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Comparison of California Health Coverage Expansion Proposals

*Based on materials provided by Senator Perata's office; more detail forthcoming.

**Based on materials provided by Assemblymember Villines' office: more detail forthcoming.

	ABX1 1 (Núñez/Perata) Introduced in the special session November 8, 2007*	Governor's Plan (As presented by the Governor in draft legislation from October 9, 2007)	AB 8 (Núñez/Perata) (As passed by the Legislature on September 10, 2008 and sent to the Governor; vetoed October 12, 2007)	ABX1 8 (Villines) Introduced in the special session November 6, 2007 by Assembly Republicans**	CalCare Plus (a package of bills introduced by Senate Republicans in the special session, October 11, 2007)
Californians to Be Covered[1]	Not yet estimated.	Estimated 4.1 million (more than three-quarters of Californians are uninsured at a given point in time).	Estimated 3.4 million (more than two thirds of Californians uninsured at a given point in time).	Not yet estimated. Emphasis on access to affordable care through regulatory reform, additional choices in coverage options, and tax credits.	Not yet estimated. Emphasis on access to affordable care though expansion of community clinics and regulatory reform—not coverage expansion.
Requirements Imposed on Consumers/ Individuals	• All Californians are required to have a minimum level of coverage, to be determined by the Managed Risk Medical Insurance Board (MRMIB). • If the cost of coverage for the minimum mandated policy exceeds 6.5% of family income, individual is exempt from the mandate. • MRMIB will consider additional exemptions in cases of serious hardship.	All Californians are required to have a minimum level of coverage. The Secretary of Health and Human Services shall define the minimum level of required coverage for individuals via the regulatory process.	• An employee working for a firm that pays a fee (instead of paying for employee health expenditures) must enroll in the newly created state purchasing cooperative called California Cooperative Health Insurance Purchasing Program (Cal-CHIPP). Premiums for an employee in a family earning less than 300% FPL[2] would not exceed 5% of family income. • Employees working for an employer who pays for health expenditures shall accept the expenditures (unless his or her share of expenditures would exceed 5% of income for	None.	None.

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			families earning under 300% FPL or unless the employee has evidence of other health care coverage).		
Treatment of Self-Employed	Same individual mandate applies.	Same individual mandate applies.	Enhanced access to coverage through reformed individual insurance market.	Not applicable.	State tax conformity on Health Savings Accounts.
Requirements Imposed on Employers	• Pay or play approach—employers required to pay 2 to 6.5% of Social Security wages for employee health care expenditures or pay equivalent amount into a trust fund to allow employees to access coverage through a pool. • Sliding scaled based on payroll size of the firm. • Pay or play imposed separately for full and part-time workers.	Proposal expresses the legislature's intent that this plan will be financed, in part, by employer contributions on a sliding scale from 0-4% of total payroll based on payroll size.	• Pay or play approach — employers required to pay 7.5% of Social Security wages for employee health care expenditures or pay equivalent amount into a trust fund to allow employees to access coverage through Cal-CHIPP. • All employers are required to establish Section 125 plans to tax-shelter employer and employee health insurance contributions.	• No requirements. • Tax credit for certain categories of employers for offering high deductible health plans to employees.	• No requirements. • Incentives to establish Section 125 plans and to make HSA contributions. • Incentives to offer health insurance with flex-time work schedules for employees.
Treatment of Small Employers	Lower payroll employers would pay a smaller contribution based on a sliding scale.	Lower payroll employers would pay a smaller contribution based on a sliding scale, which is yet to be determined.	No exemption from minimum spending requirement ("pay-or-play") based on employer size (except for the self-employed).	None stated.	No differentiation based on employer size.
Requirements Imposed on Providers	Proposal expresses the intent of the legislature that this plan will be financed, in part, by a fee from hospitals equivalent to 4% of patient revenues (subject to voter approval on the ballot).	Proposal expresses the intent of the legislature that this plan will be financed, in part, by a fee from hospitals equivalent to 4% of patient revenues (subject to voter approval on the ballot).	None stated.	None stated.	None stated. Repeals prohibition on hospitals directly hiring physicians.

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Changes in Provider Payments/ Funding	None stated.	Private hospitals and physicians will receive a Medi-Cal rate increase. A percentage of rates paid to fee for service physicians may be linked to performance measures.	None stated.	• Medi-Cal rate increase for physicians. • Tax credits for physicians who provide charity care.	• Medi-Cal rate increase for physicians. • New tax credits (10%) for primary care providers. New tax credits (25%) for primary care providers practicing in rural areas of CA.
Changes in Health Care Workforce/Care Delivery	Details forthcoming.	Develops task force to examine and make recommendations on professional scope of practice for nurse practitioners. Allows greater flexibility for and use of physician assistants.	None stated.	None stated.	Expands professional scope of practice for nurse practitioners.
Public Program Expansions and Support for Low-Income Individuals	• Healthy Families expansion for children in families with incomes between 133 and 300% FPL, regardless of immigration status, pending the appropriation of state funds. • Expands Healthy Families coverage to parents with incomes between 133% and 300% FPL, pending federal approval and pending the appropriation of state funds. • Medi-Cal expansion to single, (Medically Indigent Adults) up to 250% FPL. • Individuals with incomes 250-450% FPL will receive a tax subsidy to help purchase	• Healthy Families[3] expansion for children up to 300% FPL, regardless of immigration status. • Medi-Cal expansion for all legal residents up to 100% FPL (with benefits less extensive than those for existing Medi-Cal beneficiaries). • Medi-Cal expansion (via benchmark plan through new pool) to parents and caregivers at or below 250% FPL (benefits may be less extensive than traditional Medi-Cal). • Medi-Cal expansion (via benchmark plan through new pool) to young adults, ages 19 and 20, earning below 250% FPL	• Healthy Families expansion for children in families with incomes between 133 and 300% FPL, regardless of immigration status, pending the appropriation of state funds. • Establishes uniform eligibility standards for children regardless of age and simplifies the Medi-Cal and Healthy Families enrollment process. • Expands Medi-Cal to parents and children ages 5-18 living at or below 133% FPL. • Expands Healthy Families coverage to parents with incomes between 133% and 300% FPL, pending federal	• No expansion of public programs. • Envisions a program to allow low-income beneficiaries to enroll in state-financed Health Opportunity Accounts (similar to Health Savings Accounts) to purchase health insurance available in the private sector.	Reallocates First Five funds, subject to voter approval, for children's health care.

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	coverage through the new pool.	(benefits may be less extensive than traditional Medi-Cal). • Individual/ family contribution toward premium for coverage obtained through purchasing pool is linked to gross income. Legislative summary provided by the Governor's office envisions a sliding scale: - 0-150% FPL pays no premiums or out of pocket costs; - 151-200% FPL pays no more than 4% of income for premiums; - 201-250% FPL will pay no more than 5% of income for premiums. - 250-350% FPL will receive a tax credit to ensure cost of premium for an approved minimum coverage product that does not exceed 5% of income.	approval and pending the appropriation of state funds. • Employees and dependents eligible for public programs and eligible for Cal-CHIPP would receive their public program through Cal-CHIPP. All carriers selling group coverage are required to offer a Cal-CHIPP Medi-Cal and a Cal-CHIPP Healthy Families Plan to eligible employees. Employees eligible for public programs that have other group coverage are eligible for these plans, and premium assistance.		
Role of Counties	Counties would return a share of current revenue to the state to cover the cost of insuring the medically indigent. (More detail forthcoming).	• Counties maintain responsibility for care of the adult undocumented indigent population. • Counties will share costs of providing coverage to those they currently serve (amount to be determined). • Counties with a public hospital	Counties' obligation to serve the indigent unchanged.	Counties' obligation to serve medically indigent unchanged.	• Counties' obligation to serve medically indigent unchanged. • Reallocates First Five funds, subject to voter approval, that flow to county First Five Commissions.

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		can apply to the state to provide coverage to certain Medi-Cal beneficiaries through new Local Coverage Option program.			
Role of Federal Government	Expansion of Healthy Families and Medi-Cal would generate federal matching funds.	Majority of federal financing associated with increased provider payments and eligibility expansions (expected under existing Medicaid policy). State would seek Medicaid 1115 waiver[4] to support innovations in financing and care delivery (e.g., incentives and rewards for healthy behavior) and to extend coverage to childless adults.	Expansion of Healthy Families and Medi-Cal would generate federal matching funds under existing policy (i.e., would not require Medicaid waiver application). (Expansion would require a state appropriation.)	Medi-cal rate increase would generate matching federal funds.	• Plan envisions Federal government would reimburse the state for approximately $1 billion in costs associated with federally mandated health care services to illegal immigrants. • Redirects First Five funds, subject to voter approval, and allows those funds to be used to potentially pull-down additional federal SCHIP matching funds.
Changes in State Tax Code and State Tax Revenue	More details forthcoming.	• Modifies state tax code to conform to federal health savings account rules. • Establishment by employers of Section 125 plans to tax-shelter employer and employee health insurance contributions would reduce state tax revenue. • Enacts a tax credit for individuals purchasing coverage who have incomes of 250-350% FPL to ensure cost of premium for an approved minimum coverage product that does not exceed 5%	Establishment by employers of Section 125 plans to tax-shelter employer and employee health insurance contributions would reduce state tax revenue.	• Tax free deposits in Health Savings Accounts. • Provides individuals with a tax deduction for purchasing coverage. • Additional tax benefits for employees and employees who use new Health insurance Exchange. • Establishes a provider tax credit of 50% for cost of "Charity Care" for the uninsured.	• State tax conformity on Health Savings Accounts. • Encourage employers to establish Section 125 plans. • Provides tax credits to employers who contribute to employees' HSAs. • Provides hospitals and physicians with a tax credit to purchase health IT. • Establishes a provider tax credit of 50% for cost of "Charity Care" for the

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		of income.			uninsured. • Establishes a tax credit for primary care providers. • Establishes a tax credit for primary care providers practicing in rural areas of California.
Insurance Market Requirements/ Reforms: Guaranteed Issue, Rating Reforms, and Other Requirements Imposed on Health Plans	More details forthcoming.	• Health plans must offer and renew coverage to all Californians ("guarantee issue"). • Phased transition with rating bands, eventually premiums may vary based only on age and geography (not health status/conditions). • Health plans must spend 85% of premiums on patient care.	• By 2010, all health plans required to guarantee issue and use community rating in the individual market (e.g. premiums may vary based on age and geography, not health condition) for individuals without serious medical conditions. • Individuals with specified serious medical conditions would be eligible for high risk pool (to be funded by an assessment on health plans as outlined in AB 2 (Dymally). • Simplified medical underwriting, including standardized individual application form. Requires health plans to offer three uniform benefit designs to facilitate comparison shopping. • Applies rules currently regulating the small group market (such as guaranteed issue) to the mid-sized (51 –	• Encourage greater availability of benefit designs (that conform to federal requirements for HSAs and high deductible health plans). • Allows plans sold in other states to be available in CA without approval from DMHC or DOI. • Allows coverage products that do not include state mandated benefits. • Require Cal-PERS to offer Health Savings Accounts as an option to state employees.	• Encourage greater availability of benefit designs that conform to federal requirements for HSAs and high deductible health plans. • Allows plans sold in other states to be available in CA without approval from DMHC or DOI. • Require Cal-PERS to offer 401K-style health plans to state employees. • Permit greater flexibility for coverage rates in the Small Group Market. • Allows hospitals to offer "preventive services only" coverage. • Continues operation of existing high risk pool.

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			100 employees) employer market. • Health plans must spend 85% of premiums on patient care.		
Insurance Market Requirements/ Reforms: Connector/ Purchasing Pool	Details forthcoming.	A purchasing pool administered by MRMIB would establish a subsidized benefit package, administer premium subsidies, incorporate a "Healthy Actions Incentive/Rewards Program," and offer non-subsidized products, such as dental and vision.	Establishes CA Cooperative Health Insurance Purchasing Program (Cal-CHIPP) to be administered by MRMIB to negotiate and purchase health insurance for eligible enrollees. Cal-CHIPP will offer at least three uniform benefit packages that will also be offered by insurers in the private market as well as Medi-Cal and Healthy Families equivalent plans.	Establishes a California Health Insurance Exchange to support employers and employees with cafeteria plans.	Not applicable.
Insurance Market Requirements/ Reforms: Participant Contribution to Obtain Coverage Through Purchasing Pool	Details forthcoming.	Sliding scale contributions required to obtain coverage through purchasing pool.	• Maximum contribution cannot exceed 5% of family income for families earning less than 300% FPL. • Premium contributions based on sliding scale for those with household income less than 300% FPL. • MRMIB would set premiums for those under 300% FPL to meet the 5% requirement.	Not applicable.	Not applicable.

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Financing Sources and Cost Estimates	Plan expresses intent that financing come from: • Employer contributions • Employee and individual contributions • Federal funds • Redirection of safety net (county) funds • Hospital fees (subject to voter approval) • New increase in tobacco tax (subject to voter approval).	Plan expresses intent that financing come from: • Employer contributions • Employee and individual contributions • Federal funds • Redirection of safety net (county) funds • Hospital fees • New revenues generated by leasing the state lottery. • Governor indicates an expectation that voters will decide on the funding on the November 2008 ballot.	(Note: Estimate may be revised to reflect forthcoming modeling results and amendments.) Total $8.3 billion cost estimate to be financed through: • Employer contributions • Employee contributions • State funds • Federal funds (Medicaid, SCHIP)	Requires large conversion foundations to spend 90% of their annual expenditures on health services for citizens who reside in the state (but who are not eligible to receive health care services through a local, state, or federal program).	• Envisions reallocation of funds provided to disproportionate share hospitals (DSH) to create and expand primary care clinics. • Realign Medi-Cal benefits to private benefits for cost savings. • Reallocate $500 million, subject to voter approval, from First Five to children's health care. • Requests that the federal government pays for $1 billion in un-reimbursed costs for providing healthcare services to illegal immigrants.
Cost Containment: Prevention and Wellness	• Community makeover grants to local health departments for obesity prevention and other preventive issues (contingent on state budget appropriation). • Focus on prevention in obesity, diabetes, and smoking cessation.	• All plans required to offer "Healthy Action Incentive/Rewards Program;" subsidized plans must include these as well. • California Diabetes Program (contingent on state budget appropriation) promotes diabetes management and prevention with focus on Medi-Cal patients. • Community makeover grants to local health departments for obesity prevention and other preventive issues (contingent on	Uniform benefit packages include coverage for primary and preventive care with minimal patient cost sharing. California will "adopt and encourage" healthy lifestyles through workplace and individual efforts to improve health.	None stated.	Expansion of clinics to be used to provide primary care services and in lieu of emergency rooms for non-emergency visits.

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		state budget appropriation).			
Cost Containment: Additional Provisions	More detail forthcoming.	• Cap on health plan administrative costs and profits (must spend 85% of premiums on patient care). • Healthcare Quality and Transparency Act to monitor costs and quality. • Makes a variety of changes aimed at increasing health care quality and efficiency and reducing costs, including changes to professional scope of practice, promotion of PHRs, and e-prescribing.	• Establishes a new Health Care Cost and Quality Transparency Commission to establish a cost, quality, and transparency plan. • Intends for plans and providers to participate in implementation of a personal health records system. • Centralized assessment of new technology. • Participating health plans required to implement preventive services. • Requires MRMIB to negotiate with Medi-Cal managed care plans. • Cap on health plan administrative costs and profits (must spend 85% of premiums on patient care).	Provide a broader range of benefit design options to facilitate consumer choice.	• Make pricing and quality information more visible. • Encourage greater availability of benefit designs that, at a minimum, conform to federal requirements for HSAs and high deductible health plans. • Require DMHC and DOI to allow plans to put more products on the market. • Require Cal-PERS to offer 401K-style health plans to state employees. • Permit greater flexibility for coverage rates in the Small Group Market. • Establishes low-interest loans for health institutions to acquire health information technology. • Repeals prohibition against hospitals directly hiring physicians.

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Enforcement	Uninsured individuals would be automatically enrolled in the state pool.	Secretary of Health and Human Services will work the Franchise Tax Board and other state agencies to develop an enforcement mechanism for the individual mandate.	None stated.	Not applicable.	Not applicable.
Implementation Timeline	More detail forthcoming.	• July 2010 – Medi-Cal and Healthy Families expansion, pending the appropriation of funds. • July 2010-Individual mandate begins. • July 2010 – Health plans must spend at least 85% of premiums on patient services. • July 1, 2010 Medi-Cal rate increase • 2009-2016 – Phase in of insurance market reforms.	• July 2008 – Medi-Cal and Healthy Families expansion, pending the appropriation of funds. • July 2008 – Health plans must spend at least 85% of premiums on patient services. • January 2009 – Cal-CHIPP created. • October 2009-Employer spending requirement begins. • January 2010 – Insurance market reforms.	More detail forthcoming.	Not applicable.

[1] The numbers of uninsured covered under the Schwarzenegger and Núñez proposals were estimated by Jonathan Gruber for the May 2007 versions of AB 8, and the Governor's reform proposal released in January, 2007, and may not reflect changes in coverage levels affected by subsequent amendments to these versions.

[2] **Federal Poverty Level (FPL**) is the minimum amount of income that a family needs for food, clothing, transportation, shelter, and other necessities. For 2007, Health and Human Services defines FPL for a family of four as $20,650.

[3] The **Healthy Families Program** is California's version of the State Children's Health Insurance Program (or SCHIP), funded jointly by the federal government. Healthy Families provides low-cost health, dental, and vision coverage to California children in families with income up to 250% of FPL.

[4] A **Section 1115 Waiver**, named for that section of the Social Security Act, allows a state to deviate from many standard Medicaid requirements to test new ideas. In return for greater flexibility, states must commit to a policy experiment that can be evaluated formally