Comparison of California Health Care Reform Proposals from the 2007-08 Legislative Session

	ABX1 1 (Nuñez) **As amended in special session on 1/16/2008**	**AB 8 (Nuñez)** **As passed by the Legislature 9/10/07 and vetoed by the Governor 12/12/07**	**SB 840 (Kuehl)** **As passed by the Legislature and vetoed by the Governor on 9/30/2008**	**ABX1 8 (Villines)** **As introduced in special session 11/6/07**	**CalCare Plus** **Package of bills introduced in special session 10/11/07 by Senate Republicans**
Californians to be covered	Estimated 3.6 million (about 70 percent of uninsured Californians)	Estimated 3.4 million (more than two-thirds of uninsured Californians at a given point in time)	All California residents (physical presence in the state with intent to reside)	No estimate	No estimate
Employer requirements and incentives	Employers would be required to pay a sliding scale of 1 to 6.5 percent of Social Security wages depending on payroll size, for employee health care expenditures or pay an equivalent amount into a trust fund to allow employees to access coverage though a state purchasing pool.	Employers would be required to pay 7.5 percent of Social Security wages for employee health care expenditures or pay an equivalent amount into a trust fund to allow employees to access coverage through a state purchasing pool. All employers would be required to establish Section 125 plans to shelter from income and payroll taxes employer and employee health insurance contributions.	Employers would be required to pay a payroll tax of 8.17 percent to fund coverage under the single payer system. Employers could provide additional coverage to workers to supplement coverage provided under the single payer system.	Tax credit for certain categories of employers that offer high deductible health plans (HDHP) and health savings accounts (HSA) to employees.	Incentives to establish Section 125 plans and to make HSA contributions. Incentives to offer health insurance with flex-time work schedules for employees
Individual requirements	Would require all Californians and their dependents living in California longer than six months to have "minimum creditable coverage," as determined by the Managed Risk Medical Insurance Board (MRMIB).	Would require employees working for an employer that offers health coverage to accept that coverage, unless the employee has evidence of other coverage, or his or her share of coverage costs	Would deem all California residents as eligible for coverage.	None.	None.

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	Exemptions from the minimum coverage requirements would apply to individuals with an income below 250 percent of the federal poverty level (FPL), whose total cost of coverage exceeds 5 percent of family income, and to individuals with a case of serious hardship, as determined by MRMIB.	exceeds 5 percent of family income (in households with family income less than 300 percent of the FPL. Would require employees working for an employer that opts to pay fees, rather than offer coverage, to enroll in, and obtain coverage through, a state purchasing pool.			
Purchasing pool	Would establish the California Cooperative Health Insurance Purchasing Program (Cal-CHIPP), administered by MRMIB, to negotiate and purchase health insurance for eligible enrollees.	Would establish the California Cooperative Health Insurance Purchasing Program (Cal-CHIPP), administered by MRMIB, to negotiate and purchase health insurance for eligible enrollees.	Would establish the California Health Insurance System (CHIS) as a statewide purchasing entity to negotiate and pay for all covered benefits.	Would establish a California Health Insurance Exchange to support employers and employees with cafeteria plans.	Not applicable.
Public program changes	Would expand Healthy Families coverage to children in families with incomes up to 300 percent of the FPL, regardless of immigration status. Would expand Medi-Cal coverage to parents and caretaker relatives in families with incomes up to 250 percent of the FPL	Would expand Healthy Families coverage to children in families with incomes up to 300 percent of the FPL, regardless of immigration status. Would expand Medi-Cal coverage to parents and caretaker relatives in families with	Would consolidate existing funding for public programs into one fund to provide coverage under the proposed single payer system.	Envisions a program to allow low-income Medi-Cal beneficiaries to enroll in state-financed accounts, similar to HSAs, to purchase health insurance in the private sector.	Would reallocate First Five funds, subject to voter approval, for children's health care.

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	through benchmark plans offered through Cal-CHIPP. Would expand Medi-Cal coverage to childless adults with incomes up to 250 percent of the FPL. Would expand Medi-Cal coverage to adults ages 19 and 20 earning less than 250 percent of the FPL through benchmark plans offered through Cal-CHIPP.	incomes up to 250 percent of the FPL through benchmark plans offered through Cal-CHIPP. Would establish uniform eligibility standards, and simplify Medi-Cal and Healthy Families enrollment for all children.			
Insurance market reforms	Would require all health plans to guarantee issue, simplify medical underwriting, including the use of a standardized application form, and offer five classes of benefits to facilitate comparison shopping. Would require health plans to spend 85 percent of premiums on patient care. Would require health plans and insurers to charge premiums for individual health plan contracts and policies that reflect standard risk rates based on established age, family size, and geographic region rating categories.	Would require all health plans to guarantee issue and use community rating in the individual market for individuals without serious medical conditions. Would require simplified medical underwriting, including a standardized individual application form, and require all health plans to offer three uniform benefit designs to facilitate comparison shopping. Would require health plans to spend 85 percent of premiums on	Would prohibit the sale of any private health insurance policy, other than CHIS, but would permit insurers to sell supplemental policies for benefits not covered by CHIS.	Would encourage greater availability of HSAs and HDHPs. Would allow plans sold in other states to be available in California without approval from the Department of Managed Health Care (DMHC) or the Department of Insurance (CDI). Would allow coverage products that do not include state mandated benefits, and would require the California Public Employees Retirement System (Cal-PERS) to offer HSAs as an option to	Would encourage greater availability of HSAs and HDHPs. Would allow plans sold in other states to be available in California without approval from the Department of Managed Health Care (DMHC) or the Department of Insurance (CDI). Would require Cal-PERS to offer HSAs and HDHPs to state employees. Would permit greater rate flexibility in the small group market, and would allow hospitals

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		patient care. Would apply rules currently regulating the small group market to the mid-sized employer market.		state employees.	to offer coverage for preventive services only where care is delivered through a hospital's primary care clinic or a community-based clinic.
State tax provisions	Individuals with incomes between 250 and 400 percent of the FPL, who are not offered coverage by their employer, and who are not eligible for public coverage programs, would receive an advanceable, refundable tax credit to purchase health coverage.	Through requirement on employers to establish Section 125 plans, employers and employees would be able to make tax-sheltered health care contributions.	Through SB 1014 (Kuehl), a companion measure to SB 840, this proposal would impose a payroll tax, as well as income taxes, at various levels depending on income levels, for the purpose of funding the single payer system.	Would provide individuals with a tax deduction for the purchase of health coverage, as well as tax credits for employers who offer HDHPs and HSAs to their employees, and who use the Health Information Exchange for cafeteria plans. Would establish a tax credit for providers in an amount of 50 percent of the cost of uncompensated care for uninsured patients.	Would provide that state tax law conform with federal law on HSAs, provide tax credits to employers who contribute to their employees' HSAs, and offer tax incentives for employers to offer Section 125 plans. Would provide hospitals and physicians with a tax credit to purchase health information technology. Would provide tax credits to primary care providers who practice in rural areas, and would establish a tax credit for providers in an amount of 50 percent of the cost of uncompensated care for uninsured patients.

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Cost containment provisions	Would establish community makeover grants for obesity prevention and other prevention programs, and would require all health plans to offer "Healthy Action" plans with benefits designed to promote wellness. Would establish a new commission dedicated to creating a state plan on health care cost and quality transparency. Would require health plans to spend 85 percent of premiums on patient care. Would modify health care professional scopes of practice, promote personal health records in CalPERS, and impose e-prescribing requirements in specified providers.	Would establish uniform benefit packages for primary and preventive care with minimal patient cost sharing. Would establish a new commission dedicated to enhancing health care cost and quality transparency. Would require health plans to spend 85 percent of premiums on patient care, and require specified health plans to implement preventive services. Would promote the implementation of personal health records, and would require an assessment of new health technology. Would require MRMIB to negotiate with Medi-Cal managed care plans.	Would implement evidence-based medicine and system-wide standards of care, based on clinical efficacy. Would establish a system-wide approach to addressing medical errors, and would establish an Office of Health Care Quality, charged with measuring, monitoring, and improving quality. Would achieve savings by bulk purchasing of prescription drugs and durable medical equipment. Would authorize wide cost control measures, including benefit reductions, when statewide trends indicate the need for cost reductions.	Would emphasize increase use of HDHPs and HSAs, and would provide a broader range of benefit options to facilitate consumer choice, including allowing plans sold in other states to be sold in California without approval from DMHC or CDI, allow coverage products that do not include state-mandated benefits, and state tax conformity on HSAs.	Would expand clinics to be used to provide primary care services in lieu of higher cost delivery systems such as emergency rooms. Would encourage greater availability of benefit options by requiring DMHC and CDI to approve more coverage products, require CalPERS to offer HDHPs and HSAs to state employers, provide greater rate flexibility in the small group market, and encourage use of HDHPs and HSAs. Would establish low-interest loans for health providers to acquire health information technology, and would repeal the current prohibition against direct employment of doctors by hospitals.
Financing Sources	Through a voter-approved initiative, financing would come from a variety of sources including	Would finance costs through employer and employee contributions, and additional federal	Costs would be financed through new taxes imposed upon individuals and	Would require large conversion foundations to spend 90 percent of annual expenditures on	Would reallocate funds provided to Disproportional Share Hospitals (DSH) to

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	contributions from employees, employees, individuals, and counties, as well as hospital fees, and an increase in the tobacco tax of $1.75 per pack. The measure would also bring in additional federal funds.	funds.	employers.	health services for citizens who are not eligible for coverage through local, state, or federal programs.	create and expand primary care clinics. Would realign Medi-Cal benefits with private benefits for cost savings. Would reallocate $500 million from First Five Commission to pay for children's health care. Would request that the federal government pay unreimbursed costs for providing health care services to undocumented immigrants.

Sources: California Health Care Foundation, Senate Health Committee, Senate Office of Research, and Assembly Health Committee analyses.