

Comparison of Perata, Núñez, and Schwarzenegger Health Care Reform Proposals

	Senate President pro Tempore Perata SB 48 (As amended – 5/1/07)	Assembly Speaker Núñez AB 8 (As amended – 5/1/07)	Governor Schwarzenegger
Individuals Covered	Working Californians and dependents. All children, regardless of residency status, up to 300% of federal poverty level (FPL). Californians with family incomes of 400% FPL or higher.	Working Californians and dependents. All children, regardless of residency status, up to 300% FPL.	All Californians
Individual Mandate	<p>Californians, with family incomes 400% FPL or higher, would be required to have a minimum health coverage policy for themselves and their dependents. Individuals are not subject to the requirements if the cost of the minimum policy exceeds 5% of family income.</p> <p>Minimum coverage benefit level to be determined by the Managed Risk Medical Insurance Board (MRMIB). Minimum policy must include Knox-Keene level of benefits, plus prescription drugs.</p> <p>Enforced through the tax code.</p>	None	<p>Individual Mandate: All Californians, including children, would be required to have minimum health coverage. Minimum coverage defined as a \$5,000 deductible plan with maximum out-of-pocket limits of \$7,500 per person and \$10,000 per family.</p> <p>Enforced through wage withholding and the tax code.</p>

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Employer & Employee Responsibility	<p>Pay or Play: Employers would be required to spend a certain percentage of payroll on employee health care expenditures OR pay an equivalent amount to a State Trust Fund.</p> <p>Employees whose employers pay into the fund would pay a premium contribution to obtain coverage through the purchasing pool.</p>	<p>Pay or Play: Employers would be required to spend a certain percentage of payroll on employee health care expenditures OR pay an equivalent amount to a State Trust Fund.</p> <p>Exemptions for:</p> <ul style="list-style-type: none"> ▶ firms of less than two workers ▶ firms with payroll of less than \$100,000 ▶ certain newly established firms in business for less than three years 	<p>Pay or Play: Employers would be required to spend at least 4% of payroll for employee health insurance OR pay an equivalent amount.</p> <p>Exemption: Employers with fewer than 10 employees.</p>
Medi-Cal Rate Increase	No	No	Yes. \$4 billion to increase rates closer to Medicare level.
Purchasing Pool	Yes – the “Connector”	Yes – California Cooperative Health Insurance Purchasing Program (Cal-CHIPP)	Yes
Individual Contribution to Obtain Coverage Through Purchasing Pool	MRMIB to establish premium contributions (based on a sliding scale for employees who have family incomes less than 300% FPL). Maximum premium contribution ranges up to 5% of family income.	MRMIB to establish premiums and administer subsidies to eligible enrollees with incomes less than 300% FPL.	Sliding-scale individual contribution 3% to 6% of gross income required to obtain coverage through purchasing pool.

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Tax Incentives	Employers participating in the Connector are required to establish “Section 125 plan,” allowing employees to use pretax income for health expenses.	All employers required to establish “Section 125 plan,” allowing employees to use pretax income for health expenses.	All employers required to establish “Section 125 plan,” allowing employees to use pretax sheltered income for health expenses. State tax conformity on Health Savings Accounts.
Medi-Cal/Healthy Families Expansion/Changes	Expand Healthy Families/Medi-Cal for all children, regardless of residency status, up to 300% FPL. Establish “bright-line” threshold between Medi-Cal and Healthy Families for children, at 133% FPL (except infants). Expand Medi-Cal eligibility for parents to 133% FPL. Provide a “benchmark” health plan for parents between 133% FPL and 300% FPL.	Expand Healthy Families/Medi-Cal for all children, regardless of residency status, up to 300% FPL. Establish “bright-line” threshold between Medi-Cal and Healthy Families for children, at 133% FPL (except infants). Expand Medi-Cal eligibility for parents to 133% FPL. Provide a “benchmark” health plan for parents between 133% FPL and 300% FPL. Premium assistance and wraparound benefits for eligible persons with employer-sponsored coverage.	Expand Healthy Families/Medi-Cal for all children, regardless of residency status, up to 300% FPL. Expand Medi-Cal to include all legal resident adults up to 100% FPL. Establish “bright-line” threshold between Medi-Cal and Healthy Families/new purchasing pool at 100% FPL.

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Insurance Market Reforms	<ul style="list-style-type: none"> ▶ Extend small group market reforms, including guaranteed coverage, to employers with 51 to 199 employees. ▶ Guaranteed issue in the individual market, subject to a transition period. ▶ Insurers must spend at least 85% of specified revenues on patient health care. 	<ul style="list-style-type: none"> ▶ Prohibits exclusion of coverage for minor health conditions, as determined by MRMIB. ▶ Requires health insurers to offer, among other existing designs, three uniform benefit designs in and outside of Cal-CHIPP. ▶ Extend small group market reforms, including guaranteed coverage, to employers with 51 to 250 employees. ▶ Insurers must spend at least 85% of specified revenues on health care services. 	<p>Health plans:</p> <ul style="list-style-type: none"> ▶ Guarantee coverage in the individual market. ▶ Rates based only on age and geographic area in the individual market. ▶ 85% of premiums must be spent on patient care.

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Financing	<ul style="list-style-type: none"> ▶ Employer contributions ▶ Employee contributions ▶ Federal funds (Medicaid, SCHIP) 	<ul style="list-style-type: none"> ▶ Employer contributions ▶ Employee contributions ▶ Federal funds (Medicaid, SCHIP) 	<ul style="list-style-type: none"> ▶ Employer contributions (\$1 billion) ▶ Employee and individual contributions (unknown) ▶ Federal funds and redirection of safety net funds (\$5.5 billion) ▶ Redirect county funds, which includes realignment funds (\$2 billion) ▶ 2% fee on physician revenues and 4% fee on hospital revenues (\$3.5 billion)

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Cost Containment	<p>Within the purchasing pool:</p> <ul style="list-style-type: none"> ▶ Managed competition through choice of health plans ▶ Medi-Cal managed care buy-in ▶ Cap on health plan administrative costs and profits ▶ Plans must implement evidence-based practices that control cost growth, including preventive care, case management for chronic diseases, promotion of health information technology, standardized billing practices, reduction of medical errors, incentives for healthy lifestyles, patient cost-sharing to encourage use of appropriate care, and rational use of new technology. 	<ul style="list-style-type: none"> ▶ Disease management in state health coverage programs ▶ Pay-for-performance for state-funded health coverage programs ▶ Uniform benefit design to ease administrative burden for providers and simplify plan selection for purchasers ▶ Disclosure of medical loss ratio to all purchasers 	<ul style="list-style-type: none"> ▶ Reduce regulatory requirements on health plans ▶ Reduce regulatory requirements in order to promote certain delivery models, such as retail clinics ▶ Pilot to combine workers’ compensation with traditional health coverage ▶ Health plans must offer “health actions” rewards and incentives with benefit packages ▶ Promote health information technology and patient health records ▶ Link future Medi-Cal provider and plan rate increases to performance ▶ Make changes to seismic safety requirements for hospitals ▶ Data reporting and quality monitoring ▶ Health promotion and wellness (prevention of diabetes, medical errors, health care acquired infections, obesity, and tobacco use)

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Implementation Timeline	<p>July 2008 – Children’s and parents’ coverage expansions</p> <p>January 2008 – Mid-group market reform</p> <p>January 2011 – Individual market reform; employer spending requirement; individual mandate</p>	<p>January 2008 – Mid-group market reform</p> <p>July 2008 – Children’s and parents’ coverage expansion</p>	Not specified

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