

# The 7 Percent Solution: Costing and Financing Universal Health Coverage in California

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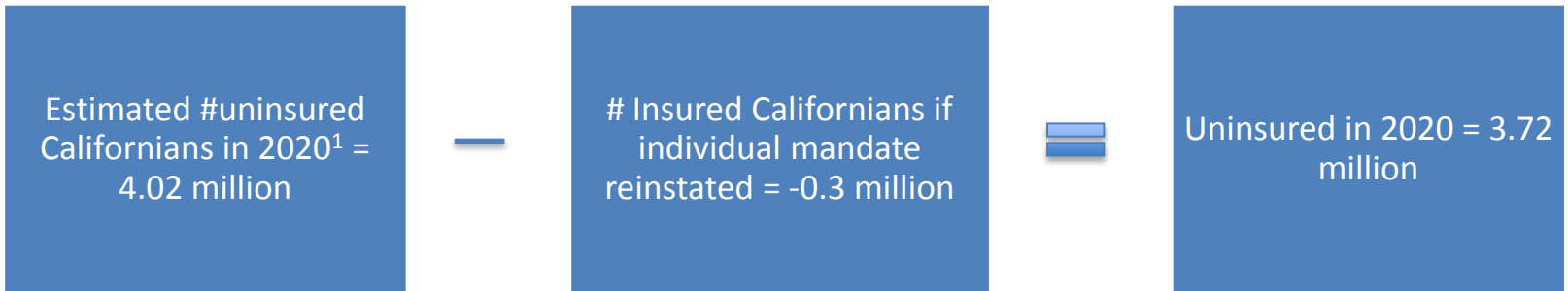
E. Richard Brown Symposium

Sacramento, CA

March 1<sup>st</sup>, 2019



# Estimating the Number of Uninsured in California, 2020

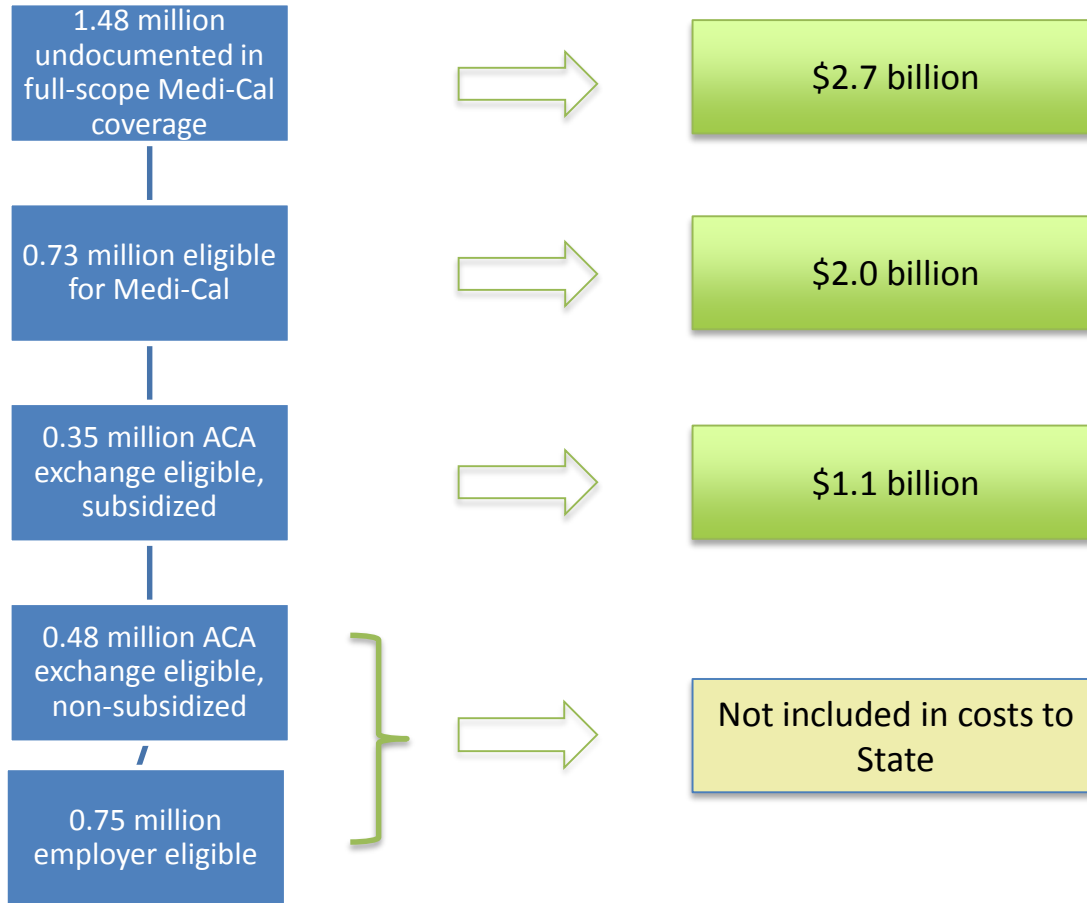


<sup>1</sup> Report by the UCLA Center for Health Policy Research and the UC Berkeley Labor Center

# Costs of Covering 3.72 million Uninsured Californians, 2020

Number of uninsured

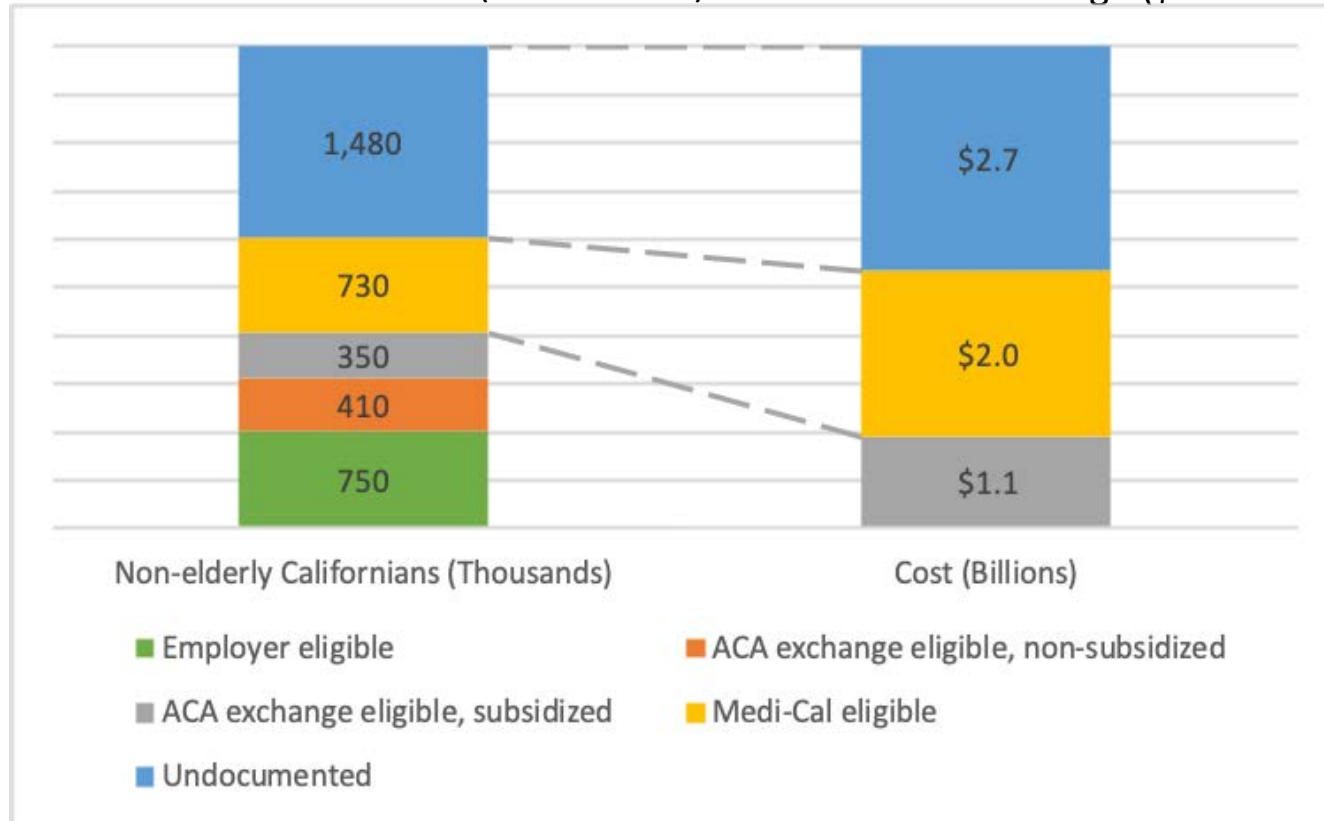
Costs to the state (\$5.8 bn)



# 7% of Californians are uninsured

Number of uninsured (3.72 million)

Cost of coverage (\$5.8 billion)



Note: We do not allocate any cost to Californians eligible for employer coverage or eligible for non-subsidized ACA exchange coverage. The estimates above are costs to the state for covering insurance premiums. We have not included the cost of any program that would be used to lower the out-of-pocket spending of enrollees.

# Provider and Payer Tax at 1% (\$2.5 billion yearly)

Estimated commercial revenue from provider and payer tax in California, 2017 (in millions \$)

	Institutional Healthcare Expenditure <sup>1</sup>	Physician Group Gross Revenues	Pharmaceutical Retail Sales	Health Insurer Revenues
Expenditures/Sales	\$62,561 <sup>2</sup>	\$12,957	\$14,069	\$162,500 <sup>3</sup>
Tax Revenues (at 1.0%)	\$626	\$130	\$141	\$1,625
Total Tax Revenue	\$2.5 billion			

**Source:** Personal healthcare expenditure data from State Health Expenditures by State of Residence, 2014, Centers for Medicare & Medicaid Services; includes author calculation  
 Pharmaceutical retail sales data from IQVIA on special data request by Kaiser Family Foundation; includes author calculation  
 Health insurer revenue data from Health Plan Financial Summary data 2015, Department of Managed Health Care (DMHC)  
 Physician gross revenue data from Medscape's Physician Compensation Report 2018 and SK&A data for physician groups with over 25 physicians; includes author calculations

<sup>[1]</sup> This represents 52% of the total personal healthcare expenditure (\$120 billion) and includes expenditure on Hospital Care, Nursing Home Care, Home Health Care, and Other Health Care

<sup>[2]</sup> Projected figure for 2017 using 2014 CMS data and applying an annual growth rate of 5%

<sup>[3]</sup> Total insurer revenues from commercial enrollment in 2015 as per [CHCF](#)

# Scaling up Employer Mandate from Healthy SF program (\$3.3 billion yearly)

## Estimated Revenue from a State-wide Employer Mandate, 2017

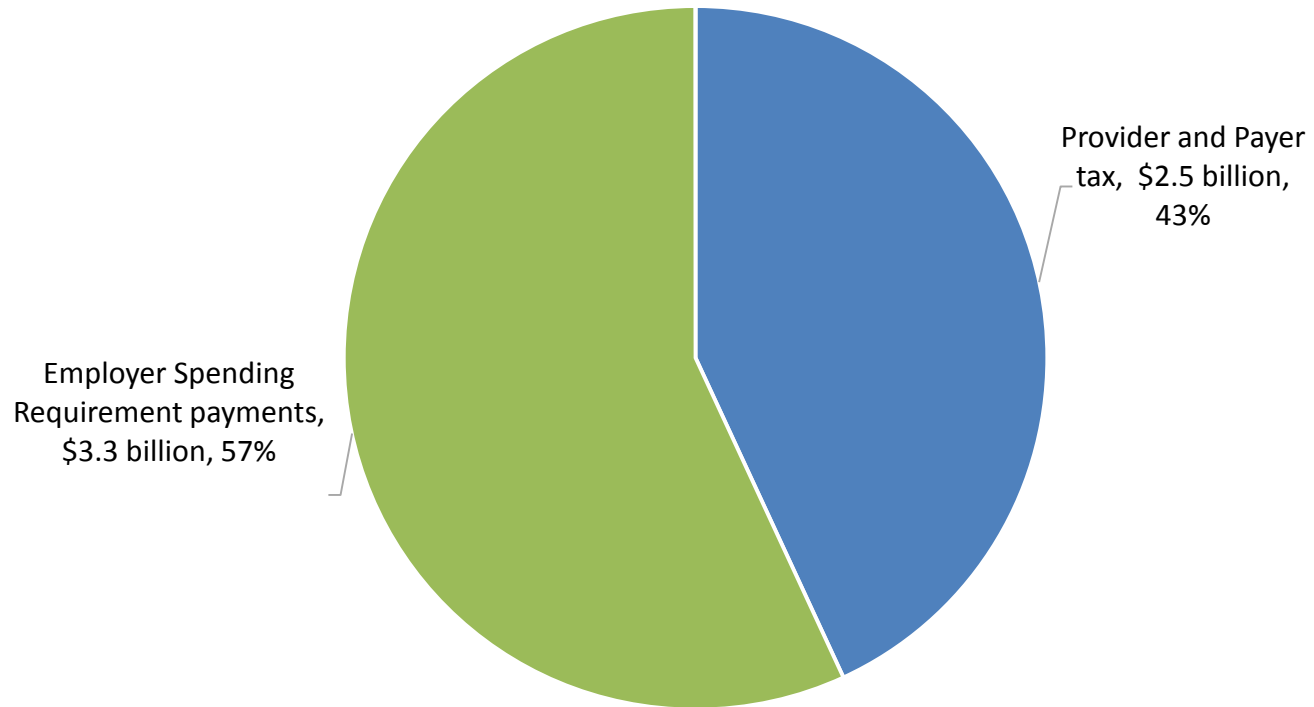
Number of Employees in Firms with 20+ employees in San Francisco	551,851
Number of Employees in Firms with 20+ employees in California	12,852,737
City Option Revenue in San Francisco	\$ 143.2 million
Estimated Revenue from employer payments in California <sup>1</sup>	$= (\$143.2 \text{ million}) \times (12,852,737 / 551,851)$ $= \$ 3.3 \text{ billion}$

**Source:** Number of employees from California Employment Development Department's [Labor Market Information](#); City Option Revenue from Healthy San Francisco [Annual Report 2016-17](#)

[1] This is a conservative estimate given that the percent of adults who do not receive the offer of health benefits from their employer is higher in California (20.4%; with a 95% Confidence Interval of 18.6%-22.1%) as compared to San Francisco (6.5%; with a 95% Confidence Interval of 1.9%-11.1%). Thus, employer payments are likely to be higher than this estimate when scaled up to the state-level.

Source: [AskCHIS](#)

# Financing Universal Coverage in California (\$5.8 billion)



# LINKS

1. “The Seven Percent Solution: Costing and Financing Universal Health Coverage in California” by Richard M. Scheffler and Stephen M. Shortell, February 24, 2019

[http://petris.org/wp-content/uploads/2019/02/The-Cost-and-Financing-of-Universal-Coverage-in-California\\_13Feb2019FINAL.pdf](http://petris.org/wp-content/uploads/2019/02/The-Cost-and-Financing-of-Universal-Coverage-in-California_13Feb2019FINAL.pdf)

2. New York Times Letter to the Editor

<https://www.nytimes.com/2019/02/24/opinion/letters/health-care.html>

3. “California Dreamin’: Integrating Health Care, Containing Costs, and Financing Universal Coverage” by Richard M. Scheffler and Stephen M. Shortell, February 8, 2019

[http://petris.org/wp-content/uploads/2019/02/California-Dreamin\\_White-Paper\\_Feb-8-min.pdf](http://petris.org/wp-content/uploads/2019/02/California-Dreamin_White-Paper_Feb-8-min.pdf)

4. Health Affairs Blog Post on above

<https://www.healthaffairs.org/doi/10.1377/hblog20190207.806149/full/>





**Thank You**

