

SUMMARY ANALYSIS OF AMENDED BILL

Author: Huff, et al. Analyst: Jennifer Bettencourt Bill Number: AB 1592
 Related Bills: See Prior Analysis Telephone: 845-5163 Amended Date: May 7, 2007
 Attorney: Pat Kusiak Sponsor: _____

SUBJECT: Physicians Uncompensated Medical Care Credit

- DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.
- AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.
- AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as amended March 29, 2007.
- FURTHER AMENDMENTS NECESSARY.
- DEPARTMENT POSITION CHANGED TO _____.
- REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED March 29, 2007, STILL APPLIES.
- OTHER – See comments below.

SUMMARY

This bill would allow a credit for uncompensated medical care provided by physicians.

SUMMARY OF AMENDMENTS

The May 5, 2007, amendments would provide a definition for “fair market value of uncompensated medical care,” which resolved one of the department’s concerns. The remaining “Implementation Considerations” and “Technical Consideration” discussed in the department’s analysis of this bill, as amended March 29, 2007, have been provided below for convenience. In addition, the “Revenue Estimate” has been revised. Except for the “This Bill,” “Fiscal Impact,” and “Economic Impact” discussions provided below, the remainder of the department’s analysis of this bill as amended March 29, 2007, still applies.

POSITION

Pending.

Board Position:	Legislative Director	Date
<input type="checkbox"/> S		
<input type="checkbox"/> SA	Patrice Gau-Johnson	5/14/07
<input type="checkbox"/> N	for Brian Putler	
<input type="checkbox"/> NA		
<input type="checkbox"/> O		
<input type="checkbox"/> OUA		
<input type="checkbox"/> NP		
<input type="checkbox"/> NAR		
<input checked="" type="checkbox"/> PENDING		

SUMMARY OF SUGGESTED AMENDMENTS

Amendment 1 has been provided to correct a technical error.

ANALYSIS

THIS BILL

This bill would allow a credit equal to 50% of the fair market value of uncompensated medical care provided by a physician during the taxable year to an eligible individual.

This bill would define the following terms:

- “Physician” means a physician and surgeon licensed by the Medical Board of California or the Osteopathic Medical Board of California.
- “Eligible individual” means a resident of this state who is not covered by health insurance and is a member of a household whose combined household adjusted gross income for the taxable year is less than the federal poverty level.
- “Fair market value of uncompensated medical care” means only those medical procedures covered by Medicare and cannot exceed the reimbursement rate authorized under Medicare for any medical procedure for which a credit is allowed by this section.

In addition, this bill would allow any excess credit amount to be carried forward to succeeding years until exhausted.

IMPLEMENTATION CONSIDERATIONS

The following implementation concerns remain from the analysis of the bill as amended March 29, 2007.

- This bill does not define the term “health insurance.” The absence of a definition to clarify this term could lead to disputes with taxpayers and would complicate the administration of this credit.
- This bill requires that the combined household adjusted gross income for the “eligible individual” be less than the federal poverty level. It is unclear how the physician would obtain combined household adjusted gross income information for individuals.

TECHNICAL CONSIDERATION

This bill defines “physician” as a physician and a surgeon licensed by the Medical Board of California or the Osteopathic Medical Board of California, which would require the “physician” to be both a physician and a surgeon licensed by the applicable board. Amendment 1 has been provided to change ‘and’ to ‘or’.

FISCAL IMPACT

This bill would require a calculation for the credit that would require a new form or worksheet to be developed. As a result, this bill would impact the department's printing, processing, and storage costs for tax returns. The additional costs have not been determined at this time. As the bill continues to move through the legislative process, costs will be identified and an appropriation will be requested.

ECONOMIC IMPACT

Revenue Estimate

This bill would result in the following revenue losses:

Revenue Impact of AB 1592 Enactment Assumed After June 30, 2007 (\$ in Millions)			
	2007-08	2008-09	2009-10
Revenue Impact	-\$100	-\$120	-\$130

This analysis does not account for changes in employment, personal income, or gross state product that could result from this bill.

Revenue Discussion

The amendment narrows the definition of qualifying uncompensated medical care provided by physicians. The estimate is revised to narrow "uncompensated medical care" to include basic procedures that would normally be covered by Medicare. Medicare reimbursement rates are an average of 80% of the amounts reimbursed by other insurance providers. The estimates in the table above reflect this 80% adjustment of the original estimates.

LEGISLATIVE STAFF CONTACT

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FRANCHISE TAX BOARD'S
PROPOSED AMENDMENTS TO AB 1592
As Introduced March 29, 2007

AMENDMENT 1

Page 2, line 6, strikeout "physician and" and insert:

physician or