

ESTIMATED COST IMPACT AND SAVINGS SB 2 (BURTON)

TABLE 1 - NUMBER OF UNINSURED COVERED BY SB 2 WITHOUT TAX CREDIT

	All Employers with 50 or More Employees (Workers)	All Employers with 200 or More Employees (Dependents Only)	Total
Number of Uninsured ¹	891,728	404,928	1,296,656
Employer Cost	1,712,117,760	523,622,000	2,235,739,760
Employee Cost	428,029,440	130,904,000	558,933,440
Gross Cost ²	\$2,140,147,200	\$654,526,000	\$ 2,794,673,200
Employer Tax Deduction Offset ³	(684,847,104)	(209,488,000)	(894,335,104)
Net Cost to Employer	\$1,027,270,656	\$314,134,000	\$1,341,404,656

TABLE 2 - NUMBER OF UNINSURED COVERED WITH SB 2 AND PROPOSED EMPLOYER TAX CREDIT

	20-49 Employees (Workers)
Number of Uninsured	266,360
Employer Cost	511,411,200
Employee Cost	127,852,800
Gross Cost	\$639,264,000
Employer Tax Deduction Offset	(204,564,480)
Net Cost to Employer	\$434,699,520
Proposed Tax Credit	(86,939,904)
Net Cost After Tax Credit	\$347,759,616

SAVINGS

- It is estimated by actuaries that approximately 5% of premium costs reflect absorbed costs of the uninsured. By coverage of current uninsured; a three percent (3%) reverse cost shift on the current premium base produces a savings of \$1.2 billion to employers currently providing health insurance.
- There is an unquantified savings to employers currently providing health coverage to working spouses whose employers do not provide health insurance.

FOOTNOTES

1. University of California, Institute for Labor and Employment
 2. Gross cost computed by average premium for managed care product (\$2,400 per worker or adult dependent and \$1,100 per dependent minor).
 3. Computed at maximum combined tax deduction rate, may be less for some employers.