Opinion: Calif. healthcare bill is financial folly

By Ted Gaines

Are you ready for California to double your taxes? What about triple or quadruple them? A bill currently making its way through the state Legislature could push tax rates up beyond imagination, making us tax serfs to the state, and driving hundreds of thousands of jobs out of California.

Senate Bill 562, the California Healthcare for All Act, proposes to ban private insurance coverage and force every citizen in the state into the equivalent of the Medi-Cal system we provide for the poor and disabled, where state-provided healthcare would be the only option. The costs would be staggering.



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A recent analysis by the California Senate Appropriations Committee estimated that implementing SB562 would set back California taxpayers $400 billion. This year's General Fund spending – including roads, schools, universities, prisons and more – is estimated around $124 billion. In a highly-taxed state that just recovered from years of massive deficits and still teeters on the edge of fiscal ruin, where is this additional taxpayer money supposed to come from? Four hundred billion is more than $10,000 a year from every man, woman and child in the state. Do most California families have that kind

of money laying around?

That extraordinary cost is consistent with estimates from other states and is the major reason that single-payer schemes have been voted down or abandoned before implementation. New York state is currently proposing its own SB562. In 2019, when New York's plan would be active, the state expects to collect $82 billion in taxes, but would need another $91 billion to pay for its single-payer scheme. New York, as is the case with California, will more than double its overall revenue. See a trend?

And that $91 billion number might be charitable. An analysis by healthcare expert Avik Roy concluded that New York's plan could cost $226 billion a year, nearly quadrupling the state's current tax collections, just to pay for healthcare, not government's other responsibilities. Roy estimates that the plan would jettison 175,000 jobs from the state, as "high-wage, high-value industries move to neighboring states" as a result. California, a much larger state, could shed hundreds of thousands of jobs under SB562's crushing fiscal mandate.

California's plan also proposes to pay for all care for all residents, regardless of whether they are in the state illegally, or whether they are here legally but just moved here to take advantage of the state's "free" medical care. California, already the king of the tax dollar giveaway, would become the hot new destination for immigrants and indigents seeking care, driving the costs even higher.

And, even if the costs were not fantastically, impossibly high, SB562 presents other problems for California healthcare. Our state suffers from a shortage of healthcare providers, particularly in rural and inner-city areas, a condition that would only be intensified by the provider rate caps in the bill.

Single-payer systems are also prone to deadly wait times since

they ration care to reduce costs.

The United States is a medical innovator and California is the nation’s bioscience hub. That will disappear in the price-controlled, socialized system California legislators are trying to dump on the people. Price caps, a key component of single payer plans, spell doom to medical innovation.

Remaking the entire healthcare system is a terrible idea if the reform is going to make healthcare slower, less innovative, and wildly more expensive.

SB562 is an ill-advised plan with unpayable costs that would make California taxpayers sick.

Ted Gaines represents the 1st Senate District, which includes all or parts of Alpine, El Dorado, Lassen, Modoc, Nevada, Placer, Plumas, Sacramento, Shasta, Sierra and Siskiyou counties.