

Bill Summary

Assembly Bill (AB) 1900 would establish a state-run single-payer system for all residents.

What is Single Payer Health Insurance?

One entity that collects funds and pays for health care on behalf of an entire population.



Key Considerations

Existing state and federal programs to fund CalCare

- Board of CalCare would need to seek all necessary federal waivers, approvals, and agreements



Managing a universal health care system. CalCare would:

- Establish a unified risk pool
- Have the authority to impose cost control



Fiscal Uncertainties

- Ability to collect sufficient funds for single payer system
- Ability to aggregate and direct federal funds



California Health Benefits Review Program (CHBRP), California (CA)

Context

Since 2010, >20 states have considered single-payer bills, but only Vermont attempted to implement a single-payer program, which was terminated within 1 year.

2019-2022: Healthy California for All Commission estimated the cost of developing unified financing plans, including a single payer scenario that is similar to AB 1900's approach.



Financing Mechanisms

AB 1900 does not establish a revenue model for financing its provisions.



Two provisions in the State's Constitution affect CA's ability to collect sufficient revenues to implement AB 1900:

- Prop 4 (1979) - Constitutional limit on spending known as "Gann limit"
- Prop 98 (1998) - minimum funding for K-14

Cost and Reserve Estimates



CHBRP projects **\$731.4 billion** in total health care spending, assuming the bill is fully implemented and reaches a steady state by 2027.

CHBRP projects reserve fund requirements of **\$109.7 billion**

A reserve fund is designed to ensure financial stability, cover initial transition costs, and protect against budget deficits

AB 1900 would lead to a net cost reduction of 3%-4%, growing over time. A net cost increase of 2% is likely initially due to AB 1900's inclusion of long-term care benefits.

Other Impacts



Health coverage for **3.24 million uninsured Californians**



It may reduce the financial burden for millions of Californians.

Some individuals may pay more depending on the selected revenue model.