

Health Insurance History in the USA and California

In the 1920s doctors and hospitals began charging more than most individuals could easily pay. To close this gap, which worsened with the advent of the Great Depression, the administrator of Baylor Hospital in Dallas created a system that caught on elsewhere and eventually evolved into the Blue Cross system.

The Blue Cross system was essentially nonprofit health insurers who served local community organizations like the Elks. The success of the Blue Cross system persuaded commercial insurers, who initially considered medicine an unpromising market, to enter the field. Private insurers accelerated these efforts during the labor shortages in the 40s when businesses, seeking ways to get around wartime wage controls, tried to attract labor by offering health insurance.

The Blue Cross system, in their early days, charged everyone the same premium, regardless of age, sex, or pre-existing conditions. This was largely due to the nature of the companies, they were quasi-philanthropic organizations, and partly because they were created by hospitals and therefore interested mainly in signing up potential hospital patients.

After WWII, Harry Truman proposed a national health-care scheme, but opponents were able to defeat it by arguing that the nonprofit sector had the problem well in hand. In addition he was opposed by the American Medical Assn., which was determined to defend doctors' incomes against the threat of "socialized" medicine.

As more private insurers entered the market, however, they began to determine premiums by calculating relative risk, and avoided the riskiest potential customers altogether.

Additionally, large companies, which tend to employ significantly more young people

than old people, began to self-insure. The combined result was that people who really needed health care had an increasingly difficult time affording, or even getting, health-care insurance.

While health insurance coverage continued to grow during the 1950's, many workers, seniors and the unemployed were not covered. Political pressure at both the national and state level began to build for some form of universal coverage. In 1965 major legislation was enacted. With the passage of Titles XVIII (Medicare) and XIX (Medicaid), the federal government, almost overnight, assured comprehensive health coverage to 20 percent of the population.

In 1971 President Nixon proposed universal coverage through a mix of public and private programs. An opposing bill offered by Ted Kennedy, a perceived lack of public support as well as the escalation of the Vietnam War in Cambodia contributed to this bill's eventual demise.

As health-insurance costs rose during the 1970s and 1980s—health maintenance organizations, which had been around quite a while, began to proliferate, along with other managed-care plans. Like the Blue Cross systems, HMOs became victims of their own success. Initially they were mainly nonprofit, but once again businesses spotted an opportunity and for-profit HMOs displaced nonprofit HMOs. (According to Cohn, 12 percent of the market was served by for-profits in 1981; by 1997, the number was closer to 65 percent.) With their bottom-line approach to care, the for-profit HMOs were much more aggressive about denying treatments.

The Clinton Administration's health-care initiative was introduced in 1993 but collapsed a year later, after conservatives, physicians, and insurance companies mounted a well-orchestrated attack

To some extent, managed care kept cost increases in check during the early 90s, but eventually costs started rising again, leading to the current crisis. Today employers are reducing or eliminating health-care benefits for employees; hospitals are consolidating and becoming less accommodating to low-income patients as they are engaged in somewhat of a battle with insurers; and the portion of the population that has any health insurance is continually shrinking.

Healthcare History in CA

In 1945 Republican Governor Earl Warren introduces a bill to create a payroll-tax-funded single payer health insurance plan. The effort fails 39-38.

In 1937 Henry J. Kaiser (the largest defense contractor in California) hires physicians to provide medical care for workers and families. In 1945 Kaiser reorganized into a separate corporate structure -- Kaiser Permanente -- to provide medical care to employees of other companies.

Proposition 166, a doctor-sponsored ballot measure that would have forced California companies to provide health insurance to all employees working 17.5 hours or more a week was defeated 2 to 1, despite being ahead in the polls in the weeks leading up to the November 1992 election. A late and well-funded media blitz is believed to have killed the initiative.

In October 2003, then-Governor Gray Davis signed the Health Insurance Act (SB 2), a bill that would have required medium and large companies to provide health coverage to employees. The following year, a referendum repealed SB 2.

In 2005 the Legislature passes AB 772, universal health care for kids & AB 75, discount prescription drugs. Both bills are vetoed by Gov Schwarzenegger.

In 2006 the Legislature passes SB840, universal single-payer health care. This bill is also vetoed by Gov Schwarzenegger.

In 2007, late in the session, the Legislature passes AB8. Schwarzenegger wants many of his own proposals included in comprehensive health reform and announces he will veto the bill and call a special session to enact comprehensive health care reform. Lacking support for his healthcare proposals the Governor entered into negotiations with the

Speaker and late in the year they announced that they had reached a compromise and would introduce a new health bill, ABX1. The bill, which was slightly amended and is now known as ABX1 1, passed the Assembly and now must be passed in the Senate.