

Talking Points: Why SB 840 is Good for Employers

- The unstable and rising cost of health insurance has no end in sight. Single payer nations around the world have been much better at slowing the growth in health care spending as has our own single payer health care system, Medicare. The Los Angeles Business Journal wrote that “a majority of [small business owners] sampled in a new survey support a government run program similar to the one used in Canada” (52% either strongly or somewhat supported).
- SB 840 provides efficient and affordable health insurance coverage of good quality to all Californians without increasing spending. This model is the only model that uses the essential financial principles allowing the state to control health care inflation without reducing quality and provide a good benefits package to all residents. The Lewin study estimates that this model could save \$8 billion in the first year.
- SB 840 will take the exclusive onus off employers to provide insurance. SB 840 reduces the cost of health care for employers by replacing rising premiums with a stable low-percentage payroll tax that will be lower than premiums that employers now pay.
- SB 840 will eliminate the costly burden of annually determining a health benefits package for their employees.
- The United States, while spending \$7,000 per person/year, spends at least 20-30% of that on administration. Single Payer nations spend less than half what we spend and spend only 5-10% on administration. SB 840 limits *in statute* administrative costs to 5% of the health care budget. It is employers who pay the cost of wasteful administration in increased health insurance premiums.
- The employer payroll tax that replaces premiums will be less than the premiums that they now pay. Health care costs will consist of a low percentage payroll tax rather than steeply rising health insurance premiums; this will offer greater stability and will work. The recent Lewin study estimates that all employers currently providing any level of coverage to at least 80% of their workers will save substantially.
- SB 840 will ensure that no small business owner will be left without health coverage. Many small business owners are stuck with inadequate insurance or no insurance for themselves and their families because their profit margins are too slim to allow it.
- Under SB 840, the medical component of workers compensation that makes up half the cost of WC could be integrated into the health care system reducing lawsuits and reducing the significance of whether an injury occurred on or off the job.
- Employers who do not currently pay for their employees' health insurance now will still realize the savings in worker's compensation cost reduction and the benefits of increased productivity.