

## **Floor Vote Expected on California Health Reform**

Floor vote on overhauling the California's private health care system expected the week of November 26. According to the Bureau of National Affairs (BNA) California Assembly Speaker Fabian Nunez (D) and Senate President Pro Tem Don Perata (D) plans to bring legislation creating a framework for overhauling the state's private health care system to floor votes the week of Nov. 26.

Because the Legislature Democratic leaders can not get the support of the Republican minority, they are being forced to go directly to the voters with the funding aspects of the plan. The legislation establishing the yet-to-be determined provisions of the reform must be approved by Nov. 26 to allow sufficient time to draft, qualify, and gather voter signatures for a November 2008 ballot measure that would implement the plans financing provisions.

The BNA reports that Nunez, Perata, and Governor Arnold Schwarzenegger met regularly during the past two weeks to negotiate on the details of reform legislation to make health care more affordable to Californians.

The Assembly Health Committee on Oct. 31 held an informal hearing on the Governor's draft health care reform legislation, "Health Care Security and Cost Reduction Act," which was unveiled on Oct. 9.

### **The Governor's proposal:**

- Creates the Health Care Security and Cost Reduction Program administered by the Major Risk Medical Insurance Board (MRMIB)
- Provides subsidized and unsubsidized health care coverage to state residents who lack employer-sponsored health coverage.
- Funded a variety of public and private sources based on the concept of "shared responsibilities," including 4 percent assessment on the payrolls of employers with 10 or more workers (smaller employers would pay a lesser amount), a 4 percent assessment on hospital revenues and requiring doctors to pay a 2% fee.
- Reduces the amount that low and moderate income individuals will have to pay for coverage in the state subsidized pool:
  - 100-150% of poverty: No contribution
  - 151-200% of poverty: premium limited to 4% of income
  - 201-250% of poverty: premium limited to 5% of income
  - 250-350% of poverty: tax credit if the cost of buying insurance exceeds 5% of their adjusted gross income.

### **Criticism of the Governor's plan includes:**

- The plan threaten the state's middle class because it erodes employer-based health coverage and attempts to shift too much medical risk onto individuals

- The plan offers inadequate state assistance and tax credits to low and moderate income workers to help them buy coverage and would leave many saddle with potential financial devastating medical bill.
- The plan gives too much leeway for his administration to determine minimum benefits instead of coding them in draft legislation.
- The plan forces many to buy coverage that they could not afford despite the subsidy provisions.
- A Proposal to help fund the program by leasing the state run lottery to private operator would leave a major hole in financing when the revenue ends in 20 years.

**More information on the Governor's legislation can be found at the following sites:**

*Press Release of Gov. Schwarzenegger's health care legislation is available at*  
<http://gov.ca.gov/press-release/7648/>

*The Assembly Health Committee's overview of Schwarzenegger's draft health care legislation is available at*  
<http://www.assembly.ca.gov/acs/committee/C10/Overview%20of%20Gov's%20RN.pdf>.

*The California Legislative Analyst's Office's analysis of the proposal is available at*  
[http://www.lao.ca.gov/handouts/Health/2007/Gov\\_Health\\_10\\_31\\_07.pdf](http://www.lao.ca.gov/handouts/Health/2007/Gov_Health_10_31_07.pdf).