



The Latest on Health Care Reform

Governor Schwarzenegger and Democratic legislative leaders are proposing to substantially expand health coverage for California's uninsured. In January, the Governor unveiled his proposal, which would expand public health insurance programs, subsidize coverage for certain low-income Californians, and impose fees on employers who do not offer their workers health coverage, as well as on hospitals and physicians. The proposal also includes an individual mandate – a requirement that all Californians purchase coverage if they don't already have it. Speaker Núñez and Senator Perata are co-authoring AB 8, which, unlike the Governor's proposal, does not include an individual mandate. In addition, AB 8 requires employers to pay at least 7.5 percent of their payroll toward their employees' health care, while the Governor's approach requires employers to pay 4 percent of their payroll costs toward health care. AB 8 passed out of the Senate Health Committee on July 11, and is scheduled to be heard in the Senate Appropriations Committee on August 20. Because the Governor's proposal is not in bill form, AB 8 is widely expected to be the vehicle for health care reform this summer.

SB 840, the single-payer health care bill by Senator Sheila Kuehl, passed out of the Assembly Health Committee in early July, but will likely be vetoed by the Governor.

Where will funding come from to pay for these proposals? What will the costs be to individuals, businesses, and the state, and will funding be sufficient to ensure adequate health care coverage for Californians? How should the state protect families from the increasing costs of health care coverage and out-of-pocket expenses they may not be able to afford? These are all central issues in the current health care debate.

The CBP's analysis has focused on issues of affordability, financing, and federal reauthorization of the State Children's Health Insurance Program (SCHIP), which provides funding for the Healthy Families Program. To read recent CBP publications on these issues, see "What Does It Take for a Family to Afford to Pay for Health Care?," "How Much Is Too Much?: A Framework for Evaluating Health Care Affordability," and "SCHIP Reauthorization: Congress Can Help Provide Health Coverage to More California Children" at www.cbp.org.