

The Health Care Security and Cost Reduction Act Helps California Businesses

Under Today's System, Rising Premiums And Medical Costs Burden Businesses.

- Premiums increased 8.3 percent in California in 2007, outpacing a 6.1 percent rise in premiums nationally. Since 2002, premiums in California have increased 86.3 percent compared to 78.5 percent nationally. As a result, California has lost the health premium cost advantage it once enjoyed over the rest of the nation.
- The 8.3 percent increase in the cost of employer-based health insurance was more than double the California inflation rate of 3.4 percent. Since 2002, premiums in California have increased 86.3 percent compared to a 19.5 percent increase in consumer prices.
- In 2007, the total average cost of single coverage in California was \$4,482, of which workers contributed \$561. The total average cost for family coverage was \$12,297, of which workers contributed \$3,103.
- Workers in small firms contributed significantly more for family coverage than did workers in large firms.
- Forty-one percent of large employers (200 or more workers) in California reported that they are very or somewhat likely to increase the amount employees pay for coinsurance or copayments in 2008. Thirty-seven percent are very or somewhat likely to increase the cost sharing for prescription drugs, and 36 percent are very or somewhat likely to increase the amount employees pay towards premiums.
- Premium increases were greater for small California employers than for large employers in 2007: small firms (3 to 199 workers) experienced average premium increases of 10.1 percent, compared with 7.2 percent for large firms (200 or more workers).

The Governor's Solution Will Help Businesses Thrive By:

- Reforming the health care system to guarantee that everyone can purchase health insurance at a price based on their age and location, not their health condition.
- Placing the responsibility for having and keeping health care coverage on individuals, not businesses.
- Reducing future increases in cost of coverage for businesses by relying on market forces, not regulation, to reduce the cost shift from government programs.
- Retaining the ability of employers to purchase employer-sponsored benefits that meets their needs.
- Scaling minimum employer contributions by non-offering employers to the health care system based on the overall size of payroll of the business.
- Not applying a separate contribution test for part time workers.

- Keeping the payroll fee to only 11 percent *of the cost of the system reform*. It is not the source for paying for everything as others have proposed.
- Preventing automatic employer contribution escalators for non-offering employers that are paying a fee rather than offering coverage.
- Requiring insurers to offer businesses a health rewards/incentives program to help employees stay fit and well.
- Ensuring the greater use of health information technology, such as electronic prescribing, by certain providers to reduce medical errors and reduce costs.