SUMMARY

ACA 11 would propose for voter approval a package of taxes to fund a comprehensive universal single-payer health care coverage and a health care cost control system for the benefit of every resident of the state, and reserves deemed necessary to ensure payment.

- Gross Receipts Tax: Annual excise tax at 2.3% of gross income above $2 million for all qualified businesses in the state
- Payroll Tax:  
  a) Employer Share: Employers with 50 or more employees to pay 1.25% payroll tax rate on wages and other compensation for their employees  
  b) Employee Share: Employees earning more than $49,900 in wages or compensation per year to pay 1% payroll tax for earnings over $49,900  
- Personal Income Tax on High Earners: Taxpayers with taxable incomes above $149,509 will pay an additional income tax based on specified marginal tax rates and adjusted for inflation.

Upon an economic analysis determining insufficient funds, ACA 11 allows the Legislature to increase the proposed taxes by a majority vote.

ACA 11 ensures that the tax revenues raised do not affect the Gann Limit, the Proposition 98 minimum guarantee for schools and community colleges, or reserve calculations under Proposition 2 of 2014.

ACA 11 would not become operative until the Legislature enacts a statutory frame for a universal single-payer system and there is an implementing statute for its tax administration, collection and enforcement.

BACKGROUND

Our current fragmented and costly multi-payer health care system is largely funded by employer and household spending. For the middle class, health insurance is the biggest “tax” they pay and their share is only expected to grow if the issue remains unaddressed. According to estimates presented to the Healthy California for All Commission, by 2031 total health spending in California is projected to grow by $158 billion.

Even with this system in place, millions of Californians remain uninsured and millions more with coverage often delay or cannot access necessary medications or health care services due to cost. Since the COVID-19 pandemic, that number has grown as many workers have lost their employer-based coverage.

To finance a comprehensive single-payer health care system that covers all residents with no additional employer or household spending needed (i.e. premiums, co-pays), systematic change from our inefficient insurance-based payment system and cost controls are needed. States with Legislative Authority can apply for federal waivers to utilize federal funding to finance a state run single-payer system.

SOLUTION

The state should ensure Californians’ right to comprehensive health care coverage through equitable funding rather than relying on a person’s ability to pay or employment status. ACA 11 proposes to fund this comprehensive single-payer health care coverage and cost control system using progressive taxation.

Californians will have a choice and the taxes imposed by ACA 11 will result in a net income gain for most low and middle-income individuals by eliminating the “taxes” that they pay to for-profit insurance companies.