

State-run health system would be a disaster

By Andrea Seastrand

Political satirist **P.J. O'Rourke** once quipped, "If you think health care is expensive now, wait until you see what it costs when it's free." Let's hope we never have to find out. Unfortunately, a bill making its way through the state Legislature is threatening to turn one of the finest health care systems in the world into a government-run nightmare beginning in January.

[Senate Bill 562](#), which has been misleadingly titled The Healthy California Act, was recently approved by the State Senate and is now moving through the State Assembly with the likelihood of passing and then being sent to the Governor for his signature. SB562 would establish a single-payer health care system – i.e., socialized medicine – in California that would cost businesses and taxpayers billions of dollars and a significant loss of jobs, according to the [California Chamber of Commerce](#).

At the April 26 Senate Health Committee hearing the bill's authors, Sen. Ricardo Lara, D-Bell Gardens and Sen. Toni Atkins, D-San Diego, (sounding a bit like snake oil salesmen) touted it as a cure-all for current health care ills. Lara noted that 2.9 million Californians remain uninsured despite Obamacare cutting California's uninsurance rate in half to about 7.4 percent. He also said Americans pay nearly \$10,000 per person for health care. His bill promises to cover everyone for free.

Atkins said putting government in charge of health care would drive down costs and ensure coverage for all Californians without having to worry about whatever federal health system replaces Obamacare. But Atkins ignored the fact that one state, Vermont, has already attempted to show the way forward with a single-payer health system – and abandoned the effort as too expensive.

One of the co-designers of the system dubbed Green Mountain Care was Jonathan Gruber, the Obamacare architect who was caught on tape boasting that the "stupidity of the American voter" helped Congress pass Obamacare. Gruber predicted that Vermont's single-payer system could save \$1.6 billion over ten years. In actuality, Green Mountain Care would have required an additional \$2.6 billion in tax revenue, resulting in a 151 percent increase in state taxes, according to [Forbes Magazine](#).

California's population is 63 times larger than Vermont's, and its economy is 86 times larger. If SB562 passes, it will be Green Mountain Care's failure on steroids. A previous attempt at California-run health care in 2008 was vetoed by Gov. Arnold Schwarzenegger because it would cost \$250 billion annually, resulting in a \$42 billion funding shortfall. With health care costs skyrocketing since then, the shortfall would now be \$155 billion, according to California

Chamber of Commerce policy advocate Karen Sarkissian.

“We know that the cost of this system will be borne by employers,” she told the committee. “Because past legislative attempts at single-payer health care have proposed major increases in payroll and income taxes on businesses and individuals. Just to cover the shortfall [in 2008] a 16 percent payroll tax on employers and employees would have been necessary.... [J]ust imagine the payroll tax now necessary to cover a \$155 billion shortfall.

“To add insult to injury, the budget shortfalls will only increase year after year. This will likely result in continued tax increases on employers. That’s the reason why we have identified this bill as a job killer. A single-payer system [also] eliminates competition. Under this bill every provider is paid the same reimbursement rate, regardless of the quality of service they provide. This provides zero incentive to improve quality or cost.

“Another inherent problem is that it does away with cost-containment mechanisms by insulating patients and providers from the actual cost of health care. With no cost-sharing and no incentive on the part of patients to control costs, there will be a misconception that health care is free. Overutilization of what will seem like a free service will result in health care costs spiraling out of control. Overutilization will also lead to access problems and shortage of available providers.”

All of those problems are evident in Britain’s government-run [National Health Service](#), which is one of the worst healthcare systems in the developed world, according to [a 2015 study](#).

There are better ways to provide coverage for the small percentage of Californians lacking insurance than to destroy health care for the rest of us. They include [CenCal HEALTH](#), the Medi-Cal managed care plan for low-income residents in Santa Barbara and San Luis Obispo counties. Yes, there are problems with our health care system, but improvements are much more likely with market-based fixes rather than mandating socialized medicine, which has failed time and again.

I’ll conclude with another P.J. O’Rourke quote: “Giving money and power to government is like giving whiskey and car keys to teenage boys.” Tell your representatives to take away the whiskey and car keys by voting against SB562.

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