



Health Access Update

Updated: Thursday, December 16th, 2004

Election Wrap-Up: PROPOSITION 72

- *SB 2 Repealed, But Close Vote Creates Momentum for Future Reforms*
- *A Base to Build On: Over 5.7 Million Californians Vote for Health Care Expansion*

Proposition 72, to ensure that employees get basic health coverage on the job and to expand such coverage to a million more workers, was defeated by a vote of 49.2% to 50.8%, a razor-thin margin of 180,426 votes out of over 12.6 million cast. It was the closest margin of the sixteen initiatives on California's November 2004 ballot.

THE IMPACT: The result of this referendum means that SB 2 (Burton), which was passed by the legislature and signed into law last year, is repealed. This means large employers can (and will) continue to scale back health coverage to their workers, or drop it altogether.

Rather than take a significant step in reducing the number of uninsured, California is likely to see the number of uninsured increase, as well as other resulting problems in our health care system, such as emergency room and hospital closures. Taxpayers will still be asked to pay for the health care costs of the workers of Wal-Mart, McDonald's, and other large corporations that don't provide health coverage to all their workers, rather than having that money instead fund other Californians in need of health coverage.

BUILDING THE BASE FOR THE FUTURE: Despite the final outcome, health advocates should take solace and pride in how well we did in supporting Proposition 72, and in making it such a close fight. On election day, nearly half of the California electorate voted for health reform. Health advocates can build on this base of over 5.7 million people to win the reforms we so clearly need.

Candidates that get over 49% of the vote are expected to run again, better equipped to win. Exit polling suggests there are many potential voters that can be recruited to build onto that base, and that the electoral majority for comprehensive health reform is possible and achievable.

The campaign educated millions of voters that many large corporations don't provide health coverage to their workers or their families, and such corporate practices have consequences, not only for these working families, but for the taxpayer, the health care system, and society in general.

The election overall showed that health reform is a political asset, rather than a liability. Health-related propositions that did not have large funded oppositions won, even those that Governor Schwarzenegger opposed, such as the tax to fund mental health, and the children's hospital bond. Proposition 72 did the best of those ballot measure with funded opposition.

No incumbent Democratic legislator lost, even though they had all voted for SB 2, the legislative precursor to Proposition 72, and in many cases, ran on the issue. In part using health issues, including Proposition 72 and the cost of prescription drugs, Democrats retained their significant majorities in the Senate and Assembly.

SIGNIFICANT OBSTACLES: Supporters of health care reform faced many challenges and barriers with Proposition 72:

- *The opponents of health reform chose the time and the venue for this fight.* SB 2 was written and passed as legislation, and was never intended to be placed on the ballot, and not written with this in mind. The opponents placed this on the ballot, not the supporters.
- Due to the nature of the referendum, *supporters of SB 2 had the burden of getting a "yes" vote.* Generally, if voters are confused or undecided, they vote "no." In the history of California ballot propositions, only one-third (35%) have passed with a "yes" vote.
- *Proposition 72 had a well-funded opposition,* making the odds of passage even tougher and less likely. While we started ahead in the polls, we know that a funded opposition reduces the support of a measure significantly. The opposition, with the biggest fast-food and retail corporations in the country, spent over \$18.3 million to barely eke out their win. Prop 72 did the best of those measures that had oppositions with significant funding.
- The history of health reform is littered with ballot measures and legislative efforts that ultimately went down to defeat. While voters care about health care, *the subject is complex and easy for people to be scared about* their own health care issues and vote for the status quo. In the early '90s in California, Prop 166 got 32%; Prop 186 got 27%. From Earl Warren to Ken Maddy and Willie Brown in California, and from Truman to Nixon to Clinton nationally, this is the closest we have come to winning major health care reform for working people.
- By calling their coalition "Californians Against Government-Run Healthcare," the opposition against Proposition 72 signaled it would attempt to scare voters with outright distortions. Rather than engage in an honest debate about Proposition 72, the opposition used the *misleading arguments that were used to demonize health reforms in the past,* regardless of the substance of the proposal. They reprised the "Harry and Louise" ad that helped sink the Clinton health plan--and that wasn't the most misleading of the commercials. Another ad featured an actress talking about how the measure would impact "her" restaurant--even when the restaurant shown only employed 12 people and thus would be exempt even if it quadrupled in size.
- Since the passage of SB 2, California elected a new Governor, who devoted his media star power to advance a Chamber-of-Commerce message about economic insecurity, and against regulations, taxes, and employer responsibilities like worker's compensation insurance, all described as "job killers." This primed the electorate to accept this label when it was used to describe Proposition 72, and *Governor Arnold Schwarzenegger was featured in the advertisements* late in the campaign.
- Proposition 72's requirement on employers caused some *unusual allies* for the restaurant and retail opponents, including some school administrators, a few social service providers, and other employers that don't provide health coverage for all their employees. While there were very few of them, they were highlighted in the campaign. Another such opponent was newspaper publishers--which were scaling back their health benefits to their workers, and are dependent on advertising from retailers. Without disclosing their self-interest, *newspapers largely editorialized against the proposal.*
- Finally, the initiative fight was one of a long line of ballot measures, on a *crowded ballot overshadowed by a historic presidential election.* For a long time, it was hard to get attention from media and financial contributors on what was a historic opportunity for health reform. With "hot button" issues like stem cell research and "three strikes" reform also on the ballot, it was also hard to get voters attention to focus on this initiative, to look beyond sound bites and scare tactics. Even on the last day before voting, tracking polls indicated that the number of undecided voters was abnormally high.

THE COALITION TO WIN: Despite the odds, a diverse coalition of over 200 organizations came together to support Proposition 72. After they passed the bill, advocates did not plan for this fight, but once the gauntlet was thrown, they rallied around to support this important advance in health policy. The coalition in support of SB 2, with the leadership of the California Medical Association, the California Labor Federation, Health Access California, and many others, made new alliances with a range of health provider, community, religious, grassroots, labor, senior, ethnic, and constituency organizations. This was the first time that health reform was supported by all elements of the health community: doctors, nurses, consumers, hospitals, and even some health plans.

The organizations in support of Proposition 72 worked tirelessly, working to educate their members, expand the coalition, get local endorsements, garner media attention with rallies and press conference up and down the state, distribute flyers and E-mails, sponsor and write reports and fact sheets, translate materials, donate money, make phone calls, walk door-to-door in precincts, write letters-to-the-editor, and otherwise just do all that was asked of them. Much thanks should go to this incredible coalition, as well as to a lean campaign team that worked incredibly hard, led by Larry Grisolano and Josh Pulliam at The Strategy Group.

THE OPPOSITION: The opposition, led by the California Restaurant Association and the California Chamber of Commerce, raised over \$18.3 million dollars. But while the opposition was deep-pocketed, it wasn't widespread: over 82% of the opposition's money came from just the thirty contributors that gave over \$100,000.

Only restaurants and retailers mobilized their money against Proposition 72, donating nearly 85% of the opposition's funding. Retailers made up over 18%. Fast-food chains made up over 30% of the contributions, not including their umbrella group, the California Restaurant Association, the biggest contributor with over \$5 million. McDonald's and their franchisees gave over \$1.5 million in contributions. Other "top ten" donors that gave over \$400,000, include, in order: Yum! Brands (KFC, Pizza Hut, Taco Bell), Carl's Jr, Wal*Mart, Roundtable Pizza, Outback Steakhouse, Robinson-May, Sears Roebuck, and Macy's West. Other contributors that gave over \$200,000 are Target, CA Business Properties Association, Wendy's, Jack in the Box, Best Buy, El Pollo Loco, CA Chamber of Commerce, J.C. Penney, and Darden Restaurants (Olive Garden, Red Lobster)

THE MESSAGE: The opponents attempted to scare those with good coverage (the majority of voters) that Proposition 72 would negatively impact them and their health care, when in fact it would have made their coverage more secure. Doctors and nurses were credible spokespeople in stating that the proposal was not government-run health care, and in talking about the crisis in health care and the need for reform.

A lot of effort was spent to counter these scare tactics, simply explaining the concept, requiring large and medium size companies to provide health coverage to their workers, and capping the worker share of premium to 20%. The campaign also attempted to convey the notion that Proposition 72 simply set a standard for on-the-job health benefits, like the minimum wage does for pay. This analogy dismissed notions of that the measure would create a large government bureaucracy, and helped rebut the "job killer" argument, since minimum wage increases usually are followed by increases in employment, despite the dire predictions by their opponents.

The late focus on how taxpayers often have to pick up the cost of the health care of the workers of Wal-Mart and other large corporations helped cut through the clutter of the election season, and brought home the overall impact of the uninsured, and the fact that the uninsured are largely workers and their families.

FOR THE FUTURE: There is more to say about this campaign, and what it accomplished, in terms of the message, the money, the media, and the mobilization of the masses. Health Access and others will provide analyses and host convenings to review the lessons we learned for future fights.

Next time, we will win because we have to, because the health care system is unraveling. Employers are entering into a "race to the bottom" in terms of the health benefits they provide: in fact, in the past three years, there are five million more jobs in the country that no longer provide health coverage. With a newly hostile environment in Washington, DC, and state and federal deficits forcing budget cuts, our public insurance programs like Medicaid and Medicare, which provide coverage for millions of children, seniors, and people with disabilities, are under attack. More Americans are uninsured, and the health care system that we all rely on is overburdened, as we start to see hospitals, clinics, and emergency rooms close.

NEXT STEPS: The status quo is not an option. The opponents of Proposition 72 kept saying "right problem, wrong solution," but failed to ever provide their alternative. Health advocates always said that Prop 72 was only a piece of the puzzle. We need to continue with our multi-pronged efforts--to expand coverage for children, to control health care costs of prescription drugs, hospitals, and other sectors, to oppose budget cuts, to educate voters about the systemic problems in the health system, to organize broader and deeper than before--as well as continue to fight to ensure that employers keep their health care responsibility to their workers. California advocates are currently investigating how we might revisit this issue, in the legislature, on the ballot, or otherwise.

We understand that advocates and legislators in other states, including Massachusetts, Washington, Illinois, New York, and Maryland, are proceeding with their own health reforms, many of which borrow from the work in California. We hope that the results in California provide them with hope that this is a winnable issue, and we will support them in their efforts, with our expertise, and the lessons we have learned. Advocates can learn more at their websites, including:

- Massachusetts: <http://www.hcfama.org/index.cfm?fuseaction=Page.viewPage&pageId=422>
- Washington: <http://www.wacitizenaction.org/hc/hcwafams.htm>
- New York City: <http://www.nyhealthcaresecurity.org/>

Eight years ago, HMO consumer protections were defeated at the ballot box in California, by a wider margin. Yet in four years, most of what was proposed on the ballot in 1996 had been passed legislatively as the HMO Patient's Bill of Rights, creating the California Department of Managed Health Care. Also in that time, many out-of-state advocates had taken the concepts pioneered in California and worked to pass them in dozens of states around the country. A defeat at the ballot box, especially one this close, is often not the end of a fight, but the beginning.

When we finally win quality, affordable health care for all in California and the nation, the vote on Proposition 72 will be seen as a historic moment, when people and policymakers realized that health care reform is possible and achievable. Even if we had won, the fight would not have been over. For those who support of health reform, the effort has just begun.

An archive of materials, flyers, fact sheets, and advertisements for SB 2 (Burton/Speier) and Proposition 72 is available on the Health Access web site, at <http://www.health-access.org>. More analyses on the election will be forthcoming on that site as well. For more information, contact:

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