



The California Healthcare Crisis

*Impact
On
California
Economy
And
Budget*

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Declining Employer Coverage and Rising Number of Uninsured

- 6.72 million uninsured in California today. Half are workers, and over 80% are working family members.¹
- This represents a rise of 437,000 from the previous year.²
- The number of workers covered by an employer health plan declined by 132,000 between 2001 and 2002.³
- Twice as many firms reported workers declining coverage due to high share of premium costs in 2002 as compared to 2001.⁴

Budgetary Impact of Inadequate Employer Health Coverage

- Medi-Cal enrollment increased by **572,000** between 2001 and 2002 – as employer based coverage fell¹
- 55% of current Medi-Cal enrollees are working family members²
- Enrollment of Working family members is costing state taxpayers **\$2.8 billion**³
- “Uncompensated care” in California amounts to **\$4.5 billion**, and is largely paid by taxpayers⁴
- A total of **\$7.3 billion** dollars in taxpayer expenditure from lack of sufficient health coverage

Sources ... 1,2,3: Dube (2003) using March 2002 CPS and administrative data from State of California DHS; 4: our calculations use data from National Health Statistics Group to update uncompensated care estimate in Finocchio et. al. (2003) [Finocchio, Leonard et. al. (2003) “Reassessing Hospital Uncompensated Care in California: Implications for Research and Policy” CPRC Brief, Vol.15, No.3]

Productivity Impact Of Healthcare Crisis

- Lack of adequate insurance lock workers in “bad matches” – **180,000** California workers do not change to more productive jobs each year for this reason¹
- Job lock in present day California results in at least **\$770 million** in productivity loss²
- Lack of adequate insurance increases the risk of health problems ... **12,000** workers leave the labor force for this reason each year³

Sources ... 1,2: Dube(2003) based on matched March CPS 2000-2002; 3: Dube (2003) based on matched March CPS 2000-2002

Labor Policy Proposal

- **SB 2 , Health Care for Working Families**

This bill would ensure that all workers and their families have health insurance. The bill states that employers can choose either to provide health insurance to their employees or to pay into a statewide employers' pool that would purchase insurance for workers and their families at an affordable group rate.