

California Single Payer Proposal

The proposal is comprised of two bills. AB 1400, introduced last year, is the bill which provides the details of the plan to establish a single payer health care system in CA. ACA 11, just introduced this week, is the constitutional amendment that would establish the funding sources for the system.

AB 1400 and ACA 11 are being authored by a number of Legislators but the main author in Assemblymember Ash Kalra from the San Jose area. The bills are being sponsored by the California Nurses Association. AB 1400 will be heard in the Assembly Health Committee on January 11th. The Chair of that Committee has announced he will be voting for the bill which should assure the bill will pass out of the Committee. The bill would then go to the Assembly Appropriations Committee.

ACA 11 proposes to fund the single payer system through the following taxes:

- Gross receipts tax of 2.3% on business with more than \$2,000,000 in revenue,
- A payroll tax on every employer who pays wages or other compensation to 50 or more resident employees for services performed either within or without this state at a rate of 1.25% of the aggregate amount of wages or other compensation paid by the employer to the resident employees.
- In addition to the payroll tax above, a payroll tax on every employer who pays wages or other compensation to resident employees for services performed within or without this state at a rate of 1% of the aggregate amount of wages or other compensation paid by the employer to the resident employees in excess of forty-nine thousand nine hundred dollars (\$49,900) per resident employee.
- Personal income tax as follows:

<u>For taxable income:</u>	<u>The marginal tax is:</u>
○ \$149,509 but not over \$299,508	0.5% of the taxable income
○ \$299,509 but not over \$599,012	1% of the taxable income
○ \$599,013 but not over \$1,299,499	1.5% of the taxable income
○ \$1,299,500 but not over \$2,484,120	1.75% of the taxable income
○ \$2,484,121 and above	2.5% of the taxable income

ACA requires a 2/3rds vote to pass.

AB 1400 proposes the structure for a single payer health system. Here are the top-level highlights:

- Name of program is CalCare,
- Every resident whose primary place of abode is in CA, without regard to immigration status, is eligible for benefits,
- CalCare shall have a nine-person governing board and a 17-person public advisory committee,
- No private insurer is allowed to offer benefits for which coverage is offered to individuals under CalCare,
- The board shall develop a proposal for including workers compensation coverage under CalCare. It is not included in CalCare initially,
- Every resident is eligible to enroll in CalCare at no cost to the "member". No premiums, co-pays, deductibles, etc...no out of pocket costs for patients,

- Medical necessity is determined by the provider. No prior authorization or other utilization controls,
- Covered benefits is a long list that are customarily included in various programs and insurance products,
- Providers may be paid by fee for service, salary, or larger entities can be paid by “global payments”,
- A provider may not delegate services to a different provider,
- No referrals are necessary to specialists,
- No billing patient,
- No ban on the corporate practice of medicine,
- Allows for collective bargaining but prohibits strikes
- Rebuttable presumption that Medicare fee-for-services rates of reimbursement are reasonable.

There are many more details in the 66-page bill...