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January 11, 2022

Gabriel Petek, Legislative Analyst
Legislative Analyst's Office
925 L Street, Suite 1000
Sacramento, CA 95814

Dear Mr. Petek:

On behalf of the Committee on Rules, we respectfully request that the Legislative Analyst's Office prepare a comprehensive fiscal analysis of AB 1400 by Assembly Member Kalra.

This analysis should also discuss ACA 11 by Assembly Member Kalra to the extent that it is relevant to the economic impacts of AB 1400, and discuss the tax proposals in ACA 11. We request that your analysis include a review of legal barriers relevant to the proposed CalCare plan's implementation, feasibility and sustainability, especially with respect to maintaining adequacy of health spending across economic cycles or if aggregate health trends change, given the state's obligation to balance its budget each year.

The enclosed letter outlines a variety of potential questions that could inform your analysis to improve public understanding of these two measures. In seeking your independent and nonpartisan insights, your review may be facilitated by review of the Assembly Health Committee Analysis of AB 1400, the California Health Benefits Review Program's April 14, 2021 analysis of AB 1400, and the ongoing & well-documented work of the Healthy California for All Commission.

We would appreciate this analysis by March 15th. Please feel free to contact us if you have any questions or need additional information. Thank you for your attention to this request.

Sincerely,

KEN COOLEY, Chair
Assembly Committee on Rules

JORDAN CUNNINGHAM, Vice Chair
Assembly Committee on Rules

Enclosure



January 11, 2022

The Honorable Ken Cooley
Chair, Assembly Rules Committee
1021 O Street, Suite 8310
Sacramento, CA 95814

Cc: Legislative Analyst's Office
925 L Street, Suite 1000
Sacramento, CA 95814

Dear Chairman Cooley:

As you know, last week the Assembly Rules Committee voted to advance Assembly Bill 1400 (Kalra), which would seize control of health care for upwards of 40 million people by creating a government-run single-payer system.

As you further know, during the Rules Committee hearing a request (which was seconded) was made to ask that the Legislative Analyst Office (LAO) prepare a citizen cost impact analysis of the proposal -- pursuant to Rule 37.1 of the Joint Rules of the Senate and Assembly. You indicated at that time your view that the Rule 37.1 request should be done in writing, and the Committee did not take a vote on the motion.

We hereby make a formal motion in writing that the Rules Committee request that the LAO prepare a citizen cost impact analysis of AB 1400 (and its counterpart, ACA 11) -- again pursuant to Rule 37.1.

The purpose of a citizen cost impact analysis is to give the Legislature, from a nonpartisan perspective, an estimate on the economic effects of a particular piece of legislation. Importantly here, Rule 37.1 reads, "Only those bills that have a potential significant cost impact shall be assigned."

To date, there have been at least two estimates of what a single-payer system in California would cost. These include:

- Senate Appropriations Committee: \$400 billion annually.
- Healthy California For All Commission: \$400 billion annually.

These estimates make it clear that AB 1400 will result in a “potential significant cost impact,” as stated in Joint Rule 37.1. However, the analyses cited above are not independent and they do not answer a multitude of questions regarding this specific proposal.

Before lawmakers are asked to cast additional votes on the bill, they deserve information on a number of questions, including:

- What is the total cost of a single-payer system and how will that impact the state budget?
- Will this plan reimburse health care providers at Medicare rates, and if so, what impact will that loss of revenue relative to private insurance payments have on their ability to provide services?
- What is the likelihood the Legislature will be asked to raise taxes beyond the \$163 billion proposed in ACA 11 as a result of the CalCare Trust Fund becoming insolvent?
- Will California be forced to delay or ration care in order to contain the costs of a single-payer system?
- What impact will \$163 billion in new state taxes have on job creation, economic growth, outgoing interstate migration and affordability?
- How will public sector employees be compensated for the loss of their current tax-free health benefits they have collectively bargained to secure? What impact will that have on state and local government budgets?
- How will Medicare funds taken from seniors be used to provide coverage to those who have never paid into the system?
- What will the impact be on the employment of healthcare workers, both public sector and private? The healthcare industry presently employs approximately 1.7 million workers, roughly 10 percent of the total workforce.
- What will the impact be on California's ability to recruit and retain qualified medical providers, especially given that our state has a well-documented shortage of qualified medical providers?

In order for lawmakers to properly represent their constituents, they deserve answers to these and other pressing questions before they are asked to vote on AB 1400 or ACA 11.

For this reason, we respectfully request that the Assembly Rules Committee review this recommendation and assign the preparation of an impact analysis to the LAO, pursuant to Joint Rule 37.1.

Sincerely,



Jordan Cunningham
Assemblymember, 35th District



Marie Waldron
Assembly Republican Leader



Vince Fong
Assemblymember, 34th District



Laurie Davies
Assemblymember, 73rd District



Devon Mathis
Assemblymember, 26th District



James Gallagher
Assemblymember, 3rd District



Phillip Chen
Assemblymember, 55th District



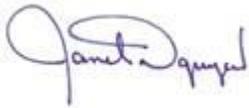
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Assemblymember, 12th District



Megan Dahle
Assemblymember, 1st District



Thomas Lackey
Assemblymember, 36th District



Janet Nguyen
Assemblymember, 72nd District



Thurston "Smitty" Smith
Assemblymember, 33rd District



Kelly Seyarto
Assemblymember, 67th District



Suzette Martinez Valladares
Assemblymember, 38th District



Randy Voepel
Assemblymember, 71st District



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Assemblymember, 6th District



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Assemblymember, 23rd District



Frank Bigelow
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