

# The Unfinished Story of Single-Payer Universal Health Care in California

California's 2021-2022 legislative session reconvened on January 3, 2022, and the Assembly had the opportunity to pass critical single-payer, universal health care legislation, AB 1400, on January 31, 2022. Unfortunately, the measure did not even proceed to a vote due to the author of the bill citing a lack of necessary support. Had the measure passed the Assembly and successfully made its way through the legislative process, California could have been the first state in the country to offer comprehensive universal health care to its residents. In this post, we detail the history and recent failed effort in establishing single-payer universal health care in California and discuss the specific challenges that the Legislature must address to eventually making single-payer universal health care a reality in California.

## **Introduction: Brief Recent History of (Largely Unsuccessful) Universal Health Care Efforts in California**

This story of unsuccessful single-payer universal health care efforts is not a new development in California.[\[1\]](#) In 1994, California voters overwhelmingly—specifically, 73.42% of them—rejected the proposal of a universal health care system in a ballot initiative.[\[2\]](#) In the 2000s, former Governor Arnold Schwarzenegger vetoed similar single-payer legislation.[\[3\]](#) More recently, in 2017, Senators Lara and Atkins introduced [SB 562](#) which would enact the Health California program providing a comprehensive universal single-payer health care coverage system for all California residents. Despite the measure passing the Senate, SB 562

later died in the Assembly. The Senate Appropriations Committee analysis cautioned that “rebuilding the California health care system from a multi-payer system into a single payer, fee-for-service system” was “subject to enormous uncertainty” and would cost about \$400 billion per year with only \$200 billion in existing federal, state, and local funding to offset the estimated total cost.[\[4\]](#) However, the 2017-2018 session did see a couple of successful bills creating a plan towards a single-payer system. For example, [AB 1810](#) and [AB 2472](#), which were both approved by the Governor, established a council and its responsibilities in creating a plan towards a single-payer system in California. Despite these successful attempts, they are simply exploratory in the advance of a single payer system.

## **2021-2022 Edition: Achieved and Dead Efforts towards Universal Health Care**

In the latest round of attempts toward universal health care, several pieces of legislation introduced in the 2021-2022 term appeared to be promising. In this section, we take a closer look at the ultimately failed AB 1400, which would have created a system for single-payer universal health care, along with ACA 11, the late-proposed bill that would establish the funding mechanism supporting AB 1400. But first, we begin with AB 133, an incremental step towards universal health care access that *did* succeed this session.

### **AB 133: Expanding Healthcare Access to Low-Income Undocumented Individuals 50-Years and Older**

Last year, the Legislature advanced health care access for hundreds of thousands of Californians by passing [AB 133](#), which among other efforts, expands full-scope Medi-Cal eligibility to low-income adults 50 years or older, regardless of immigration status. Governor Newsom signed this groundbreaking

legislation into law on July 27, 2021, making California the first in the nation to make health care accessible to this group. Additionally, the Governor's 2022 budget included \$54 million in 2021-22 and \$660.9 million in 2022-23 for the full year cost of the expansion.[\[5\]](#) "We're investing California's historic surplus to accomplish transformative changes we've long dreamed of ... to ensure thousands of older undocumented Californians, many of whom have been serving on the front lines of the pandemic, can access critical health care services," said Governor Newsom.[\[6\]](#)

With AB 133, approximately 235,000 Californians 50-years and older are now eligible for Medi-Cal. Importantly, AB 133 is the latest action in a string of California's groundbreaking legislative efforts expanding Medi-Cal coverage to undocumented persons. In 2016, the state extended Medi-Cal coverage to undocumented children, and in 2019 California became the first in the nation to expand Medi-Cal to eligible young adults up to the age of 26.[\[7\]](#)

With the enactment of AB 133 and in conjunction with these past efforts, California has the most inclusive healthcare coverage for low-income persons in the nation. However, despite these pioneering efforts in expanding healthcare access to all income-eligible individuals, which are important steps towards universal healthcare access in California, the Legislature and the Governor still face challenges in making single-payer universal health care a reality for all of California. In fact, enabling *single-payer* universal health care in California has been a lingering question and quest in the last few decades.

### AB 1400: Another Fallen Attempt at Single-Payer Universal Health Care

To address the decades-long lingering question of single-payer universal health care in California, Assembly Member Ash Kalra, a San Jose Democrat, introduced [AB 1400](#) in 2021, which

would establish Guaranteed Health Care for All or CalCare as California's single-payer, government-run healthcare system. AB 1400, quite simply, would convert a fragmented, predominantly private healthcare delivery system into a single-payment, government-run system. Specifically, AB 1400 would replace Medicaid, Medicare, and private health insurance with CalCare, the state-run system. Additionally, AB 1400 would eliminate out-of-pocket fees, such as copays, deductibles, and premiums.[\[8\]](#)

Notably, a single-payer system like AB 1400, and unlike the current fragmented system, has the potential for affordable and better-quality health care for all. As a bill analysis noted, "[M]ajor payers for health care in California were private insurance (32.2%), Medicare (19.6%), Medi-Cal (18.5%), and other (29.7%)," with a majority of Californians receiving employment-based health coverage.[\[9\]](#) According to Author Kalra, "Today's U.S. health care system is a complex, fragmented multi-payer system that still leaves wide gaps in coverage and poses significant issues of affordability. Despite health care spending in the U.S. far exceeding other high-income, industrialized countries that offer a publicly financed single-payer system, we consistently report worse health outcomes and disparities among vulnerable populations. . . [And] by guaranteeing health care for all Californians and establishing a payment system that eliminates waste and aligns reimbursement with the actual cost of care, we can make tremendous progress on health care as a human right."[\[10\]](#)

AB 1400 faced a critical deadline late last month. Since the bill did not see much traction in 2021, it was required to pass the Assembly by January 31, 2022 to continue in the legislative process. Despite the democratic supermajority, the universal health care measure did not even see a vote in the Assembly as the bill was pulled by Kalra. Citing issues with garnering the required 41 votes, which was reported short by double digits, Kalra explained, "I don't believe it would have

served the cause of getting single payer done by having the vote and having it go down in flames and further alienating members.”[\[11\]](#) The likely factor in AB 1400’s demise was the lack of clarity in funding the system and the actual costs, a similar issue seen in SB 562 in the 2017-2018 single-payer proposal. A bill analysis indicated the proposed AB 1400 could result in between \$314 billion and \$391 billion in total health care spending.[\[12\]](#) Opponents of the bill were dubious of the actual costs to support the proposed system, and the Assembly recently approved a Republican-led request for the Legislative Analyst’s Office to review the costs and effects of AB 1400.[\[13\]](#) Since AB 1400 did not see a vote in the Assembly, single-payer universal health care seems to be tabled until next term.

#### ACA 11: A Late-Introduced Bill Establishing Funding to Support AB 1400

While AB 1400 was largely conceptual in creating the single-payer program, it requires funding support. At the beginning of the 2022 session, Kalra proposed ACA 11, a separate measure addressing the funding component to AB 1400, essentially an unprecedented tax increase on businesses and high-income taxpayers.[\[14\]](#) According to its Legislative Digest, ACA 11 would “impose an excise tax, payroll taxes, and a State Personal Income CalCare Tax at specified rates to fund comprehensive universal single-payer health care coverage and a healthcare cost control system for the benefit of every resident of the state, as well as reserves deemed necessary to ensure payment, to be established in statute.”[\[15\]](#) Specifically, the tax increases proposed by ACA 11 include an annual 2.3% excise tax on the first \$2 million of a qualified business’s gross receipts; 1.25% payroll tax on employers with 50 or more employees; 1% tax on employees earning more than \$49,900 per year; and an additional income tax, ranging from 0.5% for those earning at least \$149,509 to 2.5% for those earning \$2.48 million or more.[\[16\]](#)

Garnering the support of the Assembly and Senate would be the first hurdle in passing a funding bill such ACA 11. ACA 11 proposes an amendment to the California Constitution to increase taxes to fund universal single-payer health care coverage. As a constitutional amendment, the proposal would first require a stricter 2/3 vote in both houses to be placed on the ballot, and the next, and arguably more challenging step would be getting the voters to approve the amendment to increase the proposed taxes.[\[17\]](#) Nevertheless, in effect ACA 11 is dead as its companion bill AB 1400 died without a vote. However, the challenges in passing a funding mechanism like ACA 11—a required supermajority vote in the Legislature and garnering voters’ support for increasing taxes—should be considered early on for any future effort in introducing and passing the next attempt at a single-payer system bill.

### **Challenges and Questions Left Unanswered in Seeing Universal Health Care a Reality**

Despite the unsuccessful attempt of the 2021-2022 term, AB 1400 author Kalra expressed that “[t]his is only a pause for the single-payer movement,”[\[18\]](#) which has been a longstanding dream for many in the Legislature. If single-payer universal health care is ever going to gain any real traction and come to fruition, not only must future efforts thoughtfully and thoroughly address a solid funding plan, the major crutch of the 2017-2018 and 2021-2022 failed attempts, it also requires clear communication to the public to gain greater support from all stakeholders.

### **A Contemporaneous Funding Plan with a Comprehensive Single-Payer Proposal**

Progressives in California’s Legislature have long called for a universal health care system to replace the current system that predominately relies on private insurance companies, but

the major hurdle, encountered multiple times, in making universal health care a reality is funding such a system in a state with nearly 40 million residents.[\[19\]](#) Both the 2017-2018 and recent 2021-2022 single-payer universal efforts were halted due to skepticism with the total cost to fund the proposal. Despite the lesson from funding and cost concerns that halted SB 562, the 2017-2018 single-payer bill, AB 1400 did not address the funding component until ACA 11 was introduced, which was within the same month as the deadline for the critical vote on AB 1400. Any future single-payer universal health care plan needs to not only thoroughly address the program itself but also have a *contemporaneous* funding companion bill supporting the proposal.

### Clear Communication of Actual Potential Savings to the Public, the Voters

Even if hypothetically speaking, a bill like AB 1400 and its companion ACA 11 funding bill passed both houses, the big question remains: will the people be willing to vote for an increase in taxes to support the measure?

Part of funding a single-payer universal system is not only identifying the actual costs, but *clearly* communicating the potential cost savings to the public. Funding for such a program would likely require an increase in taxes, which is a major hurdle in garnering both legislative and voter support for a single-payer system. Despite the likelihood of the need to increase taxes to fund a single-payer program, Californians may likely pay less in the long-run with a single-payer system. To illustrate, a bill analysis for AB 1400 indicates that “[b]y streamlining payments and lowering per-capita health care spending, CalCare guarantees quality health care and long-term care while eliminating barriers to care and out-of-pocket costs.”[\[20\]](#) Author of AB 1400 and ACA 11 Kalra explained the potential net savings for employers and employees: Whereas the average employer currently pays 9.9% of payroll for health care, that figure would drop to 1.25% under



AB 1400; and additionally, whereas the average worker making \$75,000 a year pays 2.5% of their paycheck to health care, or about \$1,875, a single-payer system would drop that spending to \$250 annually without additional deductibles or co-pays.[\[21\]](#) In advocating a single-payer system, the Legislature needs to ensure that the actual *potential* financial savings are clearly communicated to the public instead of allowing the simplistic, controversial narrative of unwanted tax increases to take the spotlight.

### Greater Support from Stakeholders

The conversation of single-payer health care is not exclusive to legislative efforts. Governor Newsom campaigned in 2018 advocating a single-payer system: “I’m tired of politicians saying they support single-payer but that it’s too soon, too expensive or someone else’s problem.”[\[22\]](#) Since then, the Governor has muddied his stance on single-payer’s realization in California[\[23\]](#) and has made no substantive comments on AB 1400 ahead of the critical vote in the Assembly.[\[24\]](#) Kalra noted the Governor’s non-position on the bill “hurts when you’re trying to garner votes for a policy that the governor is brushing aside despite a prior commitment to it.”[\[25\]](#)

Whether the Governor’s support would have ultimately moved AB 1400 along in the legislative process is dubious, but Kalra reasoned that “[u]ltimately single-payer health care is going to happen because of a movement, not because of an individual—whether that person is an Assembly member or a governor.”[\[26\]](#) To prevent yet another unsuccessful single-payer proposal from meeting the same fate as AB 1400 and all its predecessors, the next effort needs to garner greater support from all stakeholders—the Legislature, Governor, and the people—in addition to putting forth a comprehensive proposal and funding plan.



## Conclusion

Despite the unsuccessful AB 1400 proposal, the question of whether single-payer universal health care can be a reality for Californians will remain a question for both the Legislature and Governor Newsom, who is seeking reelection later this year. Stay tuned to next month's issue as we detail more of the Governor's 2022-2023 healthcare budget.

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[1] See The Source blog post "Recapping the 2017-2018 California Legislative Session (Part 1): Incremental Steps Made in Targeting High Drug Costs and Achieving Single Payer," for discussion on the mostly unsuccessful recent history of universal health coverage bills in California, <https://sourceonhealthcare.org/recapping-the-2017-2018-california-legislative-session-part-1-incremental-steps-made-in-targeting-high-drug-costs-and-achieving-single-payer/>.

[2] *California Proposition 186, Single-Payer Healthcare System Initiative* (1994), Ballotpedia, [https://ballotpedia.org/California\\_Proposition\\_186,\\_Single-Payer\\_Healthcare\\_System\\_Initiative\\_\(1994\)](https://ballotpedia.org/California_Proposition_186,_Single-Payer_Healthcare_System_Initiative_(1994)) (last visited Feb. 15, 2022).

[3] S. Bill No. 840, 2005-2006 Reg. Sess. (Ca. 2005), [https://leginfo.legislature.ca.gov/faces/billHistoryClient.xhtml?bill\\_id=200520060SB840](https://leginfo.legislature.ca.gov/faces/billHistoryClient.xhtml?bill_id=200520060SB840); S. Bill No. 840, 2007-2008 Reg. Sess. (Ca. 2007), [https://leginfo.legislature.ca.gov/faces/billHistoryClient.xhtml?bill\\_id=200720080SB840](https://leginfo.legislature.ca.gov/faces/billHistoryClient.xhtml?bill_id=200720080SB840).

[4] S. Com. on Appropriations, Analysis of S. Bill No. 562, 2017-2018 Reg. Sess. at pg. 1 (Ca. 2017) (as amended Apr. 17, 2017), <https://leginfo.legislature.ca.gov/faces/billAnalysisClient.xhtml>

[tml?bill\\_id=201720180SB562.](#)

[5] *Health & Human Services, Governor's Budget Summary – 2022-23*, at pg. 124,

<https://www.ebudget.ca.gov/2022-23/pdf/BudgetSummary/HealthandHumanServices.pdf>.

[6] *Governor Newsom Signs Into Law First-in-the-Nation Expansion of Medi-Cal to Undocumented Californians Age 50 and Over, Bold Initiatives to Advance More Equitable and Prevention-Focused Health Care*, Office of Governor Gavin Newsom (July 27, 2021), <https://www.gov.ca.gov/2021/07/27/governor-newsom-signs-into-law-first-in-the-nation-expansion-of-medi-cal-to-undocumented-californians-age-50-and-over-bold-initiatives-to-advance-more-equitable-and-prevention-focused-health-care/>.

[7] See *id.*; Christine Mai-Duc, *California Would Expand Medicaid to People in U.S. Illegally Under Gavin Newsom Proposal*, Wall St. J. (Jan. 10, 2022), <https://www.wsj.com/articles/california-would-expand-medicaid-to-people-in-u-s-illegally-under-gavin-newsom-proposal-11641850854>.

[8] *The Editorial Board, Single-Payer Healthcare Makes a California Comeback*, Wall St. J. (Jan. 10, 2022),

[https://www.wsj.com/articles/single-payer-medicine-makes-a-california-comeback-gavin-newsom-xavier-becerra-healthcare-11641853914?mkt\\_tok=0DUwLVRBQS01MTEAAAGB6E3ayu0PpuDsiWwgJFjH9Ta6a7KZXYiUkpvSk4ZW-tvA1nPpYzwTHJGHmxYm4Byu4qpLP0WGEg-qcx9064Vi6y6KikbX9XoT25KlKolFM361C](https://www.wsj.com/articles/single-payer-medicine-makes-a-california-comeback-gavin-newsom-xavier-becerra-healthcare-11641853914?mkt_tok=0DUwLVRBQS01MTEAAAGB6E3ayu0PpuDsiWwgJFjH9Ta6a7KZXYiUkpvSk4ZW-tvA1nPpYzwTHJGHmxYm4Byu4qpLP0WGEg-qcx9064Vi6y6KikbX9XoT25KlKolFM361C).

[9] *Analysis of Assemb. Bill No. 1400, 2021-2022 Reg. Sess.* at pg. 1-2 (Ca. 2021) (as amended Jan. 24, 2022), [https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill\\_id=202120220AB1400](https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB1400).

[10] Id. at 2 (Ca. 2021).

[11] Alexei Koseff, Why single payer died in the California Legislature, again, CalMatters (Feb. 1, 2022),

<https://calmatters.org/politics/2022/02/california-single-payer-legislature/>.

[12] See supra note 9, at 4.

[13] Melody Gutierrez, Single-payer healthcare proposal fizzles in California Assembly, L.A. Times (Jan. 31, 2022), <https://www.latimes.com/california/story/2022-01-31/single-payer-healthcare-proposal-fizzles-in-california-assembly>.

[14] George Skelton, California Democrats are trying again for universal healthcare. It's a debate well worth having, L.A. Times (Jan. 10, 2022), <https://www.latimes.com/california/story/2022-01-10/skelton-new-california-universal-healthcare-proposal>.

[15] Legislative Counsel's Digest, Assemb. Constitutional Amendment No. 11, 2021-2022 Reg. Sess. (Ca. 2022), [https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill\\_id=202120220ACA11](https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202120220ACA11).

[16] Tiffany Stecker, California's 'Medicare for All' Hinges on Unconvinced Democrats, Bloomberg Law (Jan. 25, 2022),

[https://www.bloomberglaw.com/product/blaw/bloomberglawnews/health-law-and-business/BNA\\_0000017e-30d6-da48-a17f-76ff6b220001?bwid=0000017e-30d6-da48-a17f-76ff6b220001&cti=LSCH&emc=bhlw\\_nl%3A60&et=NEWSLETTER&isAlert=false&item=read-text&qid=7236890&region=digest&source=newsletter&uc=1320027704&udvType=Alert&usertype=External](https://www.bloomberglaw.com/product/blaw/bloomberglawnews/health-law-and-business/BNA_0000017e-30d6-da48-a17f-76ff6b220001?bwid=0000017e-30d6-da48-a17f-76ff6b220001&cti=LSCH&emc=bhlw_nl%3A60&et=NEWSLETTER&isAlert=false&item=read-text&qid=7236890&region=digest&source=newsletter&uc=1320027704&udvType=Alert&usertype=External).

[17] See id.; Chris Micheli, Constitutional Amendment Proposed to Enact Tax Increases for CA Single-Payer Health Care System, Cal. Globe (Jan. 6, 2022),

<https://californiaglobe.com/articles/constitutional-amendment-proposed-to-enact-tax-increases-for-ca-single-payer-health-care-system/>.

[18] Christine Mai-Duc, California Single-Payer Healthcare Plan Shelved at Last Minute, Wall St. J. (Jan. 31, 2022),

[https://www.wsj.com/articles/california-single-payer-healthcare-plan-shelved-at-last-minute-11643679072?mkt\\_tok=0DUwLVRBQS01MTEAAAGCVHU\\_OJIozoN8hh5q0PYS5tSvd3dnd5WelEz7KuCN5oMHst-6A3D3o2s8BWvRayPbyqgNuQYuJBCjfxdKN5hMG0KgZ2c5rxRupSin25j41wF](https://www.wsj.com/articles/california-single-payer-healthcare-plan-shelved-at-last-minute-11643679072?mkt_tok=0DUwLVRBQS01MTEAAAGCVHU_OJIozoN8hh5q0PYS5tSvd3dnd5WelEz7KuCN5oMHst-6A3D3o2s8BWvRayPbyqgNuQYuJBCjfxdKN5hMG0KgZ2c5rxRupSin25j41wF).

[19] Adam Beam, California Democrats revive universal health care bill, Associated Press (Jan. 6, 2022), <https://apnews.com/article/business-health-california-legislature-universal-health-care-0d191e5471d8b9a3162d867fed36e4e9>.

[20] See supra note 9, at 2.

[21] See supra note 19.

[22] Gavin Newsom, (@GavinNewsom), Twitter (Sept. 22, 2017, 9:48 AM), [https://twitter.com/GavinNewsom/status/911270933712662528?ref\\_src=twsrc%5Etfw|twcamp%5Etweetembed|twterm%5E911270933712662528|twgr%5E|twcon%5Es1\\_c10&ref\\_url=https%3A%2F%2Fwww.sfchronicle.com%2Fbayarea%2Farticle%2FSingle-payer-health-care-advocates-rip-Gavin-16776781.php](https://twitter.com/GavinNewsom/status/911270933712662528?ref_src=twsrc%5Etfw|twcamp%5Etweetembed|twterm%5E911270933712662528|twgr%5E|twcon%5Es1_c10&ref_url=https%3A%2F%2Fwww.sfchronicle.com%2Fbayarea%2Farticle%2FSingle-payer-health-care-advocates-rip-Gavin-16776781.php).

[23] Editorial Board, Newsom campaigned on single-payer health care for California. This proposal needs his help, Sacramento Bee (Jan. 28, 2022), <https://www.sacbee.com/opinion/editorials/article257490329.html>.

[24] See supra note 11.

[25] See supra note 11.

[26] Joe Garofoli, Single-payer health care advocates rip Gavin Newsom for 'flip-flop', S.F. Chron. (Jan. 16, 2022), <https://www.sfchronicle.com/bayarea/article/Single-payer-health-care-advocates-rip-Gavin-16776781.php>.