

**REPORT OF THE  
CHIEF LEGISLATIVE ANALYST**

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DATE: October 24, 2019

TO: Honorable Members of the Rules, Elections, and Intergovernmental Relations Committee

FROM: Sharon M. Tso   
Chief Legislative Analyst Council File No: 19-0002-S157  
Assignment No: 19-10-0951

SUBJECT: Medicare for All

CLA RECOMMENDATION: Adopt Resolution (Wesson – Blumenfield – Bonin – Harris-Dawson – Koretz – Martinez – Ryu) to include in the City’s 2019-2020 Federal Legislative Program SUPPORT for HR 1384 (Jayapal), the Medicare for All Act, which would expand health care coverage, eliminate health care disparities, and lower the cost of health care for all United States residents.

SUMMARY

HR 1384 (Jayapal), the Medicare for All Act, would expand the cost-effective and efficient government-sponsored Medicare program to finance and provide comprehensive, high-quality health care for every resident of the United States (US). The Medicare for All Act would eliminate all costs for premiums, deductibles, co-pays, and other out-of-pocket costs that cause financial hardship for tens of millions of US residents every year. It would also allow the Department of Health and Human Services to negotiate lower drug prices, which is already a common practice in many countries around the world.

The Resolution recommends support for HR 1384 (Jayapal), the Medicare for All Act.

BACKGROUND

Medicare is a national health insurance program that provides health insurance for roughly 60 million individuals in the United States. More than 52 million of those insured by Medicare are over 65 years old. Medicare is administered by the Centers for Medicare and Medicaid Services (CMS), a component of the United States Department of Health and Human Services (HHS).

The Resolution notes that approximately one-third of US adults go without recommended care because of costs, and nearly three million Californians are uninsured. The Medicare for All Act would eliminate all costs for premiums, deductibles, co-pays, and other out of pocket costs for medical care. It would fully cover all medically necessary care, such as mental health, hearing, vision, dental, emergency, outpatient, inpatient, rehabilitative and long term, substance abuse treatment, medical devices and pharmaceuticals. Additionally, patients would be allowed to choose doctors without having to consider health care provider networks.

Since the introduction of the Resolution on August 23, 2019, all of the Community Impact Statements submitted by Neighborhood Councils have been in support of the Resolution. The

Resolution also notes that public opinion polls have found that more than 70 percent of US voters support a national Medicare for All program.

According to the 2019 Los Angeles City Council Districts Economic Report, the health care industry employed 291,000 Angelenos, the most of any industry as of Quarter 3 of 2018. It is not immediately clear how many of these workers would be displaced by the elimination of private health insurance, but HR 1384 provides a five year period where one percent of the national health budget can be used for programs to assist health insurance workers that are displaced as a result of Medicare for All.

Many City departments and employee labor organizations have a hand in the design and administration of City employee health benefits. Presently, the City's Medicare Contributions are administered by the Office of the Controller. The City and its employees are required to make matching contributions of 1.45 percent of gross wage earnings. The Fiscal Year 2019-20 Budget provides \$55.9M for Medicare Contributions.

The Personnel Department administers the City's LAwell Program, which provides a wide variety of benefits for active City civilian employees and their qualified dependents, including medical, dental, life insurance, disability insurance, accidental death and dismemberment insurance, tax-advantaged spending accounts, an employee and family assistance program, vision benefits, and wellness services. The Department of Water and Power administers benefits to its own employees. Los Angeles Police Relief Association, the Los Angeles Firemen's Relief Association, the United Firefighters of Los Angeles City, the Los Angeles Police Protective League, and the International Brotherhood of Electrical Workers Local 18 are also currently authorized by the City to administer benefits plans to eligible City employees.

The Los Angeles City Employees' Retirement System, Los Angeles Fire and Police Pensions and Water and Power Employees' Retirement Plan administer health benefits to retired City employees, both before and after they are eligible for Medicare.

If passed, HR 1384 would yield significant impacts to the City's administrative operations with respect to health benefits. The Personnel Department advises that moving to a Medicare for All program, to the extent it would alter the structure of City civilian employee benefits previously negotiated through the City's Joint Labor-Management Benefits Committee, or negotiated within civilian and sworn employee MOUs, would require further discussion between labor and management in the appropriate venues.

When contacted for comment, the Los Angeles Fire Department (LAFD) noted that support of HR 1384 is not likely to negatively impact General Fund revenues particularly given the historically high rate of LAFD transport patients with no medical coverage altogether.

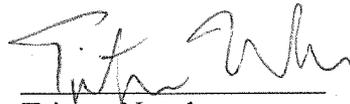
If desired, a more comprehensive report with input from the relevant departments could be requested to discuss the impacts that a Medicare for All program would have for the City operations with respect to health care, including the effects it would have on City employment, the benefits offered to employees, health plan administration, and fiscal impacts.

DEPARTMENTS NOTIFIED

Personnel Department  
City Controller  
Los Angeles Police Department  
Los Angeles Fire Department  
Department of Water and Power  
City Administrative Officer  
Water and Power Employees' Retirement Plan  
Los Angeles City Employees' Retirement System  
Los Angeles Fire and Police Pensions

BILL STATUS

02/27/19 Introduced.



Tristan Noack  
Analyst

SMT:tcjn  
Attachment: Resolution

RESOLUTION

RULES, ELECTIONS, INTERGOVERNMENTAL RELATIONS

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations, or policies proposed to or pending before a local, state, or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, the current United States health care system fails to provide quality, affordable health care to every US resident and wastes hundreds of billions each year in unnecessary administrative costs; and

WHEREAS, the United States spends nearly twice as much per capita on health care costs as other comparable countries yet achieves significantly lower health outcomes, including life expectancy and infant mortality rates, among others; and

WHEREAS, the United States spends more than \$300 billion each year on prescription drugs, leading to record profits for pharmaceutical companies at the expense of the financial and physical wellbeing of working families; and

WHEREAS, patients in the United States – even those with insurance – face financial barriers to health care, and are often faced with choices between not accessing the care they need or cutting back on food and/or other basic items, or depleting their savings to pay for medical bills; and

WHEREAS, despite the Affordable Care Act resulting in significant increases in health care coverage for US residents since its original passage, tens of millions of US residents still remain uninsured, including nearly 3 million Californians; and

WHEREAS, approximately one-third of US adults go without recommended care, do not see a doctor when they are ill, or do not fill a prescription medication because of costs; and

WHEREAS, currently pending in Congress is a bill, The Medicare for All Act (HR 1384) which would expand the cost-effective and efficient government-sponsored Medicare program to finance and provide comprehensive, high-quality health care for every resident of the United States; and

WHEREAS, The Medicare for All Act would eliminate all costs for premiums, deductibles, co-pays, and other out-of-pocket costs that cause financial hardship for tens of millions of US residents every year; and

WHEREAS, The Medicare for All Act would significantly reduce the cost of prescription drugs by authorizing Medicare to negotiate lower drug prices in a similar fashion as many countries around the world; and

WHEREAS, various studies have estimated that the US would save between \$2 trillion and \$5 trillion over the next decade under a Medicare for All program, based on spending projections under the current system, due to major savings in administrative costs, lower prescription drug prices, and improved efficiency of the health care system, and;

WHEREAS, public opinion polls have found that more than 70 percent of US voters support a national Medicare for All program; and

WHEREAS, health care is a fundamental human right that should be guaranteed to all US residents;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2019-2020 Federal Legislative Program SUPPORT for HR 1384, The Medicare for All Act, which would expand health care coverage, eliminate health care disparities, and lower the cost of health care for all US residents.

2019

PRESENTED BY: Herb J. Wesson, Jr.  
HERB J. WESSON, Jr.  
Councilman, 10<sup>th</sup> District

SECONDED BY: [Signature]

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