



## Healthy California

In June of 2017, the California State Senate passed Senate Bill 562, the Healthy California Act, which would create a single-payer health care system in California. Businesses would no longer be required to cover employees, and the plan would completely replace private insurance by covering all residents regardless of one's age, employment, or immigration status.<sup>40</sup> California residents would not have to pay any premiums, copayments, or deductibles; would be able to see any health care provider without a referral; and would be able to get any medically appropriate service.<sup>41</sup>

Insuring all California residents by extending coverage under the current system would cost about \$400 billion per year, which is about a 10 percent increase from the \$370 billion dollars California will spend on health insurance in 2017.<sup>42</sup> The Healthy California plan, however, could save up to 18 percent of this \$400 billion total (or 8 percent of \$370 billion) to bring the total down to \$331 billion.<sup>43</sup> Under this plan, Medicare and Medi-Cal (California's Medicaid) funding would then redirect to Healthy California, providing \$225 billion of the \$331 billion needed.<sup>44</sup> This redirection of funds, however, would require waivers from the Trump administration, which seems unlikely to be given considering the proposed system's coverage of individuals regardless of immigration status.<sup>45</sup>

Two new proposed taxes could potentially pay for the remaining \$106 billion. One would be a 2.3 percent gross receipts tax on businesses after the first \$2 million of revenue, which means that 80 percent of businesses (small businesses) would pay nothing, and medium-sized businesses would effectively pay a less than 1 percent tax rate.<sup>46</sup> The other would be a 2.3 percent sales tax increase that would exclude certain costs including housing, utilities, and food for the home. A 2 percent income tax credit would be given to low-income families to balance against this sales tax.<sup>47</sup> The results would be that most families save money, with middle-income families spending 2.6-9.1 percent less on health care.<sup>48</sup> Proponents projected that businesses would save as well: small businesses that provide health care for their employees would save 22 percent as part of payroll; medium-sized businesses would save an average of 6.8-13.4 percent; and most large businesses would save an average of 0.6-5 percent.<sup>49</sup> Of course, it's important to remember that some businesses might reduce employment because of the payroll tax.

# **A Move to Single-Payer Health Care? Implications for Employer-Sponsored Care**

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