

How to make healthcare more affordable in California? Two emeriti have a plan

By Cathy Cockrell

A timely new plan to help make healthcare more affordable in California was the focus of a webinar offered by the UC Berkeley Emeriti Academy Nov. 14. Professors Emeriti Richard Scheffler and Stephen Shortell -- longtime health-policy experts at UC Berkeley's School of Public Health -- showcased their ["Golden Choice" proposal](#), the steps they took to research, develop and test it, and the plan's potential health and economic impacts.

As a starting point, the professors noted that healthcare affordability is in a state of crisis. The cost of healthcare insurance in California, for example, has grown more than two and a half times faster than wages over the past decade. In a California Healthcare Foundation 2022 survey, 52% of Californians reported having skipped or postponed care because of costs. More than 1 in 3 Californians reported having medical debt; among respondents with lower incomes, more than half reported medical debt. The state of California in 2022 established an [Office of Health Care Affordability](#) in an attempt to address the underlying issues.

Efforts to establish a public-option health-insurance plan have not succeeded on the federal level. In response, many states and counties across the country offer, or are developing, their own programs to address the need for quality, affordable healthcare, including for the poorest. Golden Choice could be a leader among them, Scheffler and Shortell say. "The state should introduce a public option to compete with private insurance plans and drive down premiums," they wrote in a Sept. 19 *Los Angeles Times* opinion piece. "California is uniquely suited to pioneer this approach and has hard evidence that it will work."

How the Golden State is uniquely suited, they told webinar participants, is that it already has many medical groups and independent practice associations with experience working under the "capitation" model of care, where the healthcare provider is paid a set amount per enrollee -- risk adjusted based on the member's age, gender, health status, etc. -- rather than on a fee-for-service basis. (Shortell calls the latter an "illness system," creating financial incentives to

treat illness and admit people to the hospital, rather than ones “to keep people well” and continually improve care.)

Scheffler and Shortell’s analysis shows that capitated plans produce better-quality healthcare at significantly lower total costs. Their research indicates that the Golden Choice plan, based on this model of care, would be the lowest-priced option in 14 out of the state’s 19 regional insurance marketplaces.

They cited the [L.A. Care Health Plan](#), Los Angeles county’s health-insurance option, as proof of concept. Listed since 2014 on the state’s insurance exchange, L.A. Care premiums became the lowest priced option for L.A. County residents in 2018, and competing plans have lowered their prices to compete. Enrollment has grown accordingly, reaching 125,000 last year. As of 2022, estimated savings because of L.A. Care were \$345 million.

“Because of our unique status as a public entity, we aren’t accountable to shareholders but to our community,” L.A. Care’s Cristina Inglese told webinar participants. “L.A. Care does support a public option plan in California,” she affirmed, “and we believe we’re the right model to demonstrate that it can be successful.”

“We must think about what ‘affordability’ means in one of the richest states in one of the richest countries in the world,” noted respondent Crispin Delgado, executive director of the non-profit organization [Insure the Uninsured Project](#). All insurers “should keep equitable care and access central in their strategy to provide care in California,” he said.

The health-policy webinar attracted a number of campus student groups focusing on health and health equity, in addition to emeriti and staff.

Cathy Cockrell is a UC Berkeley retiree. She worked for many years as a writer and editor for the campus Office of Communications & Public Affairs.