



## Single Payer: Have We Been Wrong About the Costs All Along?

***Dispatcher:*** 911, what's your emergency?

***Caller:*** America's healthcare system is broken and people are dying! (ambulance siren)

Welcome to **Code WACK!**, where we shine a light on our callous healthcare system, how it hurts us and what we can do about it. I'm your host **Brenda Gazzar**. This time on **Code WACK!** Can California afford a single payer healthcare system that would check the boxes on equity, affordability and universality? And just as importantly, *can California afford to keep the healthcare system we currently have?* To find out, we spoke to Ian Lewis, Political & Research Director at the National Union of Healthcare Workers. NUHW is a worker-led union with thousands of members including medical technicians, psychologists, pharmacists, and mental health clinicians.

***Welcome to Code WACK!, Ian! It's wonderful to meet you!***

**Lewis.** Thanks very much for having me. It's a delight to be here.

***Q: Tell us a little bit about yourself and how you came to be involved in the fight for healthcare justice.***

**Lewis:** I'm currently the research and political director for the National Union of Healthcare Workers. We represent about 16,000 workers in hospitals and behavioral health facilities across California, primarily, but increasingly in other states as well, I've been active in the labor movement for over 20 years, spent many, many years with the Hotel and Restaurant Workers Union, helping to fight for the funds that we need to provide basic healthcare services for workers, and also to deal with the healthcare institutions to provide those services. And it really exposed to me the huge injustice that the health system in the U.S. imposes on working people. It's very hard to fight to improve wages or pensions or anything else when your family's health care is on the line. And so bidding for healthcare reform has been of core importance to me almost from the get go.

***Q: Got it. Thank you for that. So Governor Gavin Newsom's Healthy California for All Commission released a study of California's health care system on April 25th, 2022, including a plan for unified financing or single payer health care. Help us understand first off, what happens if California keeps our current healthcare system? Is it really sustainable? What did the report find?***

**Lewis:** Well, let me say first, I think this is the most compelling case, this report is, for single-payer health reform ever to come out of a government body and your question goes right to the heart of it. Going into this process. It was striking to me that California legislators, when they sent for analysis of healthcare reform proposals, couldn't get answers to the closest to the hundred billion dollars how much we're spending today in the state on healthcare. After a couple of years of research by consultants for this commission, they found that the state is spending well over half a trillion dollars every year right now for health care services and the most shocking number is what is going happen if we don't embrace single payer in California. By 10 years from today, instead of spending half a trillion dollars on health care for Californians, that number's going to go up by another \$158 billion per year. And that doesn't count inflation. That's starting where we are today, \$4,000 out of the pocket of every single Californian, just to pay for the health care that we are getting today and that's going to be a tremendous strain on families none of whom – very few of whom – can afford \$4,000 out of their pockets today and it's going to be debilitating for our state's economy.

**Q:** *Hmm. Wow. That's a shocking number, 158 billion with a "b" each year.*

**Lewis:** Yeah. I spend a lot of time looking at health economics, I can't imagine what 158 billion looks like. I had to boil it down to numbers that make sense. You know, the average family would have to shell out an additional \$1,300 a month out of their family budget 10 years from now, if we don't head down the track of single payer or Medicare for All, you know, and that that's going to come either

straight out of family's pockets, it's going to come in the form of reduced wage increases because their employers have to spend more in employment-based insurance, or it's going to come out of taxes as we spend more and more to put bandaids on the problem that we have today.

***Q: So it's commonly misreported in the media that single payer would cost more than what we would have and it does seem like if we cover everybody with broader coverage, it would cost more. But the report says with unified financing, it would actually cost less. So help us understand how that can be.***

**Lewis:** Let me start with the term unified financing. I suspect that's a pretty new term to many of your listeners. What the report means, what the commission means by unified financing is a system where tax revenues are used to pay for all essential health services for all Californians. To me, that is the definition of a single-payer system. It means taking the very complex flows of money that are happening right now from employers, from individuals purchasing their plans from Medicare and from Obamacare and Medicaid and so forth, combining them into a single stream that pays for everybody's services. By doing that, the report found, we could save up to half a trillion dollars over the next 10 years and a growing amount every year 10 years from now. We can save that by eliminating the huge insurance industry bureaucracy, the administrative overhead, the corporate profits that insurers suck down as middle people in health purchasing, also by getting our arms around the huge prices that pharmaceutical corporations are able to charge right now, as well as getting people the care they need in the time they need it. By doing all of those things, we can save a huge amount of money.

Now that means we'll be spending more in taxes. That's true, but conversely, we'll be spending a lot less in paying out of pocket or through our employers, which is really the same thing for our health benefits as we are today. So those savings ultimately get passed on to Californians,

***Q: Right. And I think when people hear their taxes will go up, they think, Oh, no! That's scary for a lot of people. But as you point out, we're actually going to be paying less for our health care, even with our taxes going up, because we won't be paying for health insurance premiums or out of pocket costs.***

**Lewis:** Yeah and I should say, you know, the commission and, and I think there's huge public support for a tax system that is very progressive. We already have a fairly progressive tax system in California. I've spent some amount of time in my career helping to negotiate contracts in British Columbia (Canada) on behalf of a union up there. The typical working person in British Columbia pays less in taxes than they do in California today but health care is part of the package because they have a single-payer health system in that province in Canada. So there's a way to pay for all of this, have much reduced healthcare costs draining our economy, freeing up money that we could spend for other things in our economy, including improved quality of life, reduced housing costs and most crucially, I think, creating a long-term care system for seniors and disabled people and there's a way to do that where most people are actually paying less in taxes than they are today.

***Q: Wow. So essentially they'll be paying more in healthcare taxes, but less overall for their healthcare costs.***

**Lewis:** That's absolutely right. Yeah. We have a very regressive system for paying for healthcare right now. In a way it's like a payroll tax. Most people get their health coverage through an employer. So for most employers, health care is part of the overhead that comes with employing a worker. So to take on one additional worker, you have to take on the whole overhead of paying for a worker's health benefits. That discourages employment. It's very regressive because it's the same (unintelligible.) It's similar cost to provide a hospital worker or a hotel worker with comprehensive healthcare benefits as it is to provide a CEO with comprehensive healthcare benefits so it's a very regressive system that we have today by changing the way we pay for health services, we can make that much more progressive friendly to working people and take away the disincentives to hiring.

***Q: Mm. Right. Great point. In our current system, the government already is a major player. In 2016, a study by the UCLA Center for Health Policy Research found that the federal and state governments were already paying over 70% of healthcare costs in California. Those numbers are probably even higher today. How can we make sure those federal and state dollars will flow into a single payer plan for California?***

**Lewis:** That's one of the most complex challenges and something we really need to figure out upfront obviously, creating a new and universal healthcare system is a really complex undertaking and people will have a lot of very legitimate opinions about and different opinions about what to prioritize and how to pay for it

and what benefits are covered. But we can't make any of those decisions without knowing, especially what the federal government is prepared to do. They pay for Medicare. They also collect money out of Medicare beneficiaries' pockets that they channel into the Medicare system. They pay for most of Medicaid or in California, it's called Medi-Cal and there's significant money in the Affordable Care Act plans, Covered California. If we're going to create a true universal healthcare system in California, we need to tap into the resources that the federal government is already spending. They're collecting that money from Californians in the form of taxes. We need to get it back in order to pick up the bill for what they're paying for today. And so one of the immediate next steps out of the commission's report and something NUHW has been advocating for, for quite some time, is that we have to engage the federal government, the Biden administration, in discussions about how this transition is going to happen with federal support.

(5-second music stinger)

***Thank you Ian Lewis. Tune in next time when we talk about what the new single payer plan would mean for California businesses and their employees.***

***Do you have a personal story you'd like to share about our 'wack' healthcare system? Contact us through our website at [heal-ca.org](http://heal-ca.org).***

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