


and poor health choices, such as smoking and inadequate exercise and nutrition, drive up the cost of care. The Governor's proposal outlines a comprehensive prevention policy that encourages and rewards healthy behaviors, supports diabetes prevention and management and continues nation-leading innovative strategies to reverse obesity trends and reduce the smoking rate.

The proposal also includes measures to reduce medical errors by the use of electronic prescribing and the implementation of new health care safety measures and reporting requirements to keep Californians from expensive preventable procedures due to medical errors.

All Californians are hurt by our broken health care system and all Californians will benefit from

comprehensive reform based on coverage for all, shared responsibility and balanced financing. Working together, we can achieve affordable health care, coverage for all and a healthier California. **RF**

Kim Belshé is the Secretary of the California Health and Human Services Agency.

 <h2 style="text-align: center;">SCHWARZENEGGER REFORM PLAN</h2> <h3 style="text-align: center;"><i>Principles & Components</i></h3>		
<i>Core Principles:</i>	<i>January Proposal</i>	<i>October Proposal</i>
Universal Coverage	Required all Californians to have health insurance coverage. Provided state financial assistance through a purchasing pool to Californians with incomes between 100-250% of the poverty level.	Maintains requirement that all Californians obtain coverage, and strengthens provisions to increase affordability for working families.
Affordability	Provided state financial assistance through a purchasing pool to Californians with incomes between 100-250% of the poverty level.	Increases affordability for working families even further by reducing the amount that low and moderate income individuals will have to pay for coverage in the state subsidized pool, limits premiums based on income, and creates a tax credit for individuals/families between 250-350% of the federal poverty level. The legislation also requires employers to offer employees IRS Code Section 125 plans. In addition, employers and their employees who choose a Health Savings Account health benefit product will receive tax savings consistent with federal law.
Guarantee Issue	Required insurance companies to guarantee coverage, with limits on how much they can charge based on age or health status, so that all individuals have access to affordable products.	Maintains guarantee issue by ensuring that all Californians will be able to buy health insurance regardless of their medical history or age. Phases in elimination of medical rating and protects consumers against significant rate spikes based on their health status by putting parameters on what insurers can charge above or below a standard rate.



SCHWARZENEGGER REFORM PLAN

Principles & Components

<i>Core Principles:</i>	<i>January Proposal</i>	<i>October Proposal</i>
<p>Financing</p>	<p><i>Doctors' participation:</i> Required that doctors contribute a 2% fee to subsidize a purchasing pool for low income Californians and, in return, receive more insured patients and higher Medi-Cal reimbursement.</p> <p><i>Employer Contribution:</i> Required employers with 10 or more employees who choose not to offer health coverage to contribute an amount equal to 4% of payroll toward the cost of employees' health coverage.</p> <p><i>Lottery:</i> Not included.</p>	<p>The basic premise of shared responsibility is that everyone who benefits from the reforms must contribute in a meaningful way. Although doctors are no longer required to contribute to the financing under the Act, they have additional responsibilities and incentives to care for many newly insured individuals. Protects small businesses by basing contributions on payroll. Under the plan employers who do not offer health care coverage will make a contribution based upon a sliding scale fee from 0-4% based on their total payroll.</p> <p>The bill proposes to lease the California Lottery to help pay for health care costs.</p>
<p>Public Hospitals</p>	<p>Counties would retain \$1 billion in current funding (primarily for outpatient services) and county and UC hospitals will retain \$1 billion in federal Disproportionate Share Hospital (DSH) funds and in addition, some "safety net" funds for primarily inpatient services.</p>	<p>California's public hospitals make significant financial gains under the new reforms. In addition to the funding increases included in the January 2007 proposal, the new legislation includes \$500 million in additional funding for public hospitals. The Act includes protections to support county hospitals in the context of universal coverage.</p>
<p>Minimum Benefit</p>	<p>\$5,000 deductible plan with maximum out-of-pocket limits of \$7,500 per person and \$10,000 per family.</p>	<p>Does not define the minimum health insurance level. Instead, it directs the Secretary of Health and Human Services to establish and adopt the minimum benefit level via the regulatory process, which then cannot be changed except by legislative action. The minimum benefit level must: cover medical, hospital, preventive and prescription drug services; promote access to care; and must be set at a level where premiums are affordable.</p>

For additional information on the Scharzenegger reform plan, please visit <http://gov.ca.gov/>