

ANALYSIS OF ORIGINAL BILL

Franchise Tax Board

Author: Kuehl, et al. Analyst: Anne Mazur Bill Number: SB 840
Related Bills: See Legislative History Telephone: 845-5404 Introduced Date: February 23, 2007
Attorney: Tommy Leung Sponsor: _____

SUBJECT: California Universal Healthcare Act/Insurance Premium Commission/Members Include FTB Executive Officer

SUMMARY

This bill would establish the California Universal Healthcare System and California Universal Healthcare Premium Commission (Premium Commission). This analysis will only address the provisions relating to the Franchise Tax Board (FTB).

PURPOSE OF THE BILL

According to the author's staff, the purpose of this bill is to pool the existing health care spending from various areas into one general fund to create a single-payer health care system.

EFFECTIVE/OPERATIVE DATE

The provisions of this bill would become effective on January 1, 2008. Provisions relating to the Premium Commission would become operative on January 1, 2008. Remaining provisions would become operative on the date the Secretary of Health and Human Services notifies the Legislature that sufficient funding exists to implement the California Universal Healthcare System. The bill requires that the system be implemented within 2 years of that date.

POSITION

Pending.

ANALYSIS

THIS BILL

This bill would establish the California Universal Healthcare System, which would be administered by the California Universal Healthcare Agency. This bill would require the Governor to appoint a commissioner to head this agency by March 1, 2008.

Board Position:

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Department Director

Date

Lynette Iwafuchi
for Selvi Stanislaus

5/7/07

This bill would allow for the creation of the Premium Commission. The commission would be comprised of ten non-government members (representing academia, private sector, and public interest groups) and 11 ex officios of various state and legislative entities. The Executive Officer of the FTB would be required to be a member of the Premium Commission along with the Chair of the State Board of Equalization, Director of the Employment Development Department, Legislative Analyst, Secretary of California Health and Human Services, Director of Finance, State Controller, State Treasurer, Lieutenant Governor, and two members of the Legislature who are members of health care related policy committees.

This bill would require the Premium Commission to meet at least once a month, make certain determinations, and submit a detailed recommendation for a premium structure to the Governor and the Legislature on or before January 1, 2010. A draft recommendation must be submitted to the Governor, Legislature, and the public at least 90 days prior to the January 1, 2010 deadline. The meetings of the Premium Commission would be conducted pursuant to the Bagley-Keene Open Meeting Act.

The bill would also require the Premium Commission to be supported by a reasonable amount of staff time provided by the state agencies with membership on the Premium Commission. State agencies would also be expected to provide data and technical expertise upon request of the Premium Commission.

IMPLEMENTATION CONSIDERATIONS

This bill would not directly impact the programs administered by the department.

TECHNICAL CONSIDERATIONS

This bill would be funded with revenues collected as a result of additional taxes that would be imposed under SB 1014 (Kuehl, 2007/2008). Because the funding mechanism for the health care system would be established under SB 1014, should SB 1014 be enacted without the passage of this bill, the department would be unable to deposit the revenues into the appropriate fund. The author may wish to amend both bills to include contingent enactment language or combine both bills into one.

Staff also notes that the names used in each bill to identify the health care system and the fund appears to be inconsistent. Specifically, this bill uses the names "California Universal Healthcare System" and "Universal Healthcare Fund." SB 1014 uses the names "California Health Insurance System" and "Health Insurance Fund."

LEGISLATIVE HISTORY

SB 48 (Perata/Kuehl, 2007/2008) would establish the California Health Care Coverage and Cost Control Act, which would require every employed person or self-employed person to maintain a minimum policy of health care. This bill is currently in the Senate Health Committee.

SB 1014 (Kuehl, 2007/2008) would impose additional taxes on taxpayers with certain wage and nonwage income and on employers based on wages paid to fund the universal health care plan proposed in SB 840. This bill is currently in the Senate Revenue and Taxation Committee.

SB 840 (Kuehl, et al., 2005/2006) would have established the California Health Insurance System that would provide health care benefits to all individuals in the state. It would have also created the California Health Insurance Premium Commission. FTB's Executive Officer would have been required to be a member of the commission. The bill was vetoed by Governor Schwarzenegger stating in part, "I cannot support a government-run health care system."

SB 1784 (Kuehl, 2005/2006) would have imposed on individuals an additional tax on taxable income, self-employment income, and nonwage income to fund the universal health care plan proposed in SB 840. This bill was held in Senate policy committees.

SB 921 (Kuehl, 2003/2004) would have provided California residents with health care coverage through a single-payer health system. SB 921 was held in the Assembly Appropriations Committee.

FISCAL IMPACT

It is anticipated that this bill would have an impact on the department. Costs would depend on the amount of time FTB's Executive Officer is required to participate on the Premium Commission and the amount of staff time required to be provided.

ECONOMIC IMPACT

This bill would not directly impact the state's income tax revenue; however, it would make significant changes to the health care system. Such changes could alter health care spending decisions by individual taxpayers, which may indirectly impact income tax revenues. The potential impact, if any, is unknown and unlikely to begin before fiscal year 2009/2010.

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

LEGISLATIVE STAFF CONTACT

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