# Public Employee Post-Employment Benefits Commission

## AB 8

Legislative Leadership Vehicle for Health Care Reform

# AB 8

- Relies primarily on an employer mandate, expansion of public programs, and a public purchasing pool to expand access to insurance for approximately ¾ of the current uninsured population

# Mandates on Employers

- 7.5% of Social Security wages “pay or play” formula for all employers by 2009

# Mandates on Individuals

- Employees of firms that “pay” must enroll in purchasing pool – premiums limited to 5% of family income for those under 300% FPL

# Financing Arrangements

- Estimated to be $8.3 billion from employer and employee contributions, redirection of existing state funds, and federal matching funds

# Expansion of Public Programs

- Expand eligibility for Medi-Cal, Healthy Families, creates new CA Cooperative Health Insurance Purchasing Program purchasing pool with sliding scale up to 300% Federal Poverty Level (FPL) for premiums

# Subsidized Purchasing Pool

- Establishes CA Cooperative Health Insurance Purchasing Program administered by Managed Risk Medical Insurance Board with 3 uniform benefit packages with sliding scale contribution for household up to 300% of FPL

# Tax Changes

- Require employers to establish Section 125 plans

# Insurance Market Changes

- Guarantee issue and community rating in individual market by 2010, assessment on health plans to expand “high risk” pool enrollment, simplified underwriting, standard application and uniform benefit designs, expand current small group market underwriting requirements to mid-group market, 85% of premium requirement on health plans

# Cost Containment

- Minimal cost sharing for primary and preventive care, adopt “healthy lifestyles,” pay-for performance, personal health records, centralized assessment of new technology, evidence based medicine, and administrative caps