



## The Need for Federal Health Reform in California's Central Valley

California's Central Valley counties have some of the highest rates of uninsurance, unemployment, and poverty in the state, and also confront some of the most significant public health and healthcare workforce issues.

Lack of health insurance, unemployment, poverty, air pollution, and health care workforce shortages undermine the economic security and quality of life for every resident of the Central Valley, rich, poor or middle class. Lack of affordable coverage contributes to foreclosures and bankruptcies, as well as to healthcare workforce shortages.

As a result, residents of California's Central Valley have much to gain through federal health reform, including more affordable coverage options, new investments in health care infrastructure, and improving the health and quality of life of Central Valley residents. The opportunities in health reform for the Central Valley are key to its future health.

### ➤ Ensuring coverage is affordable

Residents of the Central Valley counties have been hit hard by the economic downturn, high unemployment and low incomes—and that has made it more difficult for them to obtain coverage (see Table). Medical debt resulting from a lack of insurance and lack of affordable coverage have contributed to over 60 percent bankruptcy filings in 2007 and has, in part, precipitated the foreclosure crisis in the Valley.<sup>1</sup>

The economy of the Central Valley is dependent on a disproportionately large number of self-employed and small businesses. Californians who are self-employed and small businesses will benefit disproportionately from health reform—and that will help the economy of the Central Valley. Under reform, those who are self-employed and small businesses would be able to buy coverage on a guaranteed issue basis and do so through an exchange that would give them the power of bulk purchasing that the largest businesses have today.

Californians who purchased coverage on their own have seen recent premium rate increases of up to 39 percent.<sup>2</sup> And for those Central Valley residents lucky enough to have access to employer-sponsored coverage, premiums have grown more than 117 percent since 2002 -- four times the increase in California's overall inflation rate.<sup>3</sup> This year alone some small businesses have faced premium increases of as much as 76 percent.<sup>4</sup>

Federal health reform would make coverage affordable for families by capping out-of-pocket costs and offering tax credits so that a family pays on a sliding scale basis, no more than 9.5 percent of their income in health insurance premiums—and less as a family goes lower on the income scale. California as a state, and the Central Valley especially as a region, has a disproportionately large proportion of workers and their families being paid at less than median income, that need the financial assistance from health reform to be able to afford coverage.

In the Central Valley, 39 percent of uninsured residents, those earning up to 400 percent of the federal poverty level (\$73,240 for a family of three in 2009), will be eligible for subsidies



that will allow them to obtain quality coverage in the Exchange.<sup>5</sup> In total, almost 2.2 million uninsured Californians under 400 percent of the federal poverty level will be eligible for those subsidies.<sup>6</sup>

Tax credits will be available to the more than 175,000 Central Valley small businesses (with fewer than 50 workers) to make it possible to offer affordable coverage to their employees.<sup>7</sup>

Finally, federal health reform will create new authority to review premium rate increases in order to avoid unreasonable and unjustified rate increases in the future, like those proposed in California by Anthem Blue Cross this year.

### ➤ **Bringing more Californians into coverage**

Over 750,000 residents of the Central Valley<sup>8</sup> and over 7 million Californians (and counting) live without health insurance.<sup>9</sup> An estimated 400,000 to 800,000 Californians statewide who want to buy health insurance on their own are unable to secure health coverage at any price.<sup>10</sup> Millions more cannot afford coverage on their own.

Federal health reform would expand current coverage by expanding Medicaid (to 133 percent of the federal poverty level) and strengthening employer coverage. It would also create new coverage options through the creation of a Health Insurance Exchange. The expansion of Medi-Cal alone would expand coverage to 32 percent of the Valley's uninsured residents<sup>11</sup> and over 1.7 million uninsured residents statewide.<sup>12</sup> Almost 2 million more Californians would be eligible for affordability credits through the Exchange.<sup>13</sup>

Federal reform would end discriminatory activity by insurers, such as denying coverage and basing premiums on pre-existing conditions, which leave many Californians without coverage.

In total, over 80 percent (5.86 million) of California's uninsured would be eligible for coverage through Medi-Cal or the Exchange under President Obama's plan.<sup>14</sup> More than 60 percent of low-income Latinos and Asian-Americans as well as over 80 percent of low-income African Americans in California would also be eligible for coverage.<sup>15</sup>

### ➤ **Strengthening the health care workforce and safety net**

By expanding coverage to almost 500,000 uninsured in the Central Valley, health reform will dramatically increase the number of paying customers for providers, making it financially feasible for hospitals to expand and doctors to locate there.

The Central Valley is one of California's fastest growing areas, with some estimates that the population will grow by at least one million people every decade until 2050.<sup>16</sup> This population growth will put additional strain on the Valley's already fragmented health care infrastructure and the aging and inadequate supply of physicians, especially primary care physicians.<sup>17</sup> Rural areas of the Valley face especially difficult challenges sustaining a stable supply of health care providers, in part because payment rates are significantly less in rural areas.<sup>18</sup> Health reform will help to address this by expanding coverage and making it more affordable.

It is critically important that investments are made in the Central Valley's health care infrastructure and safety net, including the more than 120 community clinics in the area.<sup>19</sup> This would be helpful for the approximately 280,000 residents of the Central Valley<sup>20</sup> who



may continue to be uninsured (primarily due to income or immigration status).<sup>21</sup>

Federal health reform would address the training and workforce needs of the Central Valley by targeting resources to particularly underserved areas, investing in the education of health care professionals, and promoting health information technology. President Obama recognizes the importance of the health care safety net, especially for growing and rural communities like those in Central Valley, and thus his proposal invests \$11 billion nationally in community health centers.

➤ **Improving health and quality of life**

The Central Valley has some of the nation’s worst air pollution, leading to alarmingly high rates of asthma that are much higher than state and national averages.<sup>22</sup> In addition to asthma, Central Valley residents suffer from high rates of chronic disease, including diabetes, obesity and coronary heart disease.<sup>23</sup> These conditions can severely affect a person’s quality of life and carry a significant economic cost, such as through unnecessary hospitalizations and emergency room visits. These conditions can appropriately managed if health care is affordable, available, and continuous.

Federal health reform promotes healthier living and better health care by encouraging the use of preventive and primary health care, promoting effective and proven treatments/interventions, and funding public health demonstration programs. The individual and collective health of Central Valley residents could be drastically improved by the new investments in public health and emphasis on prevention.

The data in the table below show why the Central Valley needs health reform. Compared to the state as a whole, most counties in the Central Valley have higher uninsurance, higher unemployment rates, lower median incomes, and higher incidence of chronic disease. These contribute to the challenges that Valley residents and businesses face in obtaining affordable health care coverage.

**Table 1  
Insurance, Labor, & Health Data for California and Select Central Valley Counties**

Area/County	Number Uninsured (0-64) <sup>24</sup>	Percent Uninsured (0-64)	Percent Unemployment <sup>25</sup>	Median Household Income <sup>26</sup>	Rank of Health Outcomes (out of 58 counties) <sup>27</sup>	Prevalence of childhood asthma (0-17) <sup>28</sup>	Prevalence of adult diabetes (18-64) <sup>29</sup>
<b>California</b>	4,817,000	14.6%	12.1%	\$61,017	N/A	15.4%	7.2%
<b>Fresno</b>	127,000	15.6%	16.8%	\$45,534	41	19.2%	10.7%
<b>Kern</b>	125,000	17.6%	15.8%	\$44,716	51	22.3%	7.6%
<b>Kings</b>	22,000	17.8%	17.1%	\$48,614	31	24.0%	7.9%
<b>Madera</b>	29,000	23.9%	15.4%	\$46,066	48	16.0%	5.7%
<b>Merced</b>	40,000	17.6%	19.8%	\$42,629	40	17.8%	5.0%
<b>San Joaquin</b>	94,000	15.7%	17.1%	\$54,350	38	20.4%	6.7%
<b>Stanislaus</b>	83,000	18.0%	17.5%	\$50,094	43	10.6%	8.4%
<b>Tulare</b>	70,000	18.3%	17.5%	\$44,383	49	15.6%	10.2%



- <sup>1</sup> D. Himmelstein, et al., "Medical Bankruptcy in the United States, 2007: Results of a National Study," *The American Journal of Medicine*, (2009).
- <sup>2</sup> See [www.sickofbluecross.com](http://www.sickofbluecross.com) and Healthreform.gov, "Insurance Companies Prosper, Families Suffer: Our Broken Health Insurance System," (2010).
- <sup>3</sup> California HealthCare Foundation, "California Employer Health Benefits Survey," (December 2009).
- <sup>4</sup> Victoria Colliver, "Health insurance hikes stun small businesses," *San Francisco Chronicle*, February 26, 2010.
- <sup>5</sup> Analysis of California Health Interview Survey by the UCLA Center for Health Policy Research.
- <sup>6</sup> K. Jacobs, et al., "The President's Health Reform Proposal: Impact on Access and Affordability in California," UC Berkeley Labor Center (February 2010).
- <sup>7</sup> Calculation based on data from the California Employment Development Department for 2008 3rd Quarter.
- <sup>8</sup> Based on analysis of 2007 California Health Interview Survey using the AskCHIS function.
- <sup>9</sup> See Health Access, "Resuscitating and Ailing Economy: Investing in Health Care," (May 2009).
- <sup>10</sup> Harbage Consulting, "Unavailable at Any Price: Why Many Californians Can't Buy Health Insurance at Any Price and the Urgent Need to Reform California's High Risk Pool," AARP (August 12, 2008).
- <sup>11</sup> Analysis of California Health Interview Survey by the UCLA Center for Health Policy Research.
- <sup>12</sup> K. Jacobs, et al., "The President's Health Reform Proposal: Impact on Access and Affordability in California," UC Berkeley Labor Center (February 2010).
- <sup>13</sup> K. Jacobs, et al., "The President's Health Reform Proposal: Impact on Access and Affordability in California," UC Berkeley Labor Center (February 2010).
- <sup>14</sup> K. Jacobs, et al., "The President's Health Reform Proposal: Impact on Access and Affordability in California," UC Berkeley Labor Center (February 2010).
- <sup>15</sup> California Pan-Ethnic Health Network "National Health Reform Proposals Hold Promise for California's Communities of Color," (November 21, 2009).
- <sup>16</sup> See population projections from the California Department of Finance, Demographic Research Unit.
- <sup>17</sup> "Fresno: Poor Economy, Poor Health Stress an Already Fragmented System," California Health Care Almanac by the California HealthCare Foundation (July 2009); and Great Valley Center, "Assessing the Region Via Indicators: Public Health and Access to Care," (2003).
- <sup>18</sup> I. Richardson, et al., "A Rural-Urban Comparison of Allied Health Average Hourly Wages," NC Rural Health Research and Policy Analysis Center, (January 2009); and California State Rural Health Association, "California Health Reform: What's at Stake for Rural Communities?" (August 2007).
- <sup>19</sup> Based on search by county of California Primary Care Association's Community Clinic Referral System.
- <sup>20</sup> J. Capitman, et al., "Undocumented Latinos in the San Joaquin Valley: Health Care Access and Impact on Safety Net Providers," California Program on Access to Care (August 2009).
- <sup>21</sup> K. Jacobs, et al., "The President's Health Reform Proposal: Impact on Access and Affordability in California," UC Berkeley Labor Center (February 2010).
- <sup>22</sup> California Breathing, "The Burden of Asthma in California: A Surveillance Report," (June 2007).
- <sup>23</sup> Great Valley Center, "Assessing the Region Via Indicators: Public Health and Access to Care," (2003).
- <sup>24</sup> Based on analysis of 2007 California Health Interview Survey using the AskCHIS function.
- <sup>25</sup> Based on preliminary data for December 2009, not seasonally adjusted, from the California Employment Development Department.
- <sup>26</sup> Data from 2008 American Community Survey data from the U.S. Census Bureau's Small Area Income and Poverty Estimates.
- <sup>27</sup> "County Health Rankings: 2010 California," Robert Wood Johnson, (February 2010).
- <sup>28</sup> Based on analysis of 2007 California Health Interview Survey using the AskCHIS function.
- <sup>29</sup> Based on analysis of 2007 California Health Interview Survey using the AskCHIS function.

This factsheet was prepared by Health Access, a statewide coalition of consumer, labor, ethnic, senior, faith, and other organizations that has been dedicated to achieving quality, affordable health care for all Californians for over 20 years. Please visit our website and read our daily blog at [www.health-access.org](http://www.health-access.org)



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