considered hundreds of bipartisan amendments, posted the draft legislation online six days before the vote, and ultimately accepted 147 Republican amendments, and the United States House of Representatives held at least 79 bipartisan hearings and markups, accepted at least 30 Republican amendments, and posted the final bill online 72 hours before voting on it; now, therefore, be it

Resolved by the Senate of the State of California, That the California State Senate calls upon the Senate of the United States to thoughtfully and carefully consider the full impact of any measures that amend, revise, or repeal provisions of the ACA to ensure there is adequate public review and input from the health care industry, consumers, and other stakeholders, to ensure that the Congressional Budget Office has provided estimates of a final version, and that it is in print and available to the public for at least 72 hours prior to any vote; and be it further

Resolved, That the California State Senate calls upon the Senate of the United States to ensure that any legislation that is presented for a vote does not result in loss of coverage to the tens of millions of people who have benefited from the ACA, provides coverage for those with preexisting conditions, is affordable for older low-income adults, and contains adequate benefits; and be it further

Resolved, That the Secretary of the Senate transmit copies of this resolution to the Majority Leader of the Senate, to each Senator from California in the Congress of the United States, and to the author for appropriate distribution.