
Modeling Employer Participation in Adult Healthcare Coverage Expansion in San Mateo County

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October 2007

For the San Mateo County Blue Ribbon Task Force



Population

- Blue Ribbon Task Force recommends coverage for uninsured adults below 400% of FPL living in San Mateo, estimated at 36,000-44,000 individuals.
- We estimate that there are 35,000 uninsured private sector employees ages 19-64 with families with incomes under 400% FPL working in San Mateo County.
- We estimate 20,400 of those workers live in San Mateo County.

Distribution of Private Sector Employees with incomes below 400% FPL living or working in San Mateo by place of residence and work.

	Live in San Mateo, where do they work?	Work in San Mateo, where do they live?
San Mateo	60.9%	57.8%
San Francisco	18.4%	14.8%
Santa Clara	13.0%	10.2%
Alameda	3.6%	8.3%
Other	3.9%	8.9%
Total	100%	100%

Source: Census (2000), IPUMS 5% Sample, Weighted Estimates

Uninsured San Mateo Employees by Business Size and Percent of FPL

Firm Size	Private Sector employees	Uninsured	Uninsured below 400% FPL	Live and work in San Mateo
1 to 19	70,000	14,000	13,000	7,400
20 to 99	94,000	14,000	12,000	7,000
100+	142,000	12,000	10,000	6,000
Total	306,000	40,000	35,000	20,400

Source: EDD (2006), QCEW (2006), CHIS (2005), Census (2000).

Revenue Options

Option	Comment
Sales Tax	Two-thirds vote of the electorate for dedicated tax.
Payroll tax	Two-thirds vote of the electorate for dedicated tax. Possible issue regarding authority.
Mitigation fee	Authorization by state legislature; fee must have a reasonable relationship to “burden” or “benefit.”
License Fee Increase	Must be justified by relationship to cost of a particular regulatory program.
Minimum Health Spending Requirement	Joint Powers Authority approved by participating cities.

Employee Retirement Insurance Security Act (ERISA)

Preempts state and local laws that require the modification or adoption of employee benefit plans.

To avoid ERISA preemption:

1. Employers have an option for compliance that does not involve setting up their own ERISA plan or increasing their spending on an existing plan.
2. Employers receive a sufficient benefit from that non-ERISA option that it is a realistic one.

Federal district court will hear San Francisco case on November 2.

Modeling Assumptions

Employers are required to meet the requirement on all employees who:

- Earn less than \$3,333 per month (\$40,000 a year).
- Work eight or more hours a week.
- Are not eligible for Medi-Cal, Tri Care/Champus or Medicare.
- Are not receiving health care services through another employer.

Modeling Assumptions (2)

- Employers currently providing healthcare coverage to their employees continue to do so.
- Employers who are not providing coverage to any of their workforce choose to pay into the County program for those workers.
- Workers whose employers choose to pay into the county program receive a 75% discount on the monthly contribution.
- No measurable change in employment practices.

Note

- The following models are presented as an employer spending requirement;
- The financial outcomes would be the same for a payroll tax or mitigation fee with a credit for health spending.

Options

Option 1 (San Francisco)

- Large Employers, 100 or more workers are required to spend 75% of the average county spending for single coverage prorated by hour (\$1.76) per employee on health services;
- Medium Employers, 20-99 are required to spend 50% of the average county spending for single coverage prorated by hour (\$1.17) an hour on health services;
- Firms under 20 workers are exempt.
- Option 2
 - All firms required to spend 55% of the average county spending for single coverage prorated by hour (\$1.25) per employee on health services.
- Option 3
 - All firms required to spend a minimum of 7.5% of payroll per individual on health services

Option 1: San Francisco Model

Projected Revenue (in millions)

Firm Size	Uninsured Below 400% FPL	Avg. Work Hours	Fee	Annual Revenue
1 to 19	7,400	36.7	NA	0
20-99	7,000	37.3	1.17	\$15.6
100+	6,000	35.8	1.76	\$19.5
Total	20,400			\$35.1

Source: EDD (2006), QCEW (2006), and CHIS (2005). Numbers may not add due to rounding.

Option 2: \$1.25 per hour all employers

Projected Revenue (in millions)

Firm Size	Uninsured Below 400% FPL	Avg. Work Hours	Fee	Annual Revenue
1 to 19	7,400	36.7	1.25	\$17.3
20-99	7,000	37.3	1.25	\$16.7
100+	6,000	35.8	1.25	\$13.8
Total	20,400			\$47.8

Source: EDD (2006), QCEW (2006), and CHIS (2005). Numbers may not add due to rounding.

Option 3: 7.5% per hour, all employers

Projected Revenue (in millions)

Firm Size	Uninsured Below 400% FPL	Avg. Monthly Salary	Annual Revenue
1 to 19	7,400	\$1,450	\$9.6
20-99	7,000	\$1,502	\$9.5
100+	6,000	\$1,410	\$7.7
Total	20,400		\$26.8

Source: EDD (2006), QCEW (2006), and CHIS (2005). Numbers may not add due to rounding.

Comparison of Total Annual Revenues by option (in millions)

	Model 1: San Francisco	Model 2: \$1.25 an hour	Model 3: 7.5% payroll
Employer	35.1	47.8	26.8
Individual	9.2	6.7	6.7
Other Counties	9.6	9.6	9.6
Total	53.9	64.1	43.1

Sources

- Distribution of workers by Firm Size from EDD (2006)
- Private Sector Employment from QCEW (2006)
- Place of Residence / Place of Work from Census (2000)
- Health Insurance, Wages, Hours worked, FPL, from CHIS (2005) and CPS (2006)
- Population from ACS (2005)