

Date of Hearing: May 4, 2022

**ASSEMBLY COMMITTEE ON APPROPRIATIONS**

Chris Holden, Chair

AB 2530 (Wood) – As Introduced February 17, 2022

Policy Committee: Health

Vote: 9 - 1

Urgency: No

State Mandated Local Program: No

Reimbursable: No

**SUMMARY:**

This bill requires California's state-based health insurance exchange (Covered California), upon appropriation by the Legislature, to administer a financial assistance program to help a Californian obtain and maintain health benefits through Covered California if the individual loses employer health care coverage as a result of a labor dispute. Specifically, this bill, among other things:

- 1) Requires Covered California to administer a financial assistance program to help a Californian obtain and maintain health benefits if that individual loses employer health care coverage as a result of a labor dispute.
- 2) Designates an individual who has lost minimum essential coverage (MEC) from an employer or joint labor management trust fund as a result of a strike, lockout, or other labor dispute to be a prospective enrollee for purposes of financial assistance, including premium assistance and cost-sharing reduction (CSR) subsidies.
- 3) Prohibits, for the prospective enrollee, any household income in excess of 133% of the applicable federal poverty level (FPL) from being taken into account for the prospective enrollee and the members of their tax household.
- 4) Requires an individual described in 2), above, to receive subsidies for health insurance premiums and CSRs that provide the same assistance that is provided to others with incomes of 133% of the FPL who qualify for financial assistance through Covered California. Requires the CSR subsidies to have an actuarial value (AV) of 94% or greater, and the program design to have zero deductibles for any covered benefit.
- 5) Requires an individual receiving assistance pursuant to this bill to provide a self-attestation regarding the loss of MEC as a result of a dispute. Requires Covered California, if further documentation is required, to contact the affected collective bargaining agent, and authorizes Covered California to contact the employer.
- 6) Requires Covered California to maximize federal affordability assistance for an individual enrolled pursuant to this bill.
- 7) Requires financial assistance provided pursuant to this bill to be funded upon appropriation by the Legislature.

- 8) Defines members of the tax household to include individuals offered MEC by an employer, whether or not the coverage is affordable coverage of minimum value, as defined in subsection (c) of Section 36B of the Internal Revenue Service Code.

**FISCAL EFFECT:**

Covered California reports a cost of \$2.6 million to implement the system changes required to implement this bill.

Covered California indicates it cannot estimate the total cost of this bill due to lack of knowledge or ability to estimate how many individuals would be eligible, and information that would affect the premium cost and federal assistance available to an individual, such as ZIP code, age, and number of dependents. Nevertheless, Covered California states that, for December 2021, the average premium assistance for those at 138% of the FPL was \$548 (federal funds) per member per month (138% FPL allows for a 5% income disregard for Medi-Cal eligibility). The federal share of premium assistance is expected to decrease after the 2022 calendar year.

**COMMENTS:**

According to the author, this bill provides workers who lose health benefits due to a labor dispute a slightly improved version of the most affordable coverage package offered by Covered California. Additionally, this bill eliminates a waiting period associated with signing up through Covered California.

Covered California, authorized under the federal Patient Protection and Affordable Care Act (ACA), makes available health insurance for individual and small business purchasers.

On March 11, 2021, President Biden signed into law the American Rescue Plan Act (ARPA) of 2021 (H.R. 1319). This COVID-19 relief legislation includes a number of key provisions that strengthen both public and private health insurance coverage, including substantial increases to subsidies for the purchase of health plans offered through Covered California. The ARPA subsidies continue through the 2022 calendar year.

The author notes that of 50 major labor disputes in California and involving more than 1,000 workers, as documented by the federal Bureau of Labor Statistics, two disputes lasted long enough to put health coverage at risk. One dispute, in 2015, involved 1,200 refinery workers and the other, in 2018, involved 2,500 hotel workers. The author states most strikes are shorter in duration.

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