GLOSSARY

It has become obvious that those speaking about single-payer, universal healthcare and "Medicare for all" are using those terms interchangeably. These terms are not interchangeable and already have a set definition of what they are and what they are not.

As a result, a glossary of frequently used terms will help all involved in the discussion of the Healthy California Act or other single payer initiatives to use the correct terminology when referencing "single payer," "universal access to health care," "Medicaid" and "Medicare" among others.

CAPITATED RATE: Capitation is a payment arrangement for health care service providers such as physicians or nurse practitioners. It pays a physician or group of physicians a set amount for each enrollee assigned to them, per period of time, whether or not that person seeks care.

FEE FOR SERVICE: A payment model where services are unbundled and paid for separately. Doctors and other health care providers are paid for every service performed. Examples of services include tests and office visits.

GENERAL REVENUE TAX: Unallocated funds acquired through business and property taxation by state and local governments. These monies may be utilized for any purpose as received at the state and local levels of government.

GROSS RECEIPTS TAX: A gross receipts tax or gross excise tax is a tax on the total gross revenues of a company, regardless of their source. A gross receipts tax is similar to a sales tax, but it is levied on the seller of goods or service consumers.

MEDICAID: A joint federal and state program that helps people with low incomes and limited resources pay health care costs.

MEDI-CAL: The California Medical Assistance Program (Medi-Cal or MediCal) is California's version of the Medicaid program. Medi-Cal is a program that pays medical expenses for people with low income. This includes people who are aged, disabled, or have high medical costs. If you meet the requirements of the program, Medi-Cal will help pay for doctor visits, hospital stays, prescription drugs, rehabilitation, and other medical services. Some households will see affordable costs, such as a low monthly premium. For some Medi-Cal children, the monthly premiums are $13 per child up to a family maximum of $39 per month. In general, individuals in Medi-Cal will get the same health benefits available through Covered California at a lower cost.

MEDICALLY APPROPRIATE: A new term in the Healthy California Act, that is undefined in medicine as a standalone basis for approving medical treatment. Today, "medically appropriate"

is always linked with medical necessity, i.e., a medical treatment is both medically necessary and appropriate.

MEDICALLY NECESSARY: Health-care services or supplies that are medically necessary to diagnose or treat an illness, injury, condition, disease, or its symptoms and that meet accepted standards of medicine.

MEDICARE: Medicare is a federal program that provides basic health insurance to everyone over age 65, and people who are under 65 but are eligible for Social Security Disability benefits. Medicare has several "parts." It is important to note that Medicare does not automatically cover vision, dental, long term care or prescriptions. The Parts include:

- Medicare Part A, which is Hospital Insurance;
- Medicare Part B, which is Medical Insurance;
- Medicare Part C, most commonly known as Medicare Advantage plans;
- Medicare Part D, which is prescription drug coverage.

Generally, people who are over age 65 and getting Social Security automatically qualify for Medicare Parts A and B.

- Part A is paid for by Social Security taxes contributed by the taxpayer. It helps pay for inpatient hospital care, skilled nursing care, hospice care and other services. There usually is no cost for Part A. Medicare Part A is free to people because they are turning 65 and because they have pre-paid for it during their working lifetimes.

- Part B is paid for by the monthly premiums of people enrolled and by general funds from the U.S. Treasury. It helps pay for doctors' fees, outpatient hospital visits, and other medical services and supplies that are not covered by Part A. This year, the monthly Part B premium (which is deducted from an individual's Social Security payment) is $134.90.

- Part C (Medicare Advantage) plans allow an individual to choose to receive all of their health care services through a provider organization. These plans may help lower an individual's costs of receiving medical services or get extra benefits for an additional monthly fee. An individual must have both Parts A and B to enroll in Part C.

- Part D (prescription drug coverage) is voluntary and the costs are paid for by the monthly premiums of enrollees and Medicare. Unlike Part B (where the individual is automatically enrolled and must opt out if not wanted), someone desiring this coverage must specifically enroll in an approved Part D plan by filling out a form and submitting it to their insurer.

MEDICARE FOR ALL: A type of universal plan where basic coverage through an expansion of the federal Medicare program, but would still allow for the purchase of private insurance, as it

does currently and is administered by an insurance company not by the state. This is not what the Healthy California Act proposes. Healthy California Act proposes a single payer plan.

MEDICARE TAX: The Medicare payroll tax is 2.9%. It applies only to earned income, which is wages paid by an employer, plus tips. The employee is responsible for 1.45% of the tax, and deducted automatically from the employee's paycheck. The employer pays the other 1.45%. Income over $200,000 per year is taxed at a higher rate.

PAYROLL TAX: Payroll taxes are taxes imposed on employers or employees, and calculated as a percentage of the salaries that employers pay their staff. Payroll taxes generally fall into two categories: deductions from an employee's wages, and taxes paid by the employer based on the employee's wages.

PUBLIC OPTION: The public health insurance option, also known as the public insurance option or the public option, is a proposal to create a government-run health insurance agency that would compete with other private health insurance companies. The public option is not the same as publicly funded health care, but was proposed as an alternative health insurance plan offered by the government.

SALES TAX: The sales and use tax rate varies depending where the item is bought or will be used. A base sales and use tax rate of 7.25 percent is applied statewide on all consumers. In addition to the California statewide sales and use tax rate, some cities and counties have voter- or local government-approved district sales taxes added on top of the 7.25 percent.

SINGLE PAYER: Single-payer is a system in which all residents pay the state – via taxes in amounts determined by the state – to cover all healthcare costs for all residents regardless of income, occupation, or health status. This would end all individual's option to buy or not buy health coverage from private insurers based on their specific needs and ability to pay. Both the Healthy California Act and the New York Health Act are true single-payer plans, which would eliminate all private and public insurance programs, including Medicare, MediCal, Veteran's health care, among others. The actual funding of a "single-payer" system comes from all or a portion of the covered population via new taxes.

SOCIAL SECURITY TAX: A tax levied on both employers and employees used to fund the Social Security program. Social Security tax is collected in the form of payroll tax or self-employment tax.

UNIVERSAL ACCESS TO HEALTH CARE: Universal access to healthcare is a broad term for a program that makes some level of basic coverage available to all (likely through a government program), but also allows for private insurance as choice to the consumer.

UNIVERSAL HEALTH CARE: "Universal health care"refers to providing every citizen with health care coverage. Although universal health care means a national public insurance program. There are varieties of ways of achieving universal health care, some of which are predominantly

public, and others of which use a mixture of public and private elements. Some examples are below:

- **CANADA:** The Commonwealth Fund Annual Report on Canadian health system shows the following: Canadian provinces and territories administer their own universal health insurance programs covering all provincial and territorial residents. The federal government supports the public programs through fiscal transfers conditional on their meeting the five criteria of the Canada Health Act, including universal coverage for medically necessary hospital, diagnostic, and physician services (Medicare). Each province and territory is responsible for establishing its own specific residency requirements; undocumented immigrants, including denied refugee claimants, those who stay in Canada beyond the duration of a legal permit, and those who enter the country "illegally," are not covered in any federal or provincial program, although the provinces/territories do provide some limited services. Coverage of other health services is generally provided through a mix of public programs and private health insurance, or financed by out-of-pocket payments. Around two-thirds of Canadians also have private health insurance, which covers services that are not covered under the public programs such as prescriptions, vision, and dental, among others.

  Waiting for treatment has become a defining characteristic of Canadian health care. The Fraser Institute has studied waiting time for two decades. They found that, overall, waiting times for medically necessary treatment increased in 2016. Specialist physicians surveyed report a median waiting time of 20.0 weeks between referral from a general practitioner and receipt of treatment—longer than the wait of 18.3 weeks reported in 2015. This year's wait time—the longest ever recorded in this survey's history—is 115% longer than in 1993, when it was just 9.3 weeks.

- **UNITED KINGDOM - :** The Commonwealth Fund Annual Report on United Kingdom found: Coverage is universal. All those "ordinarily resident" in England are automatically entitled to NHS care, largely free at the point of use, as are nonresidents with a European Health Insurance Card. For other people, such as non-European visitors or undocumented immigrants, only treatment in an emergency department and for certain infectious diseases is free.

  Private health insurance**:** In 2015, an estimated 10.5 percent of the U.K. population had private voluntary health insurance, with 3.94 million policies held at the beginning of 2015. Private insurance offers more rapid and convenient access to care, especially for elective hospital procedures, but most policies exclude mental health, maternity services, emergency care, and general practice. Data on private insurers are not freely available, but according to the Competition and Markets Authority (2014), four insurers account for 87.5 percent of the market, with small providers making up the rest. Waiting times: NHS head Simon was interviewed by BBC News on March 31, 2017. The article stated, "Patients waiting for a hospital operation are meant to be seen within 18 weeks. But there are currently more than 360,000 patients on the waiting list who have waited

longer than that, which is one in 10 of the total - a proportion that has almost doubled in four years. "Stevens said he expected that to get worse over the next couple of years but it needed to be seen in context of the situation a decade ago, when nearly half of patients were waiting longer than 18 weeks."

- **GERMANY**: The Common Wealth Fund Annual Report on Germany found that: Health insurance is mandatory for all citizens and permanent residents of Germany. It is provided by two systems, namely: 1) competing, not-for-profit, nongovernmental health insurance funds ("sickness funds"—there were 118 as of January 2016) in the statutory health insurance (SHI) system; and 2) substitutive private health insurance (PHI). As of 2016, the legally set uniform contribution rate is 14.6 percent of gross wages, shared equally by the employer and employees. SHI covers preventive services, inpatient and outpatient hospital care, physician services, mental health care, dental care, optometry, physical therapy, prescription drugs, medical aids, rehabilitation, hospice and palliative care, and sick leave compensation. LTCI is mandatory and is usually provided by the same insurer as health insurance and therefore comprises a similar public–private insurance mix. The contribution rate of 2.35 percent of gross salary is shared between employers and employees; people without children pay an additional 0.25 percent. The contribution rate will increase by 0.2 percent in early 2017.

  Private health insurance**:** In 2015, 8.8 million people were covered through substitutive private health insurance. PHI is especially attractive for young people with a good income, as insurers may offer them contracts with more extensive ranges of services and lower premiums. There were 42 substitutive PHI companies in April 2016 (of which 24 were for-profit) covering the two groups exempt from SHI (civil servants, whose health care costs are partly refunded by their employer, and the self-employed) and those who have chosen to opt out of SHI. All of the PHI-insured pay a risk-related premium, with separate premiums for dependents; risk is assessed only upon entry, and contracts are based on lifetime underwriting. Government regulates PHI to ensure that the insured do not face large premium increases as they age and are not overburdened by premiums if their income decreases.

  Wait Times: According to the Fraser institute, Germany has far shorter wait time for appointments. 83% saw a specialist within one month of making an appointment, 66% were able to get same day or next day appointments with their doctor. 78 percent waited less than a month for elective surgery.

  JAPAN: The Commonwealth Fund found: Japan's government regulates nearly all aspects of the universal Statutory Health Insurance System (SHIS). The national and local governments require by law to ensure a system that efficiently provides good-quality medical care. National government sets the SHIS fee schedule and gives subsidies to local governments, insurers, and providers. It also establishes and enforces detailed regulations for insurers and providers. The SHIS, comprising more than 3,400 insurers, provides universal primary coverage. Taxes, premiums, and user charges accounted for

about 42 percent, 42 percent, and 13 percent of the current health expenditures, respectively. Citizens age 40 and over pay income-related premiums along with SHIS premiums. Employers and employees each contribute 50 percent of the premium. All enrollees have to pay a 30 percent coinsurance for services and goods received, except for young children under 9 years of age. Roughly, half of long-term care financing comes through taxation and half through premiums

Benefits: The benefits package covers hospital, primary, specialty, and mental health care as well as approved prescription drugs, home care services by medical institutions, hospice care, physiotherapy, and most dental care. It does not cover corrective lenses unless recommended by physicians for children under age 9, or optometry services provided by non-physicians. Home care services by nonmedical institutions are covered by long-term care insurance. Preventive measures, including screening, health education, and counseling, are covered by health insurance plans, while cancer screenings are delivered by municipalities. Waiting times for appoints and surgery are generally not monitored by government.

Private insurance: Although the majority of the population holds some form of private health insurance (PHI), it plays only a supplementary or complementary role. PHI is a supplement to life insurance and provides additional income in case of sickness, mainly in the form of lump-sum payments when insured persons are hospitalized or diagnosed with cancer or another specified chronic disease, or through payment of daily amounts during hospitalization over a defined period. Since the early 2000s, the number of standalone medical insurance policies has increased. Part of an individual's life insurance premium and medical and long-term care insurance premiums are tax deductible. Small discounts are applied to those employees whose employers have collective contracts with insurance companies.