

Senate Bill No. 770

CHAPTER 412

An act to add Part 4 (commencing with Section 1000) to Division 1 of the Health and Safety Code, relating to health care.

[Approved by Governor October 7, 2023. Filed with Secretary of State October 7, 2023.]

LEGISLATIVE COUNSEL'S DIGEST

SB 770, Wiener. Health care: unified health care financing.

Prior state law established the Healthy California for All Commission for the purpose of developing a plan towards the goal of achieving a health care delivery system in California that provides coverage and access through a unified health care financing system for all Californians, including, among other options, a single-payer financing system.

This bill would direct the Secretary of the California Health and Human Services Agency to research, develop, and pursue discussions of a waiver framework in consultation with the federal government with the objective of a health care system that incorporates specified features and objectives, including, among others, a comprehensive package of medical, behavioral health, pharmaceutical, dental, and vision benefits, and the absence of cost sharing for essential services and treatments. The bill would further require the secretary to engage specified stakeholders to provide input on topics related to discussions with the federal government and key design issues, as specified. The bill would require the secretary, no later than January 1, 2025, to provide an interim report to specified committees of the Legislature and propose statutory language to the chairs of those committees authorizing the development and submission of applications to the federal government for waivers necessary to implement a unified health care financing system. The bill would require the secretary, no later than June 1, 2025, to complete drafting the waiver framework, make the draft available to the public on the agency's internet website, and hold a 45-day public comment period thereafter. The bill would require the secretary, no later than November 1, 2025, to provide the Legislature and the Governor with a report that communicates the finalized waiver framework, as specified, and sets forth the specific elements to be included in a formal waiver application to establish a unified health care financing system, as specified. The bill would also include findings and declarations of the Legislature related to the implementation of a unified health care financing system.

The people of the State of California do enact as follows:

SECTION 1. Part 4 (commencing with Section 1000) is added to Division 1 of the Health and Safety Code, to read:

PART 4. UNIFIED HEALTH CARE FINANCING SYSTEM

1000. The Legislature finds and declares all of the following:

(a) Established by the Governor and the Legislature, the Healthy California for All Commission endorsed a system of unified health care financing that is accessible, affordable, equitable, high quality, and universal.

(b) The commission described the present health care system as one that is fragmented, wasteful, and disproportionately harmful to low-income Californians and communities of color and provided the rationale for a new single, government-administered funding system.

(c) The commission found that a unified financing system would create significant opportunities to deliver health care more effectively, efficiently, and equitably.

(d) California could save more than five hundred billion dollars (\$500,000,000,000) over the next decade if a unified health care financing system is implemented, with overall costs lower even after most of those savings go to minimize consumer cost sharing and expand long-term care supports and services to all Californians.

(e) The report by the commission calls for the elimination of corporate profitmaking as the basis of health care decisions.

(f) The magnitude of the change from the status quo in cost savings and positive impact on Californians' access to health care services that the commission contemplates represents a profound breakthrough in health policy and would establish California as the nation's leader in pursuing health equity.

(g) Federal engagement is critical to the process of developing the framework for a waiver that would provide program approval and full federal financial participation in a unified health care financing system for California.

(h) The commission's recommendations for a health care system with unified financing that guarantees all Californians the benefit of a standard, comprehensive package of health care services points the way toward better care at lower cost for our state's residents.

(i) Based on these findings, the Legislature endorses a health care system with unified financing, such as a single-payer health care system, to provide accessible, affordable, equitable, and high-quality health care for all Californians.

1001. The Secretary of the California Health and Human Services Agency shall research, develop, and pursue discussions of a waiver framework in consultation with the federal government with the objective

of creating a health care system that incorporates the following features and objectives:

(a) A comprehensive package of medical, behavioral health, pharmaceutical, dental, and vision benefits, which includes primary, preventive, and wellness care services.

(b) A package of long-term care supports and services, including measures to support health and well-being while Californians age.

(c) Services that will not vary by age, employment status, disability status, income, immigration status, or other characteristics.

(d) The identification of disparities among Medicare, Medi-Cal, employer-sponsored insurance, and individual market coverage, with the goal to eliminate those disparities to the greatest extent possible in the new system.

(e) The elimination of the adverse impacts within the health care system of attempts to avoid covering the sick or providing the benefits patients need.

(f) The absence of cost sharing for essential services and treatments covered under the program, including primary, preventive, and wellness care services.

(g) The establishment of sufficient reserves to guarantee solvency during public health emergencies and times of economic disruption.

(h) A program to implement a just transition for members of the health industry workforce whose jobs may be disrupted.

(i) Assurances that no individual will pay more than a specified percentage of their income on a progressive sliding scale for the cost of financing the health system.

(j) Unified financing that delivers health care more effectively, efficiently, and equitably.

(k) Cost-effectiveness by systemwide pooled purchasing to negotiate rates with providers.

(l) Freedom for patients to choose providers and for primary care providers to choose practice models.

(m) Greater investments in public health, primary care, and health equity efforts to address the social determinants of health through an improved mix of health care and human services.

(n) Improvements in cost, quality, and health care system oversight and integration, which may include reducing overall administrative burdens on providers and improving connectivity and affordability of health care, built on the accomplishments of the Office of Healthcare Affordability and other current initiatives, including the Data Exchange Framework and California Advancing and Innovating Medi-Cal.

(o) A ratesetting process that could use Medicare rates as the starting point for the development of final rates that avoid disruptions in the health care system and expand the availability of high quality vital services by sustaining a stable, experienced, and equitably compensated workforce. This process should address historic inequities in primary care physician reimbursements as compared to other specialty practices and include policies

and payments to support those providers that serve a disproportionate percentage of low-income Californians and other disadvantaged communities.

(p) Promotion of a workforce that addresses geographies and specialties with the greatest shortages and is diverse and able to provide culturally and linguistically competent care to all Californians regardless of race, nationality, ethnicity, sexual identity, and socioeconomic status.

(q) Prohibition on the kinds of risk-bearing contractual arrangements that could incentivize providers to withhold needed care, while allowing for payment models that guarantee access, promote quality, ensure equity, and enable multidisciplinary teams.

(r) Specific details on how care would be coordinated and organized.

(s) Methods of payment, delivery, and oversight implemented under the unified health care financing system that will continue to allow California the ability to receive the full benefit of federal expenditures and tax credits that currently underwrite the full scope of health services.

1002. (a) In developing the waiver framework, the Secretary of the Health and Human Services Agency shall engage stakeholders to provide input on topics related to discussions with the federal government and key system design issues identified by the Healthy California for All Commission for further analysis.

(1) Stakeholder engagement shall include representatives of consumers, patients, and community-based health care service providers, community organizations, health care professionals, labor unions, employers, and health policy experts, as well as representatives of government agencies and philanthropic organizations focused on health care.

(2) Key system design issues include health care delivery, finance, operations, public administration, the specifics of the transition to a unified health care financing system from the current system, adapting existing consumer protections to the new system, applying reforms to move toward systems that reward and prioritize improvements in health outcomes, health care quality, and health care equity, and how to reduce costs and improve the experience of health care consumers.

(b) The secretary shall, no later than January 1, 2025, provide an interim report to the chairs of the Assembly and Senate Budget and Health Committees that details the agency's policy priorities and preliminary analysis of issues related to the federal discussions, as well as a summary of the input received to date through the stakeholder engagement process. The secretary shall, no later than January 1, 2025, also propose statutory language to the chairs of these committees authorizing the development and submission of applications to the federal government for waivers necessary to implement the unified health care financing system.

(c) The secretary shall, no later than June 1, 2025, complete the drafting of the waiver framework, inclusive of input gathered through the stakeholder engagement process, make the draft available to the public on the agency's internet website, and shall hold a 45-day public comment period thereafter.

(d) The secretary shall, no later than November 1, 2025, provide the Legislature and the Governor with a report that communicates the finalized waiver framework, informed by public comment received, and sets forth the specific elements to be included in a formal waiver application to establish a unified financing system consistent with the outcomes of the agency's discussions with the federal government.

(e) The requirement for submitting the reports specified in this subdivision is inoperative on June 1, 2028, pursuant to Section 10231.5 of the Government Code.

(f) A report submitted pursuant to this subdivision shall be submitted in compliance with Section 9795 of the Government Code.