

Date of Hearing: May 12, 2021

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Lorena Gonzalez, Chair

AB 570 (Santiago) – As Amended March 18, 2021

Policy Committee: Health Vote: 10 - 2
 Urgency: No State Mandated Local Program: Yes Reimbursable: No

SUMMARY:

This bill allows specified dependent parents or step-parents to be covered under a child's health care coverage.

The parent or step-parent must meet the definition of a qualifying relative under federal tax code, including having a relationship to the taxpayer and relying on the taxpayer for over 50% of the parent's or step-parent's support.

FISCAL EFFECT:

- 1) According to the California Health Benefits Review Program (CHBRP), estimates of the effect of this bill on premiums statewide range from \$234 million to \$936 million annually, depending on a variety of assumptions about factors that are difficult to predict. This includes:

Total state costs as follows:

- a) No cost to Medi-Cal managed care.
- b) \$17 million to \$69 million annually to CalPERS for premium increases, \$9 million to \$37 million annually of which would be borne by various state funds (General Fund, federal funds and special funds), with the remainder borne by local funds.

Total non-state costs as follows:

- a) \$130 million to \$520 million annually in other commercial health care premium increases paid by non-CalPERS employers.
 - b) \$72 million to \$288 million annually in premium increases, and \$27 million to \$107 million annually in increased cost-sharing, paid by individuals and employees.
- 2) Costs to the Department of Managed Health Care of \$20,000 in fiscal year 2021-22, \$370,000 in 2022-23 and \$70,000 annually thereafter for legal services, licensing workload and financial review (Managed Care Fund).
 - 3) Costs to the California Department of Insurance (CDI), if any, are expected to be minor and absorbable (Insurance Fund).

COMMENTS:

- 1) **Purpose.** The author states this bill will provide health coverage to more Californians by ensuring dependent parents, including undocumented immigrants, are covered. The author contends, by allowing adult children to add their dependent parents to their healthcare plan, working families will save a significant amount each year on healthcare costs.
- 2) **Background.** According to CHBRP, for purposes of health insurance coverage, a dependent is typically a child or other individual for whom a parent, relative, or other person may claim a personal exemption tax deduction. Plans and policies regulated by DMHC and CDI do not currently include parents or stepparents as eligible dependents. Enrollment is almost uniformly limited to the employee or policyholder, any spouse or domestic partner and any children under age 26.

According to a recent University of California (UC) Berkeley Labor Center publication, even after the American Rescue Plan (ARP) substantially increased premium subsidies for health insurance coverage purchased through Covered California, a large number of Californians will remain uninsured. Nearly 3.2 million Californians will remain uninsured in 2022, or about 9.5% of the population age zero through 64 years, according to their projections. The highest uninsured rates will be among undocumented Californians (65%).

Undocumented residents are excluded from federal subsidies and Medicaid eligibility as well as the additional help available through the ARP. Additionally, the Labor Center indicates, non-citizens without a green card have much lower rates of job-based coverage than their citizen counterparts because they are more likely to work in industries and occupations that do not offer health insurance.

- 3) **Support.** CDI, the sponsor of this bill, states this bill would increase health insurance access and affordability for older adults by enabling individuals to enroll their dependent parents in their health insurance coverage. CDI notes families that obtain coverage under a single health insurance policy or certificate enjoy the economic protection of a combined family deductible and maximum out-of-pocket limit on costs. Health Access California states this bill will provide increased financial security for many older Californians by helping to bridge the gap for those who do not qualify for Medi-Cal.
- 4) **Concerns.** California Health Advocates (CHA), an organization that provides federal- and state-funded counseling and advocacy for Medicare, express alarm about potential unintended consequences of this bill for parents who are Medicare-eligible, and concern that dependent parents get accurate information about health benefits options. CHA notes a parent eligible for Medicare could be subject to large financial penalties for making an uninformed choice about coverage.
- 5) **Opposition.** The California Chamber Of Commerce expresses opposition, noting coverage is already available for many older adults. The Chamber also indicates deep concern about rising health plan premiums.
- 6) **Related Legislation.** AB 4 (Arambula), pending in this committee, expands Medi-Cal eligibility to individuals regardless of immigration status.

AB 1400 (Kalra) establishes the “CalCare” program to provide comprehensive, universal single-payer health care coverage and a health care cost control system. AB 1400 was made a two-year bill by the author.

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