

SA2003 RF0049

October 6, 2003

VIA PERSONAL DELIVERY

The Honorable Bill Lockyer
Attorney General
1300 I Street, 17th Floor
Sacramento, CA 95814

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INITIATIVE COORDINATOR
ATTORNEY GENERAL'S OFFICE

Re: Request for Referendum Title & Summary

Dear Mr. Lockyer:

Pursuant to Article II, Section 10(d) of the California Constitution and Section 9002 of the Elections Code, I hereby request that a title and summary be prepared of the chief purposes and points of Chapter 673, Statutes of 2003 (Senate Bill 2). A copy of the proposed referendum text is attached.

Please direct all inquires or correspondence relative to this referendum to:

Livingston & Mattesich
1201 K Street, Suite 1100
Sacramento, California 95814
Attn: Steven G. Churchwell

Thank you for your assistance in this important matter.

Very truly yours,

Allan Zaręmbek
Co-Proponent

Enclosure: Proposed Referendum

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John Dunlap III
Co-Proponent

Enclosure: Proposed Referendum

This law proposed by Chapter 673, Statutes of 2003 (Senate Bill 2) is submitted to the people as a referendum in accordance with the provisions of Article II, Section 9 of the California Constitution.

PROPOSED LAW

SA2003RF0049

CHAPTER 673

An act to amend Section 6254 of the Government Code, to add Article 3.11 (commencing with Section 1357.20) to Chapter 2.2 of Division 2 of the Health and Safety Code, to add Section 12693.55 to, and to add Chapter 8.1 (commencing with Section 10760) to Part 2 of Division 2 of, the Insurance Code, to add Part 8.7 (commencing with Section 2120) to Division 2 of the Labor Code, to amend Section 131 of, and to add Section 976.7 to, the Unemployment Insurance Code, and to amend Section 14124.91 of, and to add Sections 14105.981, 14124.915, and 14124.916 to, the Welfare and Institutions Code, relating to health care coverage, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 2, Burton. Health care coverage.

Existing law does not provide a system of health care coverage for all California residents and does not require employers to provide health care coverage for employees and dependents, other than coverage provided as part of the workers' compensation system for work-related employee injuries. Existing law provides for the creation of various programs to provide health care services to persons who have limited incomes and meet various eligibility requirements. These programs include the Healthy Families Program administered by the Managed Risk Medical Insurance Board, and the Medi-Cal program administered by the State Department of Health Services. Existing law provides for the regulation of health care service plans by the Department of Managed Health Care and health insurers by the Department of Insurance.

This bill would create the State Health Purchasing Program, which would be administered by the Managed Risk Medical Insurance Board. The bill would require specified health benefits to be provided directly by employers or through the program. The bill would require the board to arrange health plan coverage for certain employers, who would be required to pay a fee for employee health coverage, except that employers who provide health care coverage directly would receive a credit against the fee. The bill would require employees and dependents of large

employers to be covered beginning January 1, 2006, while it would require employees of medium employers to be covered beginning January 1, 2007, subject to certain conditions. Small employers would be exempt from the requirement to provide coverage and from the fee. The bill would require the board to determine the fee to be paid by employers, and would provide that the associated employee contributions, which employers would be required to collect from employees, may not exceed 20% of the employer fee. The fees, including the employee contributions, would be collected by the Employment Development Department and would be deposited in the newly created State Health Purchasing Fund. The moneys in the fund would be continuously appropriated to the board for the purposes of the program. The bill would authorize the board to coordinate coverage under the program with coverage available under the Medi-Cal program, the Healthy Families Program, and other public programs, and would impose various requirements on the board and the State Department of Health Services in that regard. The bill would authorize a loan from the General Fund to the board for startup costs related to the State Health Purchasing Program, subject to appropriation by the Legislature. The bill would enact other related provisions.

Existing law requires health care service plans and health insurers to comply with various requirements relating to health care coverage for small employers. A willful violation of provisions governing health care service plans is a crime.

This bill would extend the application of these requirements to health care coverage provided directly by employers under the bill, and would impose various other requirements. Because a willful violation of these provisions by health care service plans would be a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

This bill would provide that it shall not become operative unless AB 1528 is also enacted and becomes operative.

Appropriation: yes.

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares all of the following:

(a) The Legislature finds and declares that working Californians and their families should have health insurance coverage.

(b) The Legislature further finds and declares that most working Californians obtain their health insurance coverage through their employment.

(c) The Legislature finds and declares that in 2001, more than 6,000,000 Californians lacked health insurance coverage at some time and 3,600,000 Californians had no health insurance coverage at any time.

(d) The Legislature finds and declares that more than 80 percent of Californians without health insurance coverage are working people or their families. Most of these working Californians without health insurance coverage work for employers who do not offer health benefits.

(e) The Legislature finds and declares that employment-based health insurance coverage provides access for millions of Californians to the latest advances in medical science, including diagnostic procedures, surgical interventions, and pharmaceutical therapies.

(f) The Legislature finds and declares that people who are covered by health insurance have better health outcomes than those who lack coverage. Persons without health insurance are more likely to be in poor health, more likely to have missed needed medications and treatment, and more likely to have chronic conditions that are not properly managed.

(g) The Legislature finds and declares that persons without health insurance are at risk of financial ruin and that medical debt is the second most common cause of personal bankruptcy in the United States.

(h) The Legislature further finds and declares that the State of California provides health insurance to low- and moderate-income working parents and their children through the Medi-Cal and Healthy Families programs and pays the cost of coverage for those working people who are not provided health coverage through employment. The Legislature further finds and declares that the

State of California and local governments fund county hospitals and clinics, community clinics, and other safety net providers that provide care to those working people whose employers fail to provide affordable health coverage to workers and their families as well as to other uninsured persons.

(i) The Legislature further finds and declares that controlling health care costs can be more readily achieved if a greater share of working people and their families have health benefits so that cost shifting is minimized.

(j) The Legislature finds and declares that the social and economic burden created by the lack of health coverage for some workers and their dependents creates a burden on other employers, the State of California, affected workers, and the families of affected workers who suffer ill health and risk financial ruin.

(k) It is therefore the intent of the Legislature to assure that working Californians and their families have health benefits and that employers pay a user fee to the State of California so that the state may serve as a purchasing agent to pool those fees to purchase coverage for all working Californians and their families that is not tied to employment with an individual employer. However, consistent with this act, if the employer voluntarily provides proof of health care coverage, that employer is to be exempted from payment of the fee.

(l) It is further the intent of the Legislature that workers who work on a seasonal basis, for multiple employers, or who work multiple jobs for the same employer should be afforded the opportunity to have health coverage in the same manner as those who work full-time for a single employer.

(m) The Legislature recognizes the vital role played by the health care safety net and the potential impact this act may have on the resources available to county hospital systems and clinics, including physicians or networks of physicians that refer patients to such hospitals and clinics, as well as community clinics and other safety net providers. It is the intent of the Legislature to preserve the viability of this important health care resource.

(n) Nothing in this act shall be construed to diminish or otherwise change existing protections in law for persons eligible for public programs including, but not limited to, Medi-Cal, Healthy Families, California Children's Services, Genetically Handicapped Persons Program, county mental health programs,