TO:	Honorable Edward A. Chow, MD President, Health Commission
THROUGH:	Mitchell H. Katz, MD Director of Health
FROM:	Colleen Johnson Assistant Director of Policy and Planning
DATE:	August 12, 2003
RE:	Update on State Health Insurance Expansion Proposals

Attached for your review is the Update on Health Insurance Expansion Proposals, which will be presented at the August 19, 2003 Health Commission meeting.

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Update on State Health Insurance Expansion Proposals

Presented to the Health Commission
on August 19, 2003

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I. INTRODUCTION

In San Francisco, an estimated 135,000 people, or 17 percent of the City's population, are uninsured. Statewide, in 2001 approximately 6.7 million Californians under age 65 lacked health insurance coverage at some time and 3.6 million had no health coverage at all. Like most of the uninsured, San Francisco's uninsured use a patchwork of providers – the Department of Public Health, non-profit community clinics, private providers, and non-profit hospitals – to receive the health care they need. Both research and experience tell us that the uninsured have greater difficulty obtaining needed medical care, which often results in lower health status. Expansion of health care coverage improves access to care for, and the health status of, the uninsured. With this knowledge, the City and County of San Francisco has strongly supported increasing access to health care coverage for its residents.

II. BACKGROUND ON UNIVERSAL HEALTH CARE IN SAN FRANCISCO

A. City Actions

In August 1996, the City and County of San Francisco held a Health Summit to discuss health care issues. Health care coverage and the rise in the number of uninsured residents was a major concern among Health Summit participants. The Mayor's Blue Ribbon Committee on Universal Health Care was appointed in November 1996 to develop recommendations on how the City and County might best pursue expanded health care coverage for the uninsured. The Committee issued its recommendations in May of 1998 and in November of the same year, San Francisco voters passed Proposition J, which directs the City to assist the uninsured in obtaining affordable health care coverage.

In June 1999, the Board of Supervisors affirmed the voters' will by passing resolution number 516-99 endorsing State Senate Bill 480, authored by Senator Hilda Solis. SB 480 required the State Department of Health Services to explore various options for expanding access to health insurance for uninsured Californians. The process that resulted from passage of this legislation, called the Health Care Options Project, provided the basis for the proposals being discussed in the Legislature today.

Further working toward this directive, the City has implemented an incremental approach to achieving universal health care coverage, which allows the City to appropriately identify the financial resources and specific issues necessary to expand coverage to each uninsured population. Following are the programs the City has implemented thus far to extend health insurance to its uninsured residents:

- 3/99 Healthy Workers Program, which provides health insurance coverage to In-Home Support Services workers
- 5/01 Health Care Accountability Ordinance, which requires the City's contractors and lessees to offer health insurance coverage to their employees

- 1/02 Healthy Kids, which provides health insurance for all of the City's uninsured children

B. Health Commission Actions

Consistent with the direction of the voters, the Health Commission has taken an active role in advising the City on policy that extends health care coverage to the uninsured. In June 1998, the Health Commission passed Resolution 23-98 supporting the recommendations of the Mayor's Blue Ribbon Committee on Universal Health Care.

In January 2001, the Health Commission passed Resolution 04-01, which supports the achievement of universal health care and expanding health care coverage to uninsured children and youth. In this resolution, the Health Commission stated its support for an incremental approach to achieving universal health care and supported the creation of what is now the successful Healthy Kids program in San Francisco, providing health insurance to nearly 3,000 uninsured San Francisco children.

Further, the Department's three-year Strategic Plan, adopted by the Health Commission in January 2001, sets for the Department the goal of expanding health care coverage to San Francisco's uninsured to improve health status and access to care. The Strategic Plan also supports the Department in this and other strategic planning goals by supporting the increase of advocacy efforts at the local, state and federal level. It is with these goals in mind that the following information on pending State legislation is presented.

III. PENDING STATE BILLS

There are several bills that are currently pending in the State Legislature that would expand access to health care coverage for the uninsured. These bills can be generally grouped into three categories by the approach they propose to reducing the numbers of uninsured: single payer, incremental, and employer-based.

A. Single-Payer

1. SB 921 (Kuehl)

SB 921, the only single payer proposal in the Legislature, would establish the California Health Care System, a single payer delivery system to provide universal health care to all Californians. The bill would create a new California Health Care Agency to administer this program. SB 921 would consolidate existing federal, state and local health care program funding to finance the program and may also be partially financed through increases in income, payroll, tobacco, and/or other taxes.

SB 921 has passed the Senate and is currently awaiting hearing in the Assembly Health Committee.

2. Background

The cost of implementing SB 921 is unknown. However, a recent Lewin Group analysis of a similar single payer plan that was submitted as part of the SB 480 Health Care Options Project found that expenditures in the first year of operation would total about $135 billion. Expenditures for health care services would total about $132. 3 billion and program administration would account for about $2.4 billion. About $66 billion of this would come from redirecting funding for current government programs. The remaining costs would be funded through dedicated tax revenues. The Lewin Group report also found that if California had a single payer system in place in 2002, total health care spending in the State would have been between $3.7 billion and $7.5 billion lower than the actual amount spent.

3. Support/Opposition

SB 921 has broad support from a long list of individuals and organizations. Proponents of SB 921 expect that a single payer system will establish universal health insurance for all California residents, stabilize growing health care spending to employers and consumers, and streamline the current fragmented system of care that is based upon insurance status rather than health care needs. They argue that the increased spending on previously uninsured individuals would be offset by savings due to bulk purchasing of prescription drugs and reduced administrative overhead.

Opponents of SB 921 include the Association of California Life and Health Insurance Companies and the California Association of Health Plans, who refute proponents' assertions that that government systems are more efficient than private business, and that a single payer system would cost less than the current private system. Employers also oppose health care taxes and fees if they increase overall cost.

The City and County of San Francisco is in support of SB 921.

B. Incremental Approach

1. AB 30 (Richman)

AB 30 is the most prominent incremental health insurance expansion bill currently moving through the Legislature. AB 30 would expand health insurance coverage under the Healthy Families program to certain uninsured, employed, childless adults with incomes below 200 percent of the federal poverty level (FPL). This program would be available to eligible employees of employers that have 50 or fewer employees and that pay at least one-half of those employees less than 200 percent of the State minimum wage. (Two hundred percent of the State minimum wage is $13.50 per hour.)

The bill proposes sharing the cost of health insurance premiums between the employer, who pays 25 percent, the employee, who pays 25 percent, and the federal government, which would pay the remaining 50 percent. As specified in the bill, the State's share of premium costs would be obtained from a special fund dedicated to that purpose from new revenue sources.

As of this writing, AB 30 was scheduled for hearing in Senate Appropriations on August 18, 2003. It is likely that this bill will be placed on the committee's suspense calendar due to the estimated increased general fund cost of $195 to $351 million.

2. Background

There are no data that estimate the number of people who would be impacted by AB 30. However, data from the UCLA Center for Health Policy Research indicate there are 381,000 uninsured childless adults who work in firms with 50 or fewer employees and who have incomes below 200% of poverty and who make less than $12.20 per hour, which is $1.30 per hour less than the amount specified in the bill.

Approval of the program outlined in AB 30 is subject to approval by the federal Centers for Medicare and Medicaid Services (CMS). Further, implementation of AB 30, if passed and approved by CMS, would occur only after implementation of the expansion to parents of children enrolled in Healthy Families and Medi-Cal, which has already been approved by CMS and has been postponed by the State until 2006 or when there is sufficient funding for this purpose in the State budget.

3. Support/Opposition

AB 30 is supported by various health care coalitions, including the California Healthcare Association, the Primary Care Association of California, and the California Medical Association. Supporters believe that this bill will expand health care coverage and reduce the number of the uninsured. The California Parents' and Teachers' Association (PTA) oppose AB 30 because they argue that it would divert funds from children's health insurance to childless adults, who were not intended to be served by the State Children's Health Insurance Program.

C. Employer-Based

1. SB 2 (Burton-Speier)

SB 2 states the Legislature's intent to enact the Health Insurance Act of 2003 to ensure all working Californians and their families are provided health care coverage. Previous versions of the bill included significant detail to implement an employer-based health insurance expansion program. However, the current version of the bill includes only intent language in anticipation of discussion on the particulars of employer-based health insurance expansion in a legislative conference committee, discussed further in Section III.D. of this report, below.

The prior version of SB 2 sought to require employers to provide health insurance benefits to employees and their uninsured dependents or, alternatively, to pay a user fee to enable the State to serve as a purchasing agent to pool these fees to cover uninsured employees. If the employer chose to offer health insurance, rather than pay the user fee, the employer would be required to pay at least 80 percent of the premium, allowing employers to require that employees pay up to 20 percent of the cost of coverage. The bill also created linkages between the "pay or play" program and Medi-Cal and Healthy Families to identify additional families and children who

qualify for these programs for which federal financial participation can be obtained to subsidize their health insurance coverage.

2. AB 1527 (Frommer)

Like SB 2, AB 1527 currently comprises intent language only. The bill's stated intent is to "increase the number of people in California who have affordable, high quality health care coverage. . ." Previous versions of the bill included significant detail to implement an employer-based health insurance expansion program. AB 1527 would establish a "pay or play" system much like that included in SB 2, but would place the requirement on employers with more than 50 employees. AB 1527 would also establish a premium assistance program to enable employees eligible for Medi-Cal or Healthy Families to enroll in employment-based coverage with reimbursement from the state for the employee's share of the premium. The bill also provides an incentive mechanism to provide assistance to small employers who cannot afford their share of health insurance premium costs.

3. AB 1528 (Cohn)

AB 1528 would enact the Healthy California Act of 2003 to ensure access to health care coverage for all Californians. This bill, also reduced to intent language in anticipation of its inclusion in the conference committee, would create a minimum set of health insurance benefits for all Californians. AB 1528 would ensure health insurance coverage for all Californians by establishing both an individual and an employer mandate. AB 1528 would require employers to participate in a "pay or play" system of health insurance coverage and would require every Californian age 18 years or older and their dependents to obtain public or private health insurance. Businesses that elect to offer employer-based coverage would pay 75 percent of the employee premium and 50 percent of the dependent premium, with employees responsible for the balance of the cost of coverage.

4. Background

Although the various employer-based health insurance expansion proposals could each be characterized as an incremental approach to health insurance expansion, these proposals are commonly referred to as "pay or play," which references the requirement on employers to either "pay" into the public health insurance program or "play" by providing coverage for their employees in the private market.

The authors support their employer-based approach by arguing that employers who do not provide coverage to their workers have an unfair competitive advantage over those employers who provide coverage. Further, employers who provide coverage to dependents often pay directly for the failure of other employers to provide coverage for those dependents. They argue that employers who provide coverage also pay directly when a previously uninsured person becomes an employee and the accumulated health costs due to lack of insurance burden the employer providing coverage.

SB 2 acknowledges that while the bill would substantially reduce the number of uninsured Californians, several million Californians will still lack health insurance coverage. The bill, therefore, recognizes the need to maintain the health care safety net for those Californians who remain uninsured.

5. Support/Opposition

The "pay or play" bills are generally supported by a long list of individuals and organizations, including many endorsements by labor. They believe that these bills would build upon California's existing employer-based health insurance system to ensure that larger employers provide health insurance to their employees. Proponents believe that most large employers already provide coverage, and that requiring all employers to do so would promote fairness.

The bills are generally opposed by various chambers of commerce and other business organizations, which believe that requiring employers to provide coverage will discourage new businesses from locating in California, and provide an excessive burden on small businesses. Additionally, opponents believe the primary reason employers do not offer insurance is the exorbitant cost of health care, which this bill does not address.

The City and County of San Francisco is in support of SB 2.

D. Conference Committee

A legislative conference committee has been established to consider the three employer-based health insurance expansion proposals: SB 2, AB 1527, and AB 1528. Each of these proposals has passed both houses of the Legislature. Conferees, appointed in late July, include Assemblymembers Frommer, Cohn and Pacheco and Senators Burton, Aanestad and Speier.

The Legislature will reconvene after its summer recess on August 18th and it is anticipated that the conference committee will hold its first meeting shortly thereafter. It is likely that the goal of the conference committee is to come to agreement on one employer-based health insurance expansion bill that can be approved by each house and be forwarded to the Governor before the end of this year's legislative session on September 12th.

IV. HEALTH CARE COVERAGE EXPANSION PRINCIPLES

Several organizations with which the Department is affiliated have developed guiding principles related to health care coverage insurance expansion. Attached are the relevant documents for three of the Department's primary representative organizations: the California State Association of Counties (CSAC) and the California Association of Public Hospitals and Health Systems (CAPH). These principles represent the interests of counties generally (including public health departments), and public hospitals, respectively.

The Department participated in the development of these principles and believes that they represent the issues of greatest importance for the Department. First and foremost, these principles prioritize access to and quality of care provided under any universal health care

coverage proposal. Extension of health care coverage, alone, does not by itself ensure access or quality and, thus, any meaningful expansion must take these critical components into account in the program design.

The CSAC and CAPH principles also address the financing of these expansions. The principles speak not only to the need for sufficient funding for a successful health care system, but also to the intricacies of how to fund the system. Funding should be accomplished through a combination of mechanisms that includes, at a minimum, federal financial participation as well as employer contributions.

Lastly, the principles address the limitations inherent in any proposal to extend health care coverage. No proposal will provide insurance for every uninsured Californian on the day it is implemented; expansion proposals are either incremental or will need to be phased in over time. Further, given our experience with Medi-Cal and Healthy Families, it is very likely that not everyone will enroll even when they are eligible. Therefore, these principles recognize that an adequate health care safety net must be maintained and that the core public health functions performed by county health departments must be sufficiently funded in order to achieve and maintain a healthy California.

V. CONCLUSION

The current political climate in California may provide a unique opportunity to enact meaningful policy that expands access to health care coverage and reduces the number of uninsureds in our State. It is likely that the State Legislature will pass legislation expanding access to health care coverage for the uninsured before it adjourns for the year on September 12th, 2003. The Department will continue to work closely with the City to monitor the conference committee's progress and ensure that San Francisco's voice is heard on this critical issue.

Attachment 1:

Health Care Principles
California State Association of Counties

CSAC Health Care Principles

Approved by the CSAC Health and Human Services Policy Committee on July 18, 2003

Counties support universal health care coverage in California, with the goal of a health care system that is fully integrated and offers access to all Californians. However, the foundation of the publicly funded health care system needs immediate attention. The State of California must preserve and adequately fund existing publicly funded health care programs before expanding services. Counties resources are limited and are not in a position to increase our expenditures to pay for expanded health care coverage and access.

Access and Quality

- Counties support access to quality and comprehensive health care through universal coverage.

- Any universal health care program should provide a truly comprehensive package of health care services, including alcohol and drug abuse treatment, emergency care, mental health care, preventive medicine, prescription drugs, oral health, and vision services.

- Counties support a health care system that includes a component of health care services to prisoners and offenders, detainees and undocumented immigrants.

- Reforms should address access to health care in rural communities and other underserved areas.

Role of Counties as Health Care Providers

- Counties strongly support maintaining a stable and viable health care safety net. An adequate safety net is needed to care for persons who remain uninsured as we transition to universal coverage and for persons, such as the mentally ill or homeless, who may have difficulty accessing care through a traditional insurance-based system.

- The current safety net is grossly underfunded. Any diversion of funds away from existing safety net services will lead to the dismantling of the health care safety net and will hurt access to care for all Californians.

- Counties believe that delivery systems that meet the needs of vulnerable populations and provide specialty care, such as emergency and trauma care and training of medical residents and other health care professionals, must be supported in any universal health coverage plan.

- Counties strongly support adequate funding for the public health system as part of a plan to achieve universal health coverage. Counties recognize the linkage between public health and health care. A strong public health system will reduce medical care costs, contain or mitigate disease, and address disaster preparedness and response.

Financing and Administration

- Counties support increased access to health coverage through a combination of mechanisms that may include improvements in and expansion of the publicly funded health programs, increased employer-based and individual coverage through purchasing pools, tax incentives, and system restructuring.

- Efforts to achieve universal health care should simplify the health care system – for recipients, providers, and administration.

- The federal government has an obligation and responsibility to assist in the provision of health care coverage.

- Counties encourage the state to pursue ways to maximize federal financial participation in health care expansion efforts, and to take full advantage of opportunities to simplify Medi-Cal, Healthy Families, and other publicly funded programs with the goal of achieving maximum enrollment and provider participation.

- County financial resources are currently overburdened; counties are not in a position to contribute additional resources to expand health care coverage.

- A universal health care system should include prudent utilization control mechanisms that are appropriate and are not a barrier to necessary care.

- Access to health education, preventive care, and early diagnosis and treatment will assist in controlling costs through improved health outcomes.

Role of Employers

- Counties believe that every employer has an obligation to contribute to health care coverage. Counties are sensitive to the economic concerns of employers, especially small employers, and employer-based solutions should reflect the nature of competitive industries and job creation and retention. Therefore, counties advocate that such an employer policy should also be pursued at the federal level.

- Reforms should offer opportunities for self-employed individuals to obtain health coverage.

Implementation

- Counties recognize that California will not achieve full universal health care system immediately, and implementation may necessitate an incremental approach. As such, counties believe that incremental efforts must be consistent with the goal and the framework for universal health care coverage, and include counties in all aspects of planning and implementation.

Attachment 2:

Health Care Principles
California State Association of Counties

CALIFORNIA ASSOCIATION OF PUBLIC HOSPITALS AND HEALTH SYSTEMS

PRINCIPLES FOR UNIVERSAL COVERAGE

With more than six million Californians lacking health insurance coverage, the question of how to ensure access to needed health care services for all people living in our state remains critical.

Several proposals to significantly expand health care coverage in the state are currently before the Legislature. The California Association of Public Hospitals and Health Systems (CAPH) is committed to ensuring access to health care for all Californians and has developed the following principles for universal coverage.

We believe it is critical to keep these principles in mind as various approaches are discussed and debated in order to ensure that the desired improvements in access to care for uninsured Californians are met. In particular, we believe it is essential to evaluate the impact universal coverage proposals will have on the health care delivery system as well as the impact on vulnerable populations who may remain uninsured, in addition to the incremental increase in the number of persons covered by insurance.

Principles for Universal Coverage

1. Ensure meaningful access to care for all Californians.
2. Recognize the limits of the marketplace in meeting the health care needs of all Californians.
3. Address the needs of vulnerable populations.
4. Ensure affordability for patients.
5. Support and improve the health care delivery system.
6. Maintain an adequate safety net.
7. Provide adequate funding to support universal coverage.

Conclusion: A two-pronged approach that both expands coverage and maintains a viable health care safety net is needed to achieve universal access to health care.

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1. Ensure meaningful access to care for all Californians.

The promise of universal coverage is not only to provide health insurance coverage to all Californians, but also to ensure real and meaningful access to health care.

It is well documented that insurance coverage is a critical factor in improving access to care, particularly for primary and preventive services. We also know, however, that coverage expansions alone do not automatically provide access to needed health services for all populations. Our experience in California suggests that enactment of health insurance expansions is not a guarantee that newly eligible individuals will actually enroll in a program and enrollment does not assure that these individuals will actually receive needed health care services.

Beyond providing health insurance coverage, a successful universal coverage system must be shaped to meet the needs of California's diverse populations and must pay special attention to the needs of vulnerable populations. This is particularly critical given strong research findings that certain racial and ethnic groups have poorer health outcomes and are less likely to receive needed care even if they have insurance. Services in accessible locations at accessible hours, linguistically and culturally appropriate services, transportation and links to needed social services and special attention to populations such as the homeless for whom the insurance model may not be sufficient are all needed to ensure meaningful access to care.

2. Recognize the limits of the marketplace.

The health care marketplace is limited in its ability to provide access to care for all Californians, particularly low-income, uninsured populations. Particularly with market-based systems that rely on private insurance to achieve universal coverage, it is critical to recognize that an insurance-based system will not ensure access to care for all patients. Some patients—such as undocumented immigrants, homeless persons, persons with severe mental illness and some individuals with complex medical and social problems—will likely not enroll, or stay enrolled, in an insurance program. A safety net system must therefore be in place to provide needed care for those patients who are not served adequately through the marketplace.

Sustain Public Goods

In addition, the marketplace is not designed, on its own, to sustain the availability of high cost, highly specialized services that are essential to all Californians, such as trauma care, burn care and the training of medical residents. These services typically require a high upfront investment and are usually unprofitable. A truly comprehensive system of universal coverage must recognize these limitations and include specific mechanisms and funding to sustain essential services and ensure access to care for those who remain uninsured.

Further, public health services are a public good beyond the limits of the marketplace. As such, the public health infrastructure and linkages of the health care delivery system to the public health system must be preserved. To achieve the ultimate goal of improving the health status of California and its citizens, a comprehensive universal coverage system must include public health services, including, in part, wellness services and immunizations, epidemiologic surveillance, and public health emergency response. Particularly given the threats facing our state and nation today, a universal coverage system must provide strong linkages to our public health system at the local and state levels.

3. Address the needs of vulnerable populations.

A universal coverage system must include specific protections to ensure that the needs of vulnerable populations are met. Patients with multiple, complex medical conditions, often exacerbated by challenging living and social circumstances, require specific consideration. Bi-lingual providers,

translation services, cultural competence, transportation, and links to mental health and social services, such as housing assistance, must be provided to ensure vulnerable populations are able to access needed services.

Further, vulnerable populations—such as undocumented immigrants, homeless persons, legal immigrants fearing repercussions to their immigration status, persons with severe mental illness, and individuals and families with complex medical and social problems—often, for a variety of reasons, find it difficult to enroll and stay enrolled in public or private insurance programs. Transition to a system of universal coverage must address this challenge by finding ways to enroll and retain families in coverage programs and by maintaining an adequate health care safety net.

4. Ensure affordability for patients.

A universal coverage system must be affordable for low-income patients. Premiums, co-payments and payment for uncovered but necessary services or medications must be reasonable and affordable for low-income families and individuals, including consideration of the high cost of living in our state. Placing too high a cost-sharing burden on low-income families will impede access to care and force families out of participation in a universal coverage system.

5. Support and improve the health care delivery system.

The promise of universal coverage can only be achieved through a strong and stable delivery system. In addition to addressing the health care financing and insurance side of the equation, a universal coverage system must also address the health care delivery system. Patients receive health care services from health care providers: doctors, hospitals, clinics, nurses, dentists and the like. Real access to health care can only be achieved if our health care delivery system provides high quality services when and where people need them.

Key factors that must be in place to support and improve the health care delivery system include:

- Investments in staff, technologies and systems to improve quality of care
- Adequate payments to providers to ensure service availability and access to care
- A viable health care safety net to meet the needs of vulnerable populations
- Support for the provision of high cost, highly specialized services that are essential to all Californians, such as trauma care, burn care and the training of medical residents
- Investments in health care workforce training to increase the number of nurses, pharmacists, laboratory and radiology techs and other needed health care professionals

6. Maintain an adequate health care safety net.

Expansions in health insurance coverage in the current and near-term political and fiscal environment may be incremental in nature, with millions of Californians remaining uninsured. Further, coverage expansions in the early stages of transition toward universal coverage will likely target healthier, politically popular populations (such as low-income working families) leaving high-risk, highly vulnerable patients (such as the mentally ill, homeless and substance abusers) uninsured until additional coverage expansions can be made in the future.

A stable and viable health care safety net must be maintained to ensure access to care for uninsured and vulnerable populations. Some universal coverage proposals suggest using state funds that currently support the safety net to finance incremental coverage expansions. CAPH strongly opposes such action on the grounds that it will lead to dismantling of the health care safety net and hurt access to care for low-income and uninsured Californians. Here's why:

The health care safety net is already under-funded.

Diverting safety net funding to pay for incremental coverage erroneously assumes that current funding to the safety net is adequate. The safety net is already severely under-funded—public hospitals and health systems face a cumulative budget shortfall of at least $3 billion over the next five years—and further erosion will harm safety net providers and the patients they serve.

There is already unmet demand for safety net services. In other words, more safety net services, not fewer, are needed.
That safety net funds could be diverted without negative consequences assumes that the total need and demand for safety net services is currently being met. To the contrary, there is tremendous unmet demand for health care services—including primary and preventive care and outpatient specialty services—among vulnerable and uninsured populations.

Millions of Californians will remain uninsured as we move toward universal coverage.
Given the current state budget crisis and political realities in health care, coverage expansions in the near term may be limited, leaving many Californians uninsured and with ongoing need for a viable health care safety net to serve their health needs. Anything short of 100 percent universal coverage will require the continued existence of the health care safety net.

CAPH is extremely concerned that the substitution of coverage funding for safety net funding will destabilize an already fragile health care safety net, thereby diminishing access for entire communities to critical services.

Prior to the adoption of any program of universal coverage that would use safety net funds to finance expansions in coverage, a comprehensive study on the full impact of the proposal on access to care for patients and communities—both from a statewide and regional perspective—is essential. Measures should then be adopted as part of any universal coverage plan to ameliorate negative impacts on access to care for the patients and communities who rely on, and will continue to rely on, the safety net. For example, a universal coverage plan could include "bridge" financing to maintain a stable health care safety net until complete and total universal coverage is achieved.

7. Provide adequate funding to support universal coverage.

It is critical that the state ensure that a universal coverage system is adequately funded. Although funding may be available from a variety of sources and programs, and some elements of a universal coverage plan may achieve cost savings, additional funds will be needed in some form to truly solve the problem of the high number of uninsured in our state. Without a real commitment to providing the necessary funding to support universal coverage, such a system will not achieve the promise of ensuring access to needed health care for all Californians.

Conclusion: Two-Pronged Approach Needed to Achieve Universal Access

Achieving universal coverage is an extremely difficult but essential step our state must take to ensure access to needed health care for all Californians. As we strive to move to a system of full and complete universal coverage, many challenges lie ahead an in the process millions of not-yet-covered individuals will remain uninsured. As such, efforts to expand coverage must be balanced against the need to ensure access to care for those who remain uninsured during the transition to universal coverage. ***In other words, the road to universal coverage is paved with a combination of health insurance expansions and maintenance of a stable and viable health care safety net.*** Any universal coverage plan, therefore, requires a two-pronged approach of coverage expansions and ongoing support of the health care safety net.