Comparison of AB 8 (Núñez/Perata) and Schwarzenegger Health Care Reform Proposals

	Assembly Speaker Núñez/ Senate President pro Tempore Perata AB 8 (Vetoed – 10/12/07)	**Governor Schwarzenegger (as proposed 10/9/07)**
Individual Mandate	None	All Californians, including children, would be required to have minimum health coverage. Minimum coverage would be determined by the secretary of the California Health and Human Services Agency. The coverage must include hospital, medical, and preventative services.
Employer & Employee Responsibility	Pay or Play: Employers would be required to spend at least 7.5% of payroll on employee health care expenditures OR pay an equivalent amount to a State Trust Fund. Employers must elect to "pay or play" for their full-time employees and "pay or play" for their part-time employees. Employees of employers that pay the fee must enroll in coverage through the new purchasing pool, unless the employee's cost exceeds 5% of earnings for coverage with a maximum out-of-pocket cost of $1,500. Employees of employers that make health expenditures must accept the health expenditures, unless the employee's cost exceeds 5% of earnings or the employee has other coverage.	Intent to impose fees of 0% to 4% of payroll on employers who do not spend an equivalent amount for health care services. Fee levels would vary based on employer size.
New Purchasing Pool	Yes	Yes

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Individual Contribution to Obtain Coverage Through New Purchasing Pool	MRMIB to establish premium contributions. Premium contribution for low-income individuals: ▸ Up to 300% FPL: Up to 5% of family income	MRMIB to establish premiums. Premium contribution for low-income individuals: ▸ Up to 150% FPL: None ▸ 151%-250% FPL: Up to 5% of family income
Tax Provisions	All employers required to establish "Section 125 plans," allowing employees to use pretax income for health expenses.	Employers of two or more full-time employees required to establish "Section 125 plans," allowing employees to use pretax income for health expenses. State tax conformity on Health Savings Accounts. Intent to establish a tax credit for premiums paid above 5% of income for taxpayers with incomes up to 350% FPL for products purchased through the pool.
Public Program Coverage Expansion	Expand Healthy Families/Medi-Cal for all children, regardless of immigration status, up to 300% FPL. (Also expands Medi-Cal eligibility for children ages 6 through 18 to 133% FPL.) Provide health plan coverage for parents between 133% FPL and 300% FPL. (Also expands Medi-Cal eligibility for parents to 133% FPL.)	Expand Healthy Families/Medi-Cal for all children, regardless of immigration status, up to 300% FPL. Provide a coverage plan for 19- and 20-year olds and parents between 100% FPL and 250% FPL. Provide health plan coverage for legal, childless adults up to 250% FPL.
Medi-Cal Rate Increase	No	Yes, for hospitals and physicians.

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Insurance Market Reforms	► Guaranteed issue coverage and modified community rating in the individual market for nonserious health conditions. (Intent that individuals with serious conditions would be eligible for the state's high-risk pool as outlined in AB 2-Dymally). ► Plans must spend at least 85% of specified revenues on health care services. ► Extend small group market reforms, including guaranteed coverage, to employers with 51 to 100 employees.	► Guaranteed issue coverage and modified community rating in the individual market. Allow for rate adjustments based on health risk in the first several years. ► Plans must spend at least 85% of specified revenues on health care services.

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Financing	► Employer contributions ► Employee and individual contributions ► Federal funds	Intent to use: ► Employer contributions ► Employee and individual contributions ► Federal funds ► County contributions for new coverage provided to low-income county residents ► 4% fee on hospital revenues ► Additional public funds through leasing the state lottery ► Other state funds made available through savings generated from reduced demand for existing health care programs. Implementation of the health care reform proposal is contingent on a finding by the director of Finance that financial resources for implementation are available.

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Cost Containment	► Establish a state-level entity on health care cost and quality transparency. ► Develop a pay-for-performance model to be offered in every state-administered health care program. ► Develop best practice standards in the care and treatment of patients with high-cost chronic diseases, to be implemented in state health care programs. ► Uniform benefit design to ease administrative burden for providers and simplify plan selection for purchasers.	► Establish a state-level entity on health care cost and quality transparency. ► Requires every licensed prescriber and pharmacy have the ability to transmit and receive prescriptions by electronic data transmissions. ► Establishes a task force to develop a recommended scope of practice for nurse practitioners. Proposes other changes in allowable duties for specified medical practitioners. Increases to six the number of physician assistants and nurse practitioners a physician or surgeon may supervise. ► Health promotion and wellness (prevention of diabetes, community makeover grants, "health actions incentives and rewards" programs, tobacco use). ► Prohibit hospitals' "balance billing" practices.

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Implementation Timeline	July 2008 – Children's and parents' coverage expansion, mid-group market reforms January 2009 – Individual market reforms October 2009 – Employer spending requirement January 2010 – Purchasing pool coverage	January 2009 – Secretary determines minimum health care coverage July 2010 – Children's, parents', and childless adults' coverage expansions July 2010 – Individual mandate July 2010 – Purchasing pool coverage (Individual market reform – Linked to when the secretary develops methods to inform and enroll individuals for minimum coverage.)

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