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HEADLINE: Legislators Seek Health Plan Compromise

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BODY:

Trying to forge a consensus among dozens of powerful special interests, the Legislature will begin work next week stitching together a plan to extend health care coverage to 5 million uninsured Californians.

The starting point is two major bills scheduled for unveiling next week which call on businesses to pay for most of the health insurance costs of their employees and their families.

Each plan tries to soften the economic blow in different ways, including government subsidies paid for with a hefty tax increase on business.

The problem is that businesses, labor unions, insurance companies, doctors, lawyers, hospitals, and health care providers all have different stakes in the issue, making compromise difficult.

"It's possible we'll reach a solution, although I'm not holding my breath," said Senate Republican leader Ken Maddy of Fresno, the author of one of the two bills. "But each year we do nothing, the situation just keeps getting worse."

TWO PLANS

Maddy's bill is a plan created by the California Medical Association that proposes \$ 2 billion in new taxes to help low-income workers pay their share of health insurance costs and increase the money paid to doctors and hospitals by Medi-Cal, the state's health care program for the indigent.

On the Assembly side, Speaker Willie Brown and Assemblyman Burt Margolin, D-Los Angeles, are pitching a bill incorporating the recommendations of a task force convened by Governor Deukmejian.

When the task force presented its findings to Deukmejian earlier this month, he backed away from it, saying there was not an agreement among the various groups involved. But Brown said he sees the document as a strong starting point for negotiations.

During the next five months, Brown says he hopes Margolin can strike a bargain with the special interests and mesh the Senate and Assembly proposals into one acceptable plan.

MARGOLIN'S ROLE

The choice of Margolin to spearhead the Assembly health care effort was not accidental, Brown said.

Against strong odds, Margolin fashioned a comprehensive overhaul of the state's troubled workers' compensation system last year which affects many of the same special interests as health care.

The goal of the two plans is the same. Reduce the number of Californians without health insurance and thereby reduce spiraling health care costs.

"There are millions of people who have no one to pay for their care and the cost of that care is passed on to the other players in the system," said Margolin. "Businesses are suffering from 18 to 20 percent premium increases each year."

The two health care packages have almost identical demands on employers. Each orders businesses to pay 75 percent of the costs of an employee's premium or 50 percent of the premium cost for family coverage.

Employees pick up the rest of the tab, including paying the deductible for treatments. Brown said he would like to see the employer share of family premiums increased.

Brown and Margolin's bill mandates that all employers -- even self-employed workers -- have coverage. Maddy's bill does not order coverage, but it forces businesses to pay a high fee if they do not.

Business tax credits would be used to soften the hardship of the added premium costs under both plans.

LOW-INCOME WORKERS

Where the plans differ is in how to help low-income workers pay their share of premium costs. The plan by Brown and Margolin envisions using existing state money to pay the subsidy. Another option in the task force's recommendations is to let workers pay to be covered by Medi-Cal.

Maddy's bill contains a series of tax increases including a 17-cent tax on alcohol served at restaurants and bars. A quarter cent sales tax increase is also included as well as 50 percent surcharges on drunk driving and drug use fines.