California's Single-Payer Initiative: What Went Wrong?

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Nineteen ninety-four was the Year of the National Health-Care Reform Debate—perhaps the last opening for real change in the health-care system that we're likely to see for some time.

In analyzing this missed opportunity, much was made of the Clinton Administration's failure to persuade Congress that its proposed solution was an effective way to deal with the problem. Less attention, however, has been given to analyzing grassroots health activists' inability to win public support for their own choice for reform: the single-payer plan.

Convinced that neither the White House nor Congress would support the kind of health-care reform they thought was necessary, activists in California began organizing an initiative campaign for a statewide single-payer plan.

Neighbor-to-Neighbor, a group that previously had advocated a single-payer plan at the national level and in the California legislature, led an effort that collected over one million signatures to put the initiative on the ballot. Progressives around the country cheered the chance to put single payer to a vote. "While it will be necessary in the long run for single payer to be a national system," wrote Elaine Bernard in *Social Policy* last spring, "in the short run, the state-by-state campaigns can help to revise the political agenda on single payer."

Yet, on November 8th, Proposition 186, the California initiative, was badly beaten at the polls by a margin of 73.4 to 26.6 percent. Why didn't the public jump at the chance to vote for what should have been a popular option? The answers provide

some important lessons for activists on timing, picking issues, the opposition's strength, and our own weaknesses.

The Background

In March, 1993, at a restaurant in Oakland, a group of health-care activists, primarily from three citizens groups—Neighbor to Neighbor, California Physicians Alliance, and Congress of California Seniors—met to discuss the future of health reform in California.

In the previous year, Neighbor-to-Neighbor, headquartered in San Francisco, had mounted an unsuccessful campaign to push a single-payer health plan through the state legislature, but was thwarted by the influence of the medical and insurance industry lobbies. It then devoted some resources to mobilizing support for the little-noted Wellstone-McDermott single-payer plan in Congress.

Frustrated by these efforts, Neighbor-to-Neighbor turned back to California. At the March gathering, the activists decided the best avenue for reform would be a statewide initiative. With help from progressive doctors, lawyers, and health-care experts, they began drafting and circulating an initiative to radically reform the state's health-care finance system.

At the time, with prospects for the Clinton plan looking good, some California health-reform advocates argued that putting so much time, money and effort into a single-payer campaign was a wasteful diversion of scarce resources. The California single-payer campaign was doomed from the beginning, they contended; why not focus energy instead on pressing California's Congressional delegation to support and strengthen the Clinton plan?

Single-payer activists countered that some

version of the Clinton plan was likely to pass, and that it would include an option for states to devise their own variants, including a single-payer system. If, on the other hand, the Clinton plan lost, they believed a single-payer victory in populous California would transform the national debate and establish the Golden State as the laboratory for radical surgery on a failing health-care system.

With this logic, Neighbor-to-Neighbor succeeded in mounting an impressive campaign to get the plan—the California Health Security Act—on the November ballot. Drawing on their experiences with the United Farm Workers and other organizing drives, by April, 1994, Neighbor-to-Neighbor had its million signatures—well over the number needed to put the question on the ballot. More than 60 percent of these signatures were gotten by volunteers, the rest by paid canvassers.

Unfortunately, the incredible success of the signature drive was the high point of the campaign.

The Strategy

Once the three groups agreed on a strategy, they formed an umbrella organization to carry it out, Californians for Health Security (CHS), and began recruiting key organizations to join the coalition.

The group's leaders believed the organizational infrastructure was already in place for a full-fledged campaign that simply had to be tapped into. They argued that the fight for a single-payer health system was a natural issue for most progressive groups, doctors fed up with insurance-company bureaucracy, consumers without coverage, and businesses whose insurance costs continue to increase.

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Workers, and Voter Revolt (a California group that had sponsored a successful initiative on car-insurance reform). Once the campaign began to get into high gear, and after some negotiations, the American Association of Retired Persons (AARP), Consumers Union, and the League of Women Voters joined the steering committee. The committee hired staff, secured office space, and organized the signature-gathering component of the campaign.

The endorsers soon grew to an impressive seven-page list of organizations. They consisted of citizen groups, labor, doctors and nurses, seniors, community organizations, and women's groups. The steering committee hoped that a majority of Californians would somehow be tied to, or would trust, at least one of these organizations. They also calculated that the membership of the endorsing organizations would constitute the grassroots support necessary to pass the initiative.

The CHS based its campaign strategy on the belief, confirmed in early focus groups around the state, that most people think the private insurance industry, along with the drug companies, care more about profits than people, and waste money with exorbitant salaries and layers of bureaucracy. When they described the goals of a single-payer plan, people over-

crafted campaign, advocates thought, would overcome people's wariness about "big government" controlling medical services and make it clear that the measure meant expand-

whelmingly expressed

their support. A well-

The campaign had three basic approaches to get out its message. First, the campaign's small field staff was devoted entirely to organizing house parties as a way to raise money and reach potential supporters. This proved to be an effective tool for raising campaign funds. The staff organized 1,455 house parties around the state, generating contributions of \$1,082,442. It is unlikely that a citizens campaign had ever before mounted a house-party effort of this magnitude. The house-party campaign reached 28,000 people around the state and, in the process, trained a network of pro-186 speakers.

Second, CHS hoped to generate substantial free media—stories in local newspapers, TV, and radio outlets—through a variety of reports, press conferences, and confrontational "actions" designed to attract attention to the campaign. The campaign's political strategists believed the initiative would first become newsworthy and then eventually talkworthy among California voters. Once people started to speak to their friends about 186, strategists thought, they would educate themselves about the benefits of a single-payer health system.

Third, during the last two weeks of the

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campaign, paid advertisements were planned to reinforce the message the electorate had received over the course of the free-media campaign. To this end, CHS hired a media consultant to design paid advertisements

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What Went Wrong?

Neither Neighbor-to-Neighbor nor the coalition of progressive health professionals had much practical political campaign experience. Operating on a shoe-string budget, the campaign had only a handful of full-time staff (about 30 by mid-October), and had to lay off some key staffers in the final weeks of the campaign. It relied primarily on volunteers to reach voters, but with few resources and little experience, the Prop 186 campaigners had to overcome enormous obstacles.

Some of the obstacles were clearly outside of CHS's control, but the campaign also made some strategic mistakes. In our view, the following factors combined to defeat the ballot measure.

Waiting for Washington. Polls showed that most California voters are worried about their health-care costs, the lack of health security, and how to help their aging parents or post-college children who lack coverage. But many potential supporters of Prop 186 hoped that the Clinton Administration and Congress would come to their rescue.

The two-year-long debate over health reform in Washington led many Californians to believe the federal government would provide a solution, so they took the Prop 186 effort

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less seriously than they might have otherwise. Media coverage of the national debate also overshadowed the California question. By the time it was clear that the insurance and

drug industries had killed health reform in Congress in late September, it was too late for the Prop 186 campaign to attract financial support and media coverage, or gain any momentum.

Big Money Opposition. The private insurance industry bankrolled a huge media campaign to confuse voters about how Proposition 186 would work. The industry's front group, Taxpayers Against Government Takeover, played on voters' fears of higher taxes and government bureaucracy. In fact, for most Californians, the tax hike would have been more than offset by the elimination of insurance premiums. Moreover, most consumers would have had more choice of health providers, and a broader benefits package, than they do now. But that message was drowned out by the plan's opponents, who outspent the proponents by a wide margin.

Outspent and out-maneuvered, the Prop 186 campaigners were never able to frame the debate in their terms. The opposition's TV and radio ads were created by the same firm that produced the successful "Harry and Louise" ads opposing the Clinton health-reform plan, and they repeated the same messages. One ad, featuring a nurse, claimed that the plan would disrupt the current health-care system and put enormous power in the hands of a state health-care "czar" who would control the

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largest part of the state budget and determine which health-care benefits people would get. Another featured a smallbusiness owner warning that she would go out of business if the singlepayer plan passed.

The insurance- and health-industry lobbies had raised over \$10 million, including at least 19 gifts over \$100,000 and

one (from the Health Insurance Association of America) for \$1.5 million. Indeed, the opponents would have raised and spent considerably more if they believed that the contest was even close.

In contrast, CHS raised only \$3.4 million. Besides the house parties, these funds came primarily from unions. (The CHS campaign raised almost no money from the liberal Hollywood entertainment sector, in retrospect a major oversight). Perhaps more important, the opponents outspent the Prop 186 forces by a 5-to-1 margin (\$4.5 million to \$900,000) on media advertising.

Pro-186 forces also lacked the resources to reach undecided voters. Polls showed that by late October, 31 percent of registered voters still had not heard or seen anything about the single-payer initiative. The opposition's last-minute media blitz was obviously more effective than the CHS's media efforts. As people became more aware of the single-payer controversy, voter opposition grew. Between July and late October, the number of "undecided" registered voters fell from 22 percent to 14

percent, while those indicating a "no" vote increased from 42 percent to 60 percent.

Media Blackout and

Media Blackout and Distortions. In the view of the mainstream media, Proposition 186 never became "newsworthy." For most voters, the paid spots were the first time they heard about the California Health Security Act.

The proponents of 186 faced a major challenge in their bid for free media time. In order to divert resources to the O.J. Simpson trial, for example, most Los Angeles TV stations allocated only one reporter to cover the entire election-including the gubernatorial, Senate, state legislative, and initiative campaigns. If that reporter failed to cover 186, it didn't get covered. With the heated Senate contest between Diane Feinstein and Michael Huffington, the governor's race, and Proposition 187 (the controversial anti-immigrant initiative), the California Health Security Act was often ignored by the press. During the crucial two-month period between August 21 and October 24, the 26 local TV stations in California's five major media markets broadcast only 43 stories about the issue, according to a study by Fairness & Accuracy in Reporting. That's less than one news segement per station per month.

In addition to Proposition 186's inability to compete with other news stories, most reporters and editors believed, almost from the start, that the initiative had no chance of victo-

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ry. This view was reflected in the fact that what little coverage they did give the campaign focused on the unlikelihood of success—putting the effort at an even bigger disadvantage in

Prop 186, but the campaign was never able to demonstrate this.

Chronicle ("Study Says Prop 186 Would Swell Deficit") parroted the health-industry line. Unsurprisingly, not one of California's daily newspapers endorsed Proposition 186.

recruiting supporters and funders. The press also questioned the financial data and statistics commissioned by Proposition 186's proponents. Several reporters insinuated that the advocates for single payer were trying to fool the voters of California and that they were not going to be part of the deception.

A Negative Message. Support for a single-payer plan funded by taxes would have had the most appeal to people without any health insurance, those who are unemployed, in non-union jobs, and in low-wage sectors. But targeting this group would have required a much more labor-intensive voter registration and turn-out effort, since it is this group of Californians who are most alienated from the political process and least likely to vote.

The state's mainstream media marginalized the Prop 186 campaign almost from the beginning. Neither the TV nor print media paid much attention to the campaign's press conferences. Typical was the media coverage of an October 26 report sponsored by the mainstream Kaiser Family Foundation. The report, produced by the accounting firm KPMG Peat Marwick, analyzed Prop 186's potential economic impact. The study found that the planwhich would replace all private health insurance premiums and co-payments with a 2.5 percent personal income tax-would result in "a large decrease in household out-of-pocket health spending (that) would more than offset the increased tax for all income classes and age groups." Most California families, and most businesses, would see a decline in health-care costs. The projected savings, the study found, would more than offset the increase in the state budget.

Early in the campaign, strategists figured they couldn't do much to expand the electorate, so they aimed their message at the likely voters. Given the demographics of the "likely voter" pool-more affluent than those who were not registered or had not voted in recent elections-this meant targeting people who were likely already to have health insurance. In 1992, fully 6.5 million Californians—23 percent of the non-elderly population-were uninsured, well above the national average of 18.3 percent. Workers and their families represented more than 83 percent of those without insurance. As a result, the campaign had to focus on convincing people with health insurance that they were constantly at risk of losing it (due to the state's shaky economy and corporate downsizing) and/or that their current insurance was inadequate.

But the headlines in the *Los Angeles Times* ("Single-Payer System Would Balloon State Budget, Study Says") and the *San Francisco*

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Several proponents of 186 argued that single payer should be pitched as an alternative

and better health plan—much in the way Blue Cross and HMOs compete for consumers. By putting the issue in terms familiar to consumers, the campaign could stress the savings, improved benefits, and lifetime health security. This might have appealed to people who already had health insurance but were dissatisfied with its cost or quality. The single-payer plan could have been marketed as an expanded version of Medicare, a popular government program that is run much more efficiently than private insurance (2 percent vs. 25 percent in administrative costs), but with additional cost controls.

Instead, the Proposition 186 campaign's major message was a negative one—primarily bashing the greed and waste of the private insurance industry—rather than a positive one that emphasized the single-payer plan as a better and cheaper insurance policy.

CHS strategists thought that focusing on the public's dissatisfaction with the private insurance industry could work because it had been successful in a 1988 statewide referendum to regulate (and lower) auto-insurance rates. In that effort, run by Voter Revolt, Californians passed Proposition 103 by a 51.1 percent to 48.9 percent margin, despite being outspent by the auto-insurance industry \$60 million to \$2.2 million.

Unfortunately, the analogy was inappropriate. For one thing, the context was different. There was not a highly pitched national debate about car insurance, for example. There is also a significant difference between your car and your body. In the 1994 debate, the insurance industry was able to exploit this difference, confusing the public by suggesting that Prop 186 would "put big government"

between you and you doctor." That argument carries considerably less emotional impact when the question is "putting big government between you and your mechanic." CHS was unable to defuse this issue by helping voters differentiate between the insurance companies who pay for health care and the doctors who deliver it.

Another strategic mistake was the singlepayer campaign's failure to give people a clear understanding of the financial savings Proposition 186 would bring. Advocates boasted that 75 percent of Californians would save money on their health costs. But the campaign was never able to demonstrate this. Voters wanted to know how the Proposition 186 plan would affect them, their family, their income, and their business. At house parties, people would ask, "My spouse and I together earn \$50,000 and we pay \$2,500 for health insurance. How much will we pay if Proposition 186 passes?" The campaign had no charts or hand-outs with the answers to this and related questions.

A Lack of Convincing Stories. There were two central arguments made by the Proposition 186 campaign. First, we are all at risk of losing our coverage. Second, the money is there to pay for it. The first argument was coupled with very few examples of individuals who indeed were at risk and lost their coverage. The campaign failed to humanize the issue and was unsuccessful in convincing voters that they are at risk. The campaign didn't incorporate enough spokespeople who had lost their coverage and who were representative of the likely voter.

The campaign also failed to convince the media and thus the voters that the money cur-

rently being spent and wasted by insurance companies was sufficient to cover a single-payer system. The opponents of Proposition 186 jumped at the chance to question whether people would be adequately covered under the single-payer plan.

America is undergoing a dramatic "corporatization" of health care that is changing the doctor-patient relationship. As insurance companies buy up doctors' practices and large bureaucratic HMOs become the delivery system of choice for insurers, the traditional family doctor has almost disappeared. In addition, private-practice physicians who have managed to maintain their independence have had to contend with an onslaught of insurance-company bureaucracy. Yet, the supporters of 186 never presented examples of doctors unable to provide services their patients needed because insurance companies would not pay the costs. There were no stories of patients whose health suffered as a result. This theme is an essential component in any future debate over health care as it is a major concern of both doctors and their patients.

Low Voter Turnout. Only about 47 percent of eligible California voters went to the polls on November 8. Media reports of a 60 percent voter turnout are misleading. True, about 60 percent of registered voters voted, but only about 68 percent of all eligible voters are registered. In other words, despite two heated contests for governor and US Senate, as well as several other controversial ballot referenda (on immigration, crime, and smoking), the majority of California citizens stayed home on election day.

Those who voted represent a comparatively affluent part of California's adult population—

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people more likely to have good jobs and reasonable health insurance. According to the Field Institute, people with incomes over \$60,000 represent about 23 percent of California's eligible voters, but 36 percent of those who voted in the November elections. In contrast, 22 percent of eligible voters, but only 15 percent of those who went to the polls in November, earn under \$20,000.

Not to be discounted, however, is the fact that among those who voted, a large majority (62 percent) of Democrats and a majority (53 percent) of self-identified liberals voted against Proposition 186.

Grassroots Mobilization. Once the CHS coalition was created, the leadership made some serious miscalculations about its support from the key organizational members. Californians for Health Security relied primarily on formal endorsements by labor unions, health professionals (such as the California Nurses Association), and senior citizens groups (such as AARP), but these groups did little to mobilize their members to raise money and build support.

In fact, the leadership of many organizations seems to have been out of touch with its grassroots membership. When, for example, the AARP's leaders announced they would support and actively campaign for Proposition 186, newspapers around the state began to receive letters from AARP members who were outraged at the decision. CHS clearly miscalculated in thinking it could count on AARP's constituent base to support Proposition 186 simply based on the organization's endorsement.

In general, the rank-and-file members of many of the supporting organizations were in the dark about single payer and how they

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could participate in the campaign. Although the leadership made sure it had broad endorsements, campaigners never helped make sure the

organization's leaders were involving their rank-and-file members.

For example, although unions were among the primary financial contributors to the campaign, many of the union rank and file never received a single blurb about single payer, nor were they asked to participate. Endorsers such as the California Teachers Association and the local unions never held educational forums on single payer for their members. The campaign organizers were depending on a majority of the rank and file of these groups to vote "yes" on single payer, yet most of them didn't know anything about it.

More than any other state, California elections are dominated by media campaigns. Precinct-level, door-to-door politics may still exist in some cities with strong political parties or neighborhood-based organizations, but not in California, where, to reverse Tip O'Neil's dictum, all politics is wholesale.

Even so, campaigns can be won or lost by word-of-mouth and person-to-person networks. Absent a major media presence, CHS's inability to get coalition groups to educate their members significantly undermined the campaign's potential for effectiveness. The campaign had no plan to involve even identified supporters—for example, the more than 2,000 individuals who hosted house parties and the 28,000 people who attended these events—in the campaign effort.

Based in Oakland, campaign organizers tar-

geted most of their resources in the Bay Area, instead of Southern California, where the most votes and the most likely pro-

186 voters—were to be found. In San Francisco, Proposition 186 actually garnered half the vote. But in vote-heavy San Bernadino, Orange, and Los Angeles Counties, Prop 186 was overwhelmed.

Differences on Tactics. Lacking money for paid advertising and faced with little media attention midway through the campaign, key leaders concluded they had to resort to confrontational means to get attention in the press. On September 13, for example, more than a dozen people in wheelchairs, members of the disabled activist group ADAPT, chained themselves to the front door of the TransAmerica Insurance Company building in San Francisco, generating considerable publicity but creating a rift within CHS. The AARP strongly opposed these tactics and threatened to withdraw from the coalition. After that, no other direct-action protests were held.

Holes in the Coalition. A major shortcoming was the shortage of representatives from religious groups and minority groups within the coalition. Some of this was understandable. The state's Latino organizations and leaders focused almost all of their political energies trying to defeat Proposition 187, while their African-American counterparts focused on opposing the "three strikes and you're out" referendum. Still, the absence of Black and Latino participation—including an all-white staff—hampered CHS's ability to gamer support from groups that reflect a large and growing portion

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of California's eligible voters.

The organizers also failed to draw in some potential allies-such as the large non-profit HMOs-in the early stages, when they could help shape a measure that would utilize their

institutions under a single-payer plan. Nor did the campaign enlist much help from the 20 members of the California Congressional delegation who had co-sponsored the single-payer legislation drafted by Rep. Jim McDermott of Washington, an obvious oversight.

Lessons

For better or worse, the Proposition 186 campaign is now over. What are we to make of it?

The mainstream media viewed the defeat as a crushing, even disabling blow for any reform in the forseeable future. "Defeat May Prove Fatal for Large-Scale Health Reforms," claimed the Los Angeles Times, whose one-sided coverage helped thwart the Prop 186 campaign.

Activists may draw a different conclusion. One clear lesson is that the political infrastructure for a statewide health-care reform movement is not in place. It is always difficult to calculate when the time is "ripe" for social reform, but the CHS organizers clearly miscalculated their organizational strength, the political climate, and the insurance/medical industry's capacity. At a time when progressives are tired of being on the defensive and the desire to take aggressive action is high, this experience is an important one to note. It's one thing to be pro-active, it's another to blind ourselves to public opposition.

Bringing about health-care reform will require a long march, not a quick fix. It will require persistent educational efforts to draw in disgruntled physicians, nurses and other

health-care profession-

als as well as unions, seniors, and consumer constituencies. It calls for spending more time cultivating and educating the media about the way the current health-care system is not only bad for consumers, but also bad for the business climate and even for large parts of the health-care sector.

Health-care activists need to begin building a broad grassroots movement, not just a onetime electoral effort. They need to form a statewide organization with local chapters, publish a newsletter, help key organizations (unions, the League of Women Voters, churches) educate their members about the current health-care system and the single-payer alternative, sponsor public debates and public forums, issue reports on the health-care crisis that get into the press. Single-payer advocates also have to begin cultivating the skeptical media (who view the November defeat as the death knell for radical health reform), major employers (for whom health insurance is a mounting cost), and health-care providers. One obvious task is to conduct a poll of California's physicians and health-care providers to survey their frustrations with the current system and the degree of support for a major restructuring. Many single-payer advocates argue that physician support is growing, despite opposition from the California Medical Association, but the Prop 186 campaign didn't finance a survey of California doctors who support single payer.

Another lesson is that a campaign for single-payer health reform must be simpler to understand, and the positive features of single payer emphasized, even for those who already have health-insurance coverage. Activists might want to revise the plan to limit universal health coverage just for all children, a steppingstone approach similar to the last major revision of our health-care system three decades ago—Medicare and Medicaid—targeted to the elderly and the poor.

Single-payer advocates must face the reality that the private health-care industry, especially insurance firms, threatens to spend whatever it takes to defeat progressive reform. There is no way to count on a level financial playing field in the battle over health-care reform.

A third lesson of the Proposition 186 debacle is the importance of expanding the voter base to incorporate more people without health insurance. Fortunately, across the country, progressive forces will soon be aided by the new federal "motor-voter" law, which went into effect in January of this year. It requires all states to allow citizens to register to vote when they obtain or renew their drivers' licenses. The poor and minority-group members are currently the least likely to be registered and will constitute the vast majority of new registrants. (In California Governor Wilson, fearing an influx of new voters likely to vote Democratic, has refused to implement the law and instigated a law suit against it as an "unfunded federal mandate," litigation that almost certainly won't be resolved in time for the 1996 election cycle.)

California Dreaming?

Some California health-care activists are tempted to pick themselves up and try again in 1996. This is too soon. It doesn't allow sufficient time to build a base. Moreover, the political conditions for a successful single-payer campaign in California in 1996, or even in the next few years, simply might not exist.

Even if the campaign had avoided its strategic mistakes, it is still unlikely that 186 would have mustered more than 50 percent of the vote. But defeat at the polls is not necessarily a sign that a campaign is not worthwhile. To draw a strategic victory from an electoral defeat, however, a campaign must do two things. It must build into its effort an organizing strategy for the future, and it must broadly expand public awareness on the issue, in this case, educating people about the failures of our current health-care system and the possibility of a better alternative. The campaign for Prop 186 didn't sufficiently do either, thus making the electoral defeat also an organizing defeat.

Part of the problem may be that California is simply not be the best place to test public support for radical health-care reform. It might be wiser to launch single-payer campaigns in smaller states, where public opinion is more favorable, where progressive forces are less diverted in fighting defensive battles (a referendum opposing affirmative action will be on the statewide ballot in 1996 with support from Governor Pete Wilson), and where the cost of a statewide campaign is not so prohibitive as to give the insurance industry such an overwhelming advantage from the get-go.

One possible conclusion from this campaign is that people who support health-care reform need to put their energies into leveling the playing field for initiatives before trying again. Campaign finance reform is one obvious component of such a strategy-especially setting paramaters for the financing of initiative campaigns. Another is addressing the question of media access. A revival of the Federal Communication Commission's fairness doctrine, for example, would give grassroots movements a more equal chance to get their ideas across to the broad public. Despite Clinton's pledge to reinstate the doctrine, prospects for reviving it in the current political climate seem remote. But one compromise worth fighting for would be to limit its scope to initiative campaigns, where the media imbalance is most egregious.

Single-payer advocates lost the Prop 186 battle, but they haven't necessarily lost the health-care reform war. The single-payer approach—universal, affordable health care with consumer choice, funded by progressive taxes while eliminating all private insurance premiums—is still the best solution. If single-payer advocates can deliver that message, they have a chance.

What's clear is that the health-care crisis won't disappear soon. Progressive forces, shattered by fragmentation and with no overall strategy to climb out of the hole it now finds itself in, have to move carefully to rebuild a movement for economic and political democracy. But activists must be careful to look before they leap. Otherwise, they might fall even further into the abyss of political isolation.