

# **LEWIN GROUP REPORT**

## **The Health Care for All Californians Act: Cost and Economic Impacts Analysis**

*Initially Released January 19th, 2005*

### **FACT SHEET**

**February 27th, 2007**

- The Lewin report, prepared by an independent firm with 18 years of experience in healthcare cost analysis, affirms the feasibility for California to create a fiscally sound, reliable state insurance plan that covers all Californians and controls health cost inflation.
- The Lewin report shows that all California residents can have affordable health insurance; and that, on average, individuals, families, businesses and the state of California, all of whom are now burdened with rising insurance costs, will save money.
- In February 2007, State Senator Sheila Kuehl (D-23) introduced the California Universal Health Care Act, based on these and other findings. This same bill has been reintroduced by State Senator Leno (D-3) as SB 810. The Lewin study shows that this Single-Payer bill will insure every Californian, contain the overall growth in healthcare spending and allow everyone to choose his or her own doctor.

#### **SAVINGS OVERALL**

- The Lewin report model demonstrates that SB 840/810 would achieve overall savings of more than \$29 billion dollars, most of which would be used toward covering the uninsured and providing financial savings to employers and families. Overall, SB 840/810 would achieve universal coverage with broad benefits while actually reducing total health spending for California by about \$8 billion in the first year alone. Savings would be realized in three ways:
  1. The Act would replace the current system of multiple public and private insurers with a single, reliable insurance plan. This saves about \$20 billion in administrative costs.
  2. California would buy prescription drugs and durable medical equipment (e.g., wheelchairs) in bulk and save about \$5.2 billion.
  3. California would emphasize preventive and primary health care delivery saving an estimate \$3.4 billion.

#### **SAVING FOR STATE AND LOCAL GOVERNMENTS**

- In addition, state and local governments would save about \$900 million, in the first year, in spending for health benefits provided to state and local government workers and retirees.
- Aggregate savings to state and local governments from 2006 to 2015 would be about \$43.8 billion.

#### **SAVINGS FOR BUSINESSES**

- Employers who currently offer health benefits would realize average savings of 16% compared to the current system.

#### **SAVINGS FOR FAMILIES**

- Average family spending for health care is estimated to decline to about \$2,448 per family under the Act in 2006, which is an average savings of about \$340 per family.

- Families with under \$150,000 in annual income would, on average, see savings ranging between \$600 and \$3,000 per family under the program in 2006.

### **COST CONTROLS**

- By 2015, health spending in California under the Act would be about \$68.9 billion less than currently projected. Total savings over the 2006 through 2015 period would be \$343.6 billion.
- Savings to state and local governments over this ten-year period would be about \$43.8 billion.

### **COMPREHENSIVE BENEFITS**

- The Lewin Report assumes an insurance plan that covers medical, dental and vision care; prescription drug; emergency room services, surgical and recuperative care; orthodontia; mental health care and drug rehabilitation; immunizations; emergency and other necessary transportation; laboratory and other diagnostic services; adult day care; all necessary translation and interpretation; chiropractic care, acupuncture, case management and skilled nursing care.

### **EFFICIENCIES**

- The Lewin Report shows that efficiencies in the system make these superior benefits available while generating savings.

### **FREEDOM TO CHOOSE**

- The Lewin Report model assumes the consumer's freedom to choose his or her own care providers. This means that each Californian will be free to change jobs, start a family, start a business, continue education and or change residences, secure in the knowledge that his or her relationships with trusted caregivers will be secure.