

**Stay Well  
Afford Care  
Secure Coverage**

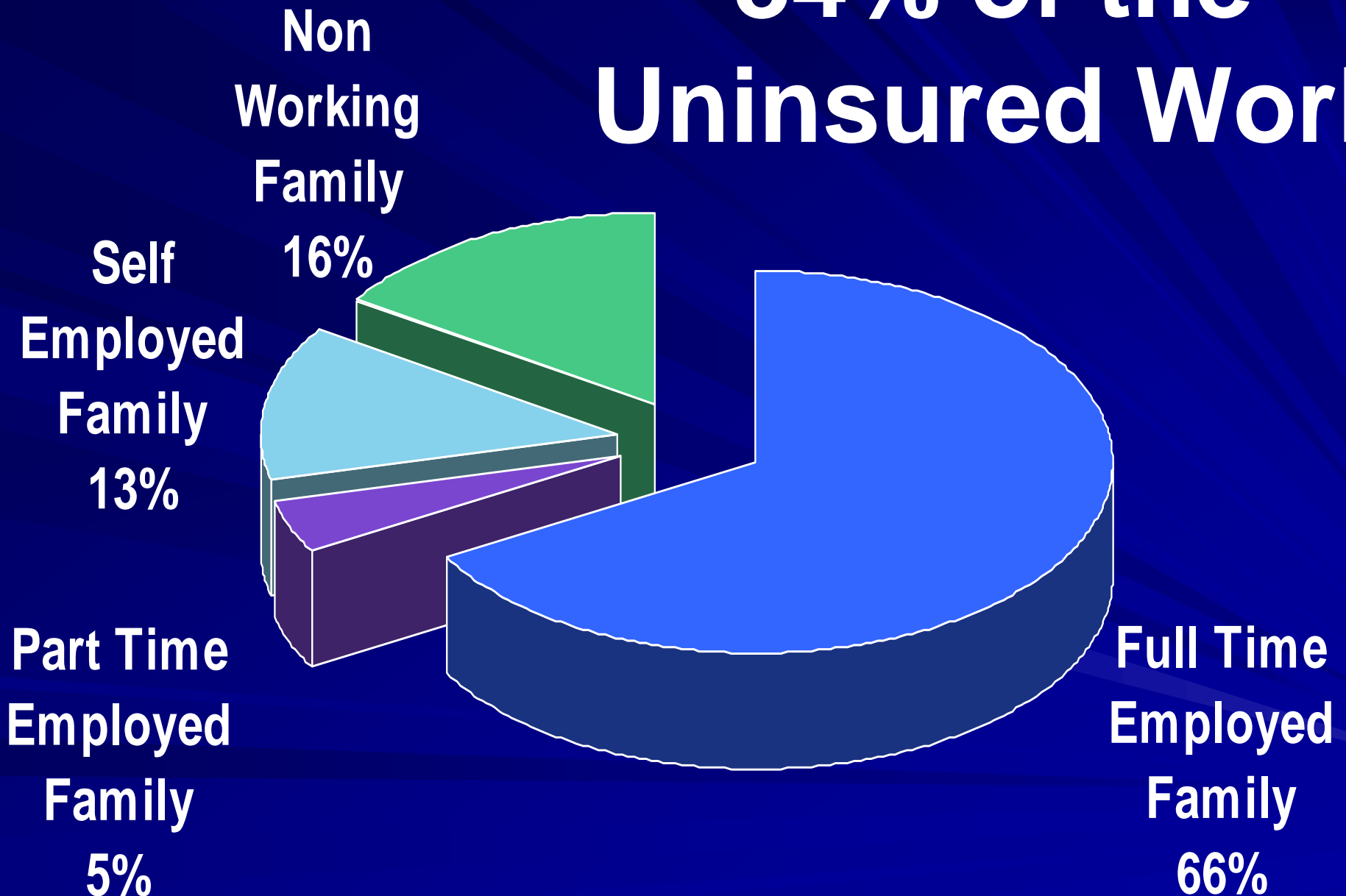
**Governor Arnold Schwarzenegger  
Health Care Reform Plan**

# **Our Broken Health Care System**

**6.5 Million Uninsured**

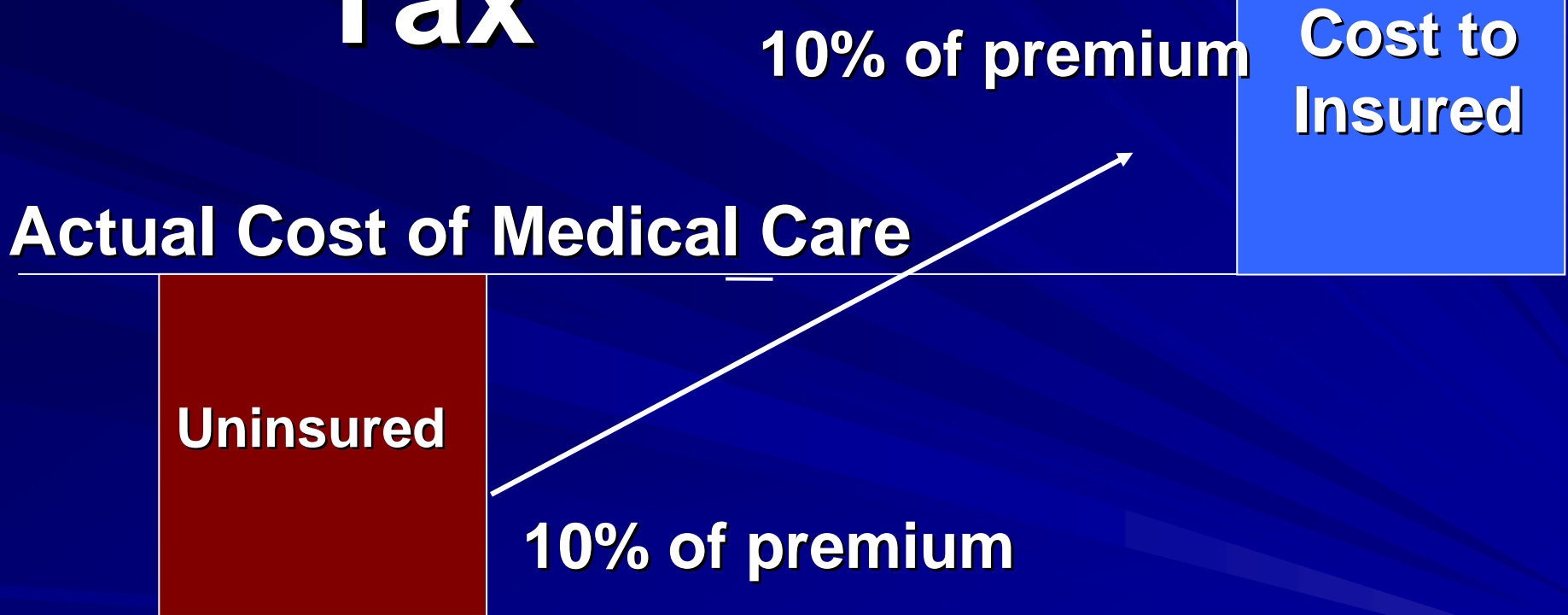
**20% of Population**

# 84% of the Uninsured Work

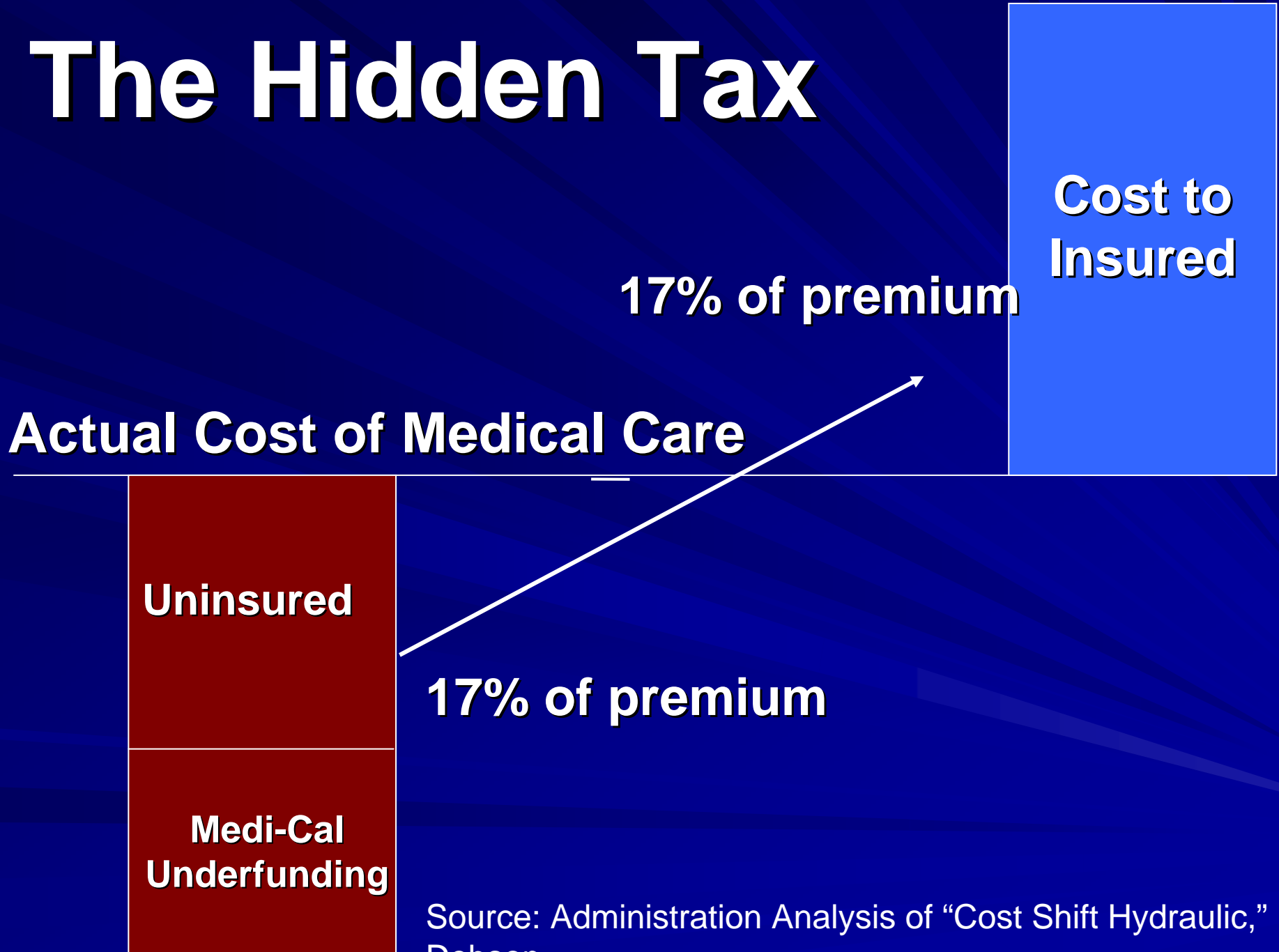


Source: California Health Interview Survey, 2005

# The Hidden Tax

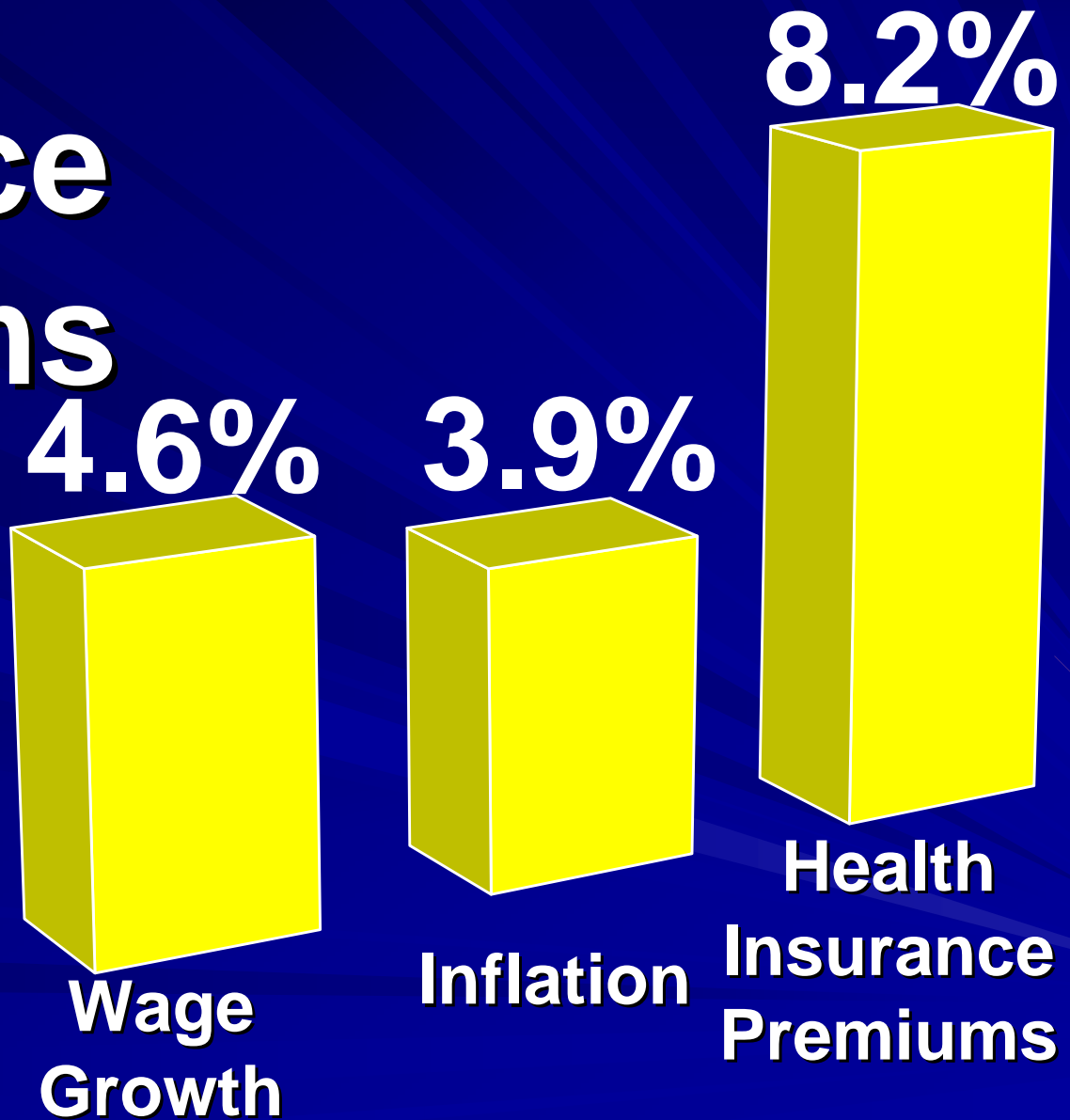


# The Hidden Tax



Source: Administration Analysis of "Cost Shift Hydraulic,"  
Dobson

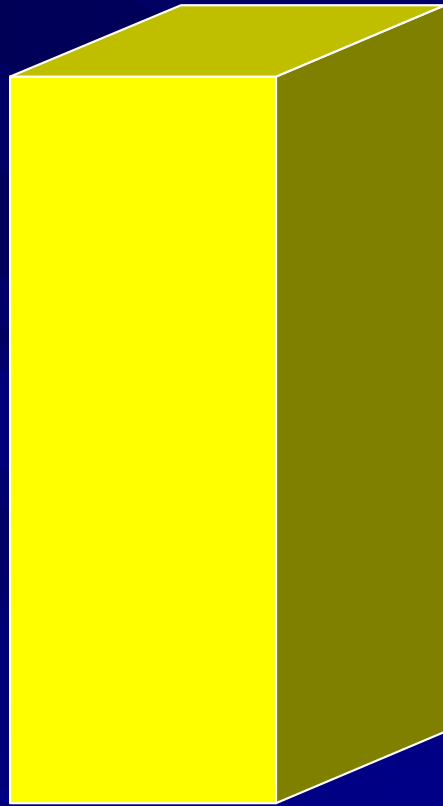
# Rising Insurance Premiums



Source: CA Employer Health Benefits Survey 2005, Dept. of Finance

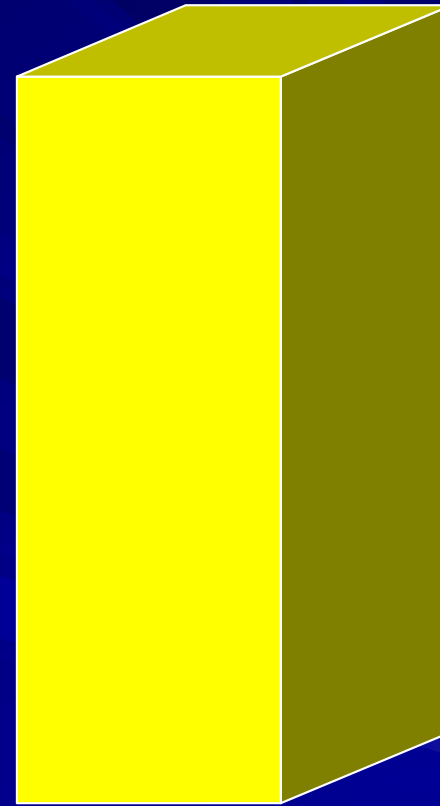
# Drivers of Cost: Chronic Diseases

**\$153**  
BILLION



**Cancer & Diabetes**

**\$151**  
BILLION



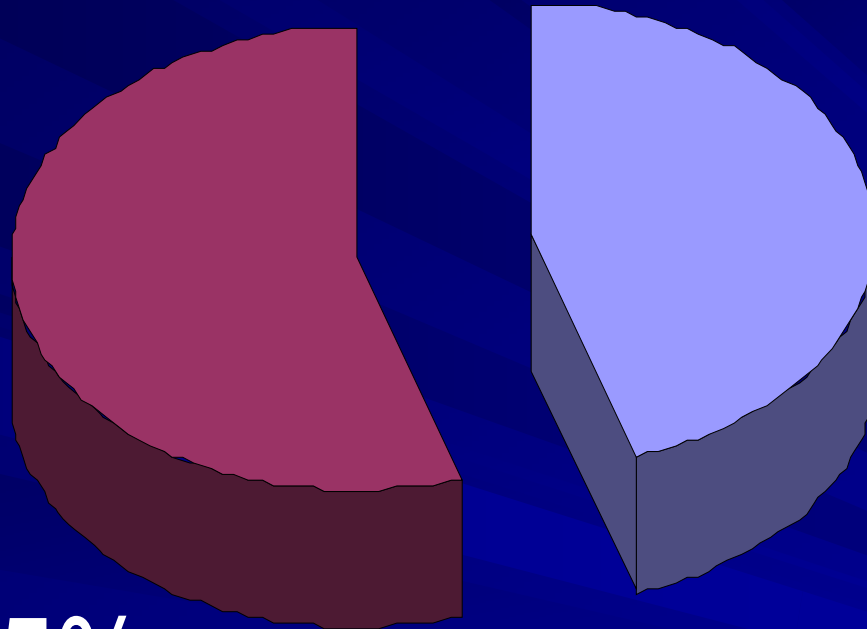
**Smoking & Physical Inactivity**

# Drivers of Cost: Medical Errors

**23,000 Deaths**

**Cost: >\$4 Billion**

# Uninsured: Financial Impact



54.5%

**Medical Cause for  
Bankruptcy**

44.5%  
**Other  
Personal  
Bankruptcies**

# Governor's Health Care Initiative

- **Prevention / Wellness**
- **Shared Responsibility  
/ Coverage for All**
- **Affordability**

# Prevention & Wellness

*Healthier State – Long Term Affordability*

- Offer consumers incentives and rewards
- Promote diabetes prevention and treatment
- Reduce medical errors
- Prevent obesity
- Continue tobacco control leadership

# Shared Benefit

## GOVERNMENT

Healthy, productive & economically  
competitive state

## EMPLOYERS

Affordable  
coverage  
  
Healthy,  
productive  
workforce

## INDIVIDUALS

Access to affordable  
coverage  
Health care security  
Healthier CA

## DOCTORS & HOSPITALS

Expanded insured  
population  
Fair compensation

## HEALTH PLANS

Expanded market  
Fair compensation

# **Fixing the Broken System**

**Creating an efficient, competitive  
market dynamic**

# Shared Responsibility

## GOVERNMENT

Promote functional health care market  
Provide access to affordable coverage  
Fairly compensate Medi-Cal providers

## EMPLOYERS

Support  
employee  
access to  
affordable  
coverage

## INDIVIDUALS

Obtain health  
coverage

## DOCTORS & HOSPITALS

Provide affordable,  
quality care  
Share cost savings

## HEALTH PLANS

Guarantee access to affordable coverage  
Pass along savings

# Affordability

- Support health promotion, prevention & wellness
- Accelerate adoption of health information technology
- Tie future Medi-Cal rate increases to performance measures
- Enhance health care quality & efficiency through transparency and performance measures
- Monitor & evaluate market function & costs and revise as necessary

# Framework for Reform

- Coverage for All
- Affordability
- Health and Wellness