

Notice Published: June 3, 2022

NOTICE OF PROPOSED RULEMAKING

CALIFORNIA CODE OF REGULATIONS, TITLE 10, CHAPTER 12, ARTICLE 4 ADOPT SECTION 6466

Notice is hereby given that the Board of the California Health Benefit Exchange (the Exchange) proposes to make final the emergency regulations under Title 10, California Code of Regulations (CCR), sections 6466. These regulations were adopted as emergency regulations, became effective on April 8, 2021, and remain in effect until April 7, 2023.

Before undertaking this action, the Board of the Exchange will conduct written public proceedings, during which time any interested person, or such person's duly authorized representative, may present statements, arguments, or contentions relevant to the action described in this notice.

PUBLIC HEARING

The Exchange has not scheduled a public hearing on this proposed action. However, the Exchange will hold a hearing if it receives a written request for a public hearing for any interested person, or his or her authorized representative, no later than 15 days before the close of the written comment period.

WRITTEN COMMENT PERIOD

Any interested person, or his or her authorized representative, may submit written comments relevant to the proposed regulatory action to the Exchange. The written comment period closes on July 18, 2022. The Exchange will consider only comments received at the Exchange's office by that time. Submit written comments to:

Mariah Gonzales
California Health Benefit Exchange (Covered California)
1601 Exposition Blvd.
Sacramento, CA 95815

Comments may also be submitted by facsimile (FAX) at 916-403-4468 or by e-mail to regulations@covered.ca.gov.

AUTHORITY AND REFERENCE

Government Code section 100504, subdivision (a)(6) authorizes the Board of Directors for the Exchange to adopt rules and regulations, as necessary. The proposed regulation

implements, interprets, and makes specific Business and Professions Code, section 7454.

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

Summary of Existing Laws

In March 2010, President Obama signed federal health reform legislation called the Patient Protection and Affordable Care Act (ACA). It created the opportunity for each state to establish a state-based health insurance exchange to implement the ACA. California chose to operate an exchange that is commonly known as known as “Covered California.” For purposes of this Notice, Covered California will be referred to as the “Exchange.” The Exchange’s mission is to increase the number of insured Californians, improve health care quality, lower costs, and reduce health disparities through an innovative, competitive marketplace that empowers consumers to choose their health plan.

State law specifies the powers and duties of the executive board of the Exchange. Government Code section 100504, subdivision (a)(6) authorizes the Exchange’s Board of Directors to adopt rules and regulations, as necessary. The Exchange proposes this permanent rulemaking in furtherance of its rulemaking authority to implement, interpret, and make specific state law.

Business and Professions Code section 7454, added by ballot initiative Proposition 22, requires network companies to provide quarterly healthcare subsidies for qualifying app-based drivers working on their platforms. Drivers that earn the healthcare subsidies can use them to purchase or offset the cost of healthcare coverage, including individual coverage available through Covered California.

Pursuant to Business and Professions Code section 7454, subdivision (a), the amount of the available subsidy is a percentage based on driving hours of the “average statewide monthly premium” for an individual for a Covered California bronze health insurance plan. Business and Professions Code section 7454, subdivision (g), requires the Exchange to annually publish the “average statewide monthly premium for an individual for the following calendar year for a Covered California bronze health insurance plan” to enable network companies to calculate the required subsidy amount.

Summary of the Effect of the Proposed Regulation

This proposed regulation implements, interprets, and makes more specific the statutory requirement that the Exchange annually publish the statewide monthly bronze premium, to allow network companies to issue healthcare subsidies to app-based drivers.

Proposed Title 10 of the California Code of Regulations, section 6466, subdivision (a) states that the Exchange will annually publish the average statewide monthly premium and identifies the Exchange's public website as the location of the annual publication. Proposed section 6466, subdivision (b) adopts the methodology the Exchange will use to calculate the "average statewide monthly premium" annually. Proposed section 6466, subdivision (c) provides a definition relevant to the adopted methodology in subdivision (b).

The proposed regulation will benefit the public by providing consistency and transparency to the annual calculation of the average statewide monthly premium for the purposes of the healthcare subsidy added by Proposition 22. The proposed regulation will also inform the public, including network companies required to issue the healthcare subsidy to drivers, as to where to access the published information annually.

Anticipated Benefits of the Proposed Regulation

The anticipated benefits of this proposed regulation include:

- Ensuring that impacted parties, including network companies and consumers, know where to access the average statewide monthly premium calculation annually;
- Providing consistency in the methodology for calculating the average statewide monthly premium for an individual; and
- Enabling network companies subject to Business and Professions Code section 7454 to issue healthcare subsidies to qualifying app-based drivers.

Evaluation of Inconsistency/Incompatibility with Existing State Regulations

After an evaluation of current regulations, the Exchange determined that this proposed regulation is not inconsistent or incompatible with any existing regulations.

Substantial Difference from Existing, Comparable Federal Regulation/Statute

None.

JUSTIFICATION FOR DUPLICATION

Pursuant to Title 1 of the California Code of Regulations, subdivision 12(b)(1), the proposed regulation duplicates Business and Professions Code section 7454, subdivision (g) to satisfy the "clarity" standard of Government Code section 11349.1, subdivision (a)(3). The duplicated language in proposed section 6466, subdivision (a)

clarifies the methodology detailed in subdivision (b) by indicating what the methodology pertains to and when the posting will occur annually.

DOCUMENTS TO BE INCORPORATED BY REFERENCE:

None.

DISCLOSURES REGARDING THE PROPOSED ACTION

The Exchange has made the following initial determinations:

Matters Prescribed by Statute Applicable to the Agency or to Any Specific Regulation or Class of Regulations

None.

Mandate on Local Agencies and School Districts

None. The Exchange has determined that this proposed regulatory action does not impose a mandate on local agencies or school districts.

Cost to Any Local Agency or School District Which Must Be Reimbursed in Accordance with Government Code Sections 17500 Through 17630

None. This proposal does not impose costs on any local agency or school district for which reimbursement would be required pursuant to Part 7 (commencing with Section 17500) of Division 4 of the Government Code.

Costs or Savings to State Agencies

The proposal does not result in costs or savings to state agencies or the State General Fund. The Exchange is currently completely funded by assessments on premiums charged by Qualified Health Plans.

Costs or Savings in Federal Funding to the State

The proposal will not result in costs or savings in federal funding to the state.

Other Nondiscretionary or Savings Imposed on Local Agencies

None. This proposal does not impose other nondiscretionary costs or savings on local agencies.

Significant Effect on Housing Costs

None.

Effect on Small Business

This proposed regulation is not expected to affect small business within the State of California. The proposed regulation does not create or expand the operations of any small businesses.

Significant, Statewide Adverse Economic Impact Directly Affecting Business, Including the Ability of California Businesses to Compete with Businesses in Other States

The Exchange has made an initial determination that the proposed regulations will not have a significant, statewide adverse economic impact directly affecting business.

Cost Impacts on a Representative Private Person or Business

The Exchange is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

Business Reporting Requirement

None.

RESULTS OF THE ECONOMIC IMPACT ASSESSMENT/ANALYSIS

The Exchange concludes regarding the proposed regulation that it is:

- (1) **unlikely to** create or eliminate any jobs in the State;
- (2) **unlikely to** create or eliminate businesses within the State;
- (3) **unlikely to** impact the expansion of businesses currently doing business in California; and
- (4) **likely to** provide benefits to the health and welfare of California residents,
- (5) **unlikely to** provide benefits to worker safety and the state's environment.

CONSIDERATION OF ALTERNATIVES

In accordance with Government Code section 11346.5, subdivision (a)(13), the Exchange has determined that no reasonable alternative considered or otherwise been identified and brought to the attention of the Exchange would be more effective in carrying out the purpose for which this action is proposed, would be as effective and less burdensome to affected private persons than the proposed action, or would be more cost effective to affected private persons and equally effective in effectuating the purpose of the statute. This proposed action is the most effective in effectuating the purpose of the statute.

The Exchange invites interested persons to present statements or arguments with respect to alternatives to the proposed regulations during the written comment period.

CONTACT PERSONS

Inquiries concerning the proposed administrative action may be directed to:

Mariah Gonzales
California Health Benefit Exchange (Covered California)
1601 Exposition Blvd.
Sacramento, CA 95815
Telephone: (916) 281-2562

The backup contact person for inquiries concerning the proposed administrative action may be directed to:

Anna Pifer-Foote
Attorney
California Health Benefit Exchange (Covered California)
1601 Exposition Blvd.
Sacramento, CA 95815
Telephone: (916) 281-2563

Please direct requests for copies of the proposed text of the regulation, the Initial Statement of Reasons, the modified text of the regulation, if any, or other information upon which the rulemaking is based to Anna Pifer-Foote at the above contact information.

AVAILABILITY OF STATEMENT OF REASONS, TEXT OF PROPOSED REGULATION AND RULEMAKING FILE

The Exchange will have the entire rulemaking file available for inspection and copying throughout the rulemaking process at its office at the above address. As of the date of this notice published in the Notice Register, the rulemaking file consists of this notice, the proposed text of the regulation, and the Initial Statement of Reasons. Copies may be obtained by contacting Anna Pifer-Foote at the address or phone number listed above.

AVAILABILITY OF CHANGED OR MODIFIED TEXT

After holding a hearing, if requested, and considering all timely and relevant comments received, the Exchange may adopt the proposed regulation substantially as described in this notice. If the Exchange makes modifications which are sufficiently related to the originally proposed text, it will make the modified text available to the public for at least

15 days before the Exchange adopts the regulation as revised. Please send requests for copies of any modified regulations to the attention of Anna Pifer-Foote at the address indicated above. The Exchange will accept written comments on the modified regulations for 15 days after the date on which they are made available.

AVAILABILITY OF THE FINAL STATEMENT OF REASONS

Upon its completion, copies of the Final Statement of Reasons may be obtained by contacting Anna Pifer-Foote at the above address.

AVAILABILITY OF DOCUMENTS ON THE INTERNET

Copies of the Notice of Proposed Rulemaking, the Initial Statement of Reasons and the proposed text of the regulation in underline can be accessed through our website at <http://hbex.coveredca.com/regulations/>.



INITIAL STATEMENT OF REASONS

CALIFORNIA CODE OF REGULATIONS, TITLE 10, CHAPTER 12, ARTICLE 4 ADOPT SECTION 6466

The Administrative Procedure Act (“APA”) requires that an Initial Statement of Reasons be available to the public upon request when a permanent rulemaking action is undertaken. The following information required by the APA pertains to this particular rulemaking action:

BACKGROUND

In March 2010, President Obama signed federal health reform legislation called the Patient Protection and Affordable Care Act (PPACA). The PPACA creates state-based health insurance exchanges. The purpose of state health insurance exchanges is to make health insurance more affordable and easier to purchase for small businesses and individuals. Under the PPACA, states choose to operate their own exchanges or participate in a multi-state exchange. If a state elects to operate its own exchange, it is required, by January 1, 2014, to establish an American Health Benefit Exchange that makes available qualified health plans to qualified individuals and small employers.

California chose to operate its own exchange (the Exchange), known as “Covered California.” The Exchange’s vision is to improve the health of all Californians by assuring their access to affordable, high quality health care.

The Exchange’s mission is to increase the number of insured Californians, improve health care quality, lower costs, and reduce health disparities through an innovative, competitive marketplace that empowers consumers to choose their own health plan.

Proposition 22 is an approved 2020 California ballot initiative measure that reclassifies certain app-based delivery and transportation drivers (“app-based drivers”) as independent contractors, rather than employees or agents of the associated company (“network company”). In addition to reclassifying these individuals, Proposition 22 requires network companies to provide certain benefits to qualifying app-based drivers, including a quarterly healthcare subsidy. (Bus. & Prof. Code, § 7454.) Drivers that earn the healthcare subsidy can use it to purchase or offset the cost of healthcare coverage, including individual coverage available through Covered California.

Pursuant to Business and Professions Code section 7454, subdivision (a), the amount of the available subsidy is a percentage based on driving hours of the “average statewide monthly premium” for an individual for a Covered California bronze health insurance plan. Business and Professions Code section 7454, subdivision (g), requires

the Exchange to annually publish the “average statewide monthly premium for an individual for the following calendar year for a Covered California bronze health insurance plan” to enable network companies to calculate the required subsidy amount.

This proposed regulation implements, interprets, and makes more specific the statutory requirement that the Exchange annually publish the statewide monthly bronze premium. This posting enables network companies to calculate the required healthcare subsidies due to qualifying app-based drivers. The proposed regulation specifies the methodology that Covered California will use to calculate the statewide monthly bronze premium and provides information about how the annual posting will occur.

PROBLEM STATEMENT

App-based drivers may receive quarterly healthcare subsidy payments from their network companies if they meet certain hourly driving requirements. The subsidy payments are calculated based on a percentage of the average monthly Covered California bronze premium for each month of the quarter. (Bus. & Prof. Code, § 7454, subd. (a).) Pursuant to Business and Professions Code, section 7454, subdivision (g), Covered California must annually publish the “average statewide monthly premium” for an individual for a Covered California bronze health insurance plan. This posting allows network companies to calculate the subsidy amount due to qualifying app-based drivers.

Health coverage premiums in California vary significantly based on region, age, health carrier, and plan type. The text of Business and Professions Code, section 7454 does not define how these factors should weigh in calculating the total statewide average for the annual posting. The proposed regulation is intended to resolve this ambiguity by adopting a methodology for calculating the average statewide monthly bronze premium.

ANTICIPATED BENEFITS

It is anticipated that the proposed regulation will provide the following benefits:

- Ensuring that impacted entities and individuals know where to access the average statewide monthly premium calculation annually;
- Providing consistency in the methodology for calculating the average statewide monthly premium; and
- Enabling network companies subject to Business and Professions Code section 7454 to calculate quarterly healthcare subsidies due to qualifying app-based drivers.

PURPOSE AND NECESSITY

The purpose of this proposed regulatory action is to provide a standardized methodology for the Exchange to use when determining the average statewide monthly premium for an individual for the following calendar year for a Covered California bronze health insurance plan. Pursuant to its authorities, the Exchange proposes to

permanently adopt section 6466.

Section 6466, subdivision (a): The purpose of this subdivision is to indicate that the Exchange will annually post the average statewide monthly premium for an individual for the following calendar year for a Covered California bronze health insurance plan on its public website. This provision duplicates portions of Business and Professions Code, section 7454, subdivision (g), but is necessary because it clarifies what the methodology adopted in subdivision (b) pertains to. It additionally provides necessary information that the annual publication will occur on the Exchange's public website.

Section 6466, subdivision (b): The purpose of this subdivision is to define the "average statewide monthly premium" in subdivision (a) by providing the methodology the Exchange will use to annually calculate it. The proposed methodology is a simple two-step process: (1) adopt the average statewide bronze premium calculated for California's Individual Shared Responsibility Penalty and (2) multiply that number by the average age rating factor. As described below, the adopted methodology provides consistency with a similar requirement in law, while best meeting the purpose and policy goals of the statute.

First, this subdivision adopts the average statewide bronze premium calculated for California's Individual Shared Responsibility Penalty. California law requires Californians to enroll in and maintain minimum essential coverage. If an individual does not enroll in and maintain minimum essential coverage, a penalty applies, as specified in section 61015 of the Revenue and Taxation Code. The penalty is based on "the state average premium for qualified health plans that have a bronze level of coverage." (Rev. & Tax. Code, § 61015, subd. (a)(2).) The Exchange annually calculates this number, relying on the methodology published by the Internal Revenue Service (IRS) in Revenue Procedure 2014-46. The IRS methodology uses a population-weighted average of bronze level premium in each county or county equivalent that would be charged to a 21-year-old individual who does not use tobacco. Calculating the penalty based on the premium paid by a 21-year-old nonsmoker caps the penalty so it does not impose an undue burden on Californians.

Business and Professions Code, section 7454, requires the Exchange to publish the "average statewide monthly premium for an individual for the following calendar year for a Covered California bronze health insurance plan." Due to the similarities in language between these two bronze average requirements, the proposed regulation adopts the same calculated state average bronze premium that the Exchange annually calculates for California's Individual Shared Responsibility Penalty. The Exchange proposes using the same methodology for these two requirements for consistency.

However, the Exchange believes it is necessary to adjust this calculation due to policy differences between the penalty and the healthcare subsidy available to app-based drivers. The healthcare subsidy is a benefit to app-based drivers, aimed at assisting these individuals with costs associated with healthcare coverage. The penalty calculation is capped at a low rate by design to limit its severity. The Exchange does not believe that the average coverage costs of a 21-year-old individual meet the policy goals and purpose of Business and Professions Code, section 7454 in enabling app-based drivers to purchase individual health coverage. Therefore, the proposed

regulation adjusts the calculation to account for the average age rating factor for individuals enrolled in Covered California. Multiplying the calculation by the average age rating factor will create a realistic average statewide bronze premium that more closely aligns with the monthly premium an average Covered California enrollee would pay, furthering the goal of helping app-based drivers pay for coverage expenses.

Section 6466, subdivision (c): The purpose of this subdivision is to define the average age rating factor for the purposes of subdivision (b). This definition explains that the average age rating factor is determined by the federal Centers for Medicare and Medicaid Services. This number expresses the difference in premium that individuals pay based on their age, as compared to premium paid by a 21-year-old. Covered California will determine the average age of Covered California enrollees and use the applicable age rating factor when calculating the statewide average monthly bronze premium. The definition in this subdivision is necessary to clarify the second step of the methodology detailed in subdivision (b).

RELIED ON DOCUMENTS

None.

ECONOMIC IMPACT ANALYSIS/ASSESSMENT (EIA)

Creation of Jobs

It is unlikely that this proposed regulation will create or eliminate any jobs within the State of California. This proposed regulation relates only to the requirement that the Exchange annually publish the average statewide monthly premium. The proposed regulation does not directly impose any requirements on any other entities or persons.

Creation of Businesses

It is unlikely that this proposed regulation will create or eliminate any existing businesses within the State of California. This proposed regulation relates only to the requirement that the Exchange annually publish the average statewide monthly premium. It does not directly impose any requirements on any other entities or persons.

Expansion of Businesses

It is unlikely that this proposed regulation will expand or eliminate businesses currently doing business within the State of California. Existing network companies doing business in California will use the posted premium rate to calculate the healthcare subsidy due to qualifying app-based drivers on their platforms. The requirement to issue healthcare subsidies to qualifying app-based drivers is in existing law and is not a new requirement imposed by this regulation. This regulation's impact on existing businesses is not expected to expand or eliminate business.

Benefits

It is likely that this proposed regulation will provide benefits to the health and welfare of

California residents. Californians that work as app-based drivers are considered independent contractors, rather than employees of network companies pursuant to Proposition 22. As a result, these individuals do not receive employer-sponsored health coverage from their network company. The healthcare subsidy available to app-based drivers that meet the hourly requirements can assist app-based drivers in purchasing and maintaining health coverage. This proposed regulation ensures that the healthcare subsidy available to app-based drivers is based on a methodology representative of the average statewide monthly bronze premium, so that these individuals can appropriately use their earned benefit. This proposed regulation additionally provides transparency and clarity as to how the Exchange will annually calculate the statewide monthly bronze premium, and provides information as to where impacted persons can access the publication. This proposed rulemaking does not impact worker safety or the state's environment, and is therefore unlikely to provide benefits in these areas.

REASONABLE ALTERNATIVES TO THE REGULATION AND THE AGENCY'S REASONS FOR REJECTING THOSE ALTERNATIVES

In accordance with Government Code section 11346.5, subdivision (a)(13), the Exchange has determined that no reasonable alternative considered or that has otherwise been identified and brought to the attention of the Exchange would be more effective in carrying out the purpose for which this action is proposed, would be as effective and less burdensome to affected private persons than the proposed action, or would be more cost effective to affected private persons and equally effective in effectuating the purpose of the statute.

As an alternative to the selected methodology in this proposed regulation, the Exchange considered calculating the average statewide bronze premium based on each rating area, county, and zip code in the state, weighted by enrollment. Under this alternative, the Exchange would have selected a representative bronze premium rate from each rating area, county, and zip code in the state. It then would have calculated the average statewide bronze premium through one of four considered methods: (1) calculating the weighted average premium by enrollment in each representative plan (2) adopting the premium of the most popular representative plan by enrollment (3) adopting the premium of the median representative plan or (4) taking a simple average of the premiums of the representative plans.

The Exchange rejected these alternative methods, in favor of the consistency offered by the selected methodology. The Exchange already annually calculates a statewide average bronze premium for California's Individual Shared Responsibility Penalty. Given the similarities in language between that requirement and the requirement in Business and Professions Code section 7454, the Exchange favors adopting the same calculation methodology, adjusted based on the average age of Covered California enrollees. The chosen methodology provides the least confusion to affected persons while best achieving the policy goals of the statute.

SUPPORT FOR DETERMINATION OF NO SIGNIFICANT ADVERSE ECONOMIC IMPACT ON BUSINESS

The proposed rulemaking does not create a significant adverse economic impact on

businesses, either directly or indirectly. The proposed regulation describes action taken by the Exchange and does not impose any direct requirements on businesses. Pursuant to existing law, network companies are responsible for providing healthcare subsidies to app-based drivers based on the average bronze premium in the state. This proposed rulemaking specifies how the average premium that will serve as a basis for the subsidy amounts is calculated. Although existing law does not specify the exact average bronze premium for the state, network companies should already account for expenses related to issuing driver benefits within their operating budgets pursuant to existing law.

Title 10. Investment

Chapter 12. California Health Benefit Exchange

Article 4. General Provisions

§ 6466. Average Statewide Monthly Premium.

(a) On or before each September 1, Covered California shall publish the average statewide monthly premium for an individual for the following calendar year for a Covered California bronze health insurance plan on its public website.

(b) For purposes of this section, the “average statewide monthly premium” published pursuant to subdivision (a) for the calendar year subsequent to each September 1, means the average statewide bronze premium calculated when determining California’s Individual Shared Responsibility Penalty pursuant to section 61015, subdivision (a)(2) of the Revenue and Taxation Code multiplied by the average age rating factor for individuals enrolled in Covered California in the prior calendar year.

(c) For purposes of this section, “average age rating factor” means the age rating curve established by the federal Centers for Medicare and Medicaid Services pursuant to Section 2701(a)(3) of the federal Public Health Service Act (42 U.S.C. Sec. 300gg(a)(3)), weighted by the average age of all enrollees in Covered California qualified health plans in the individual market.

Note: Authority cited: Section 100504, Government Code; and Sections ~~7454 and 7466~~, Business and Professions Code. Reference: Sections ~~7454 and 7466~~, Business and Professions Code; and Section 61015, Revenue and Taxation Code.

**ECONOMIC AND FISCAL IMPACT STATEMENT
(REGULATIONS AND ORDERS)**

STD. 399 (Rev. 10/2019)

ECONOMIC IMPACT STATEMENT

DEPARTMENT NAME California Health Benefit Exchange	CONTACT PERSON KC Castleberry	EMAIL ADDRESS kc.castleberry@covered.ca.gov	TELEPHONE NUMBER (916) 228-8304
DESCRIPTIVE TITLE FROM NOTICE REGISTER OR FORM 400 Average Statewide Monthly Premium			NOTICE FILE NUMBER Z

A. ESTIMATED PRIVATE SECTOR COST IMPACTS *Include calculations and assumptions in the rulemaking record.*

1. Check the appropriate box(es) below to indicate whether this regulation:

- | | |
|--|---|
| <input type="checkbox"/> a. Impacts business and/or employees | <input type="checkbox"/> e. Imposes reporting requirements |
| <input type="checkbox"/> b. Impacts small businesses | <input type="checkbox"/> f. Imposes prescriptive instead of performance |
| <input type="checkbox"/> c. Impacts jobs or occupations | <input type="checkbox"/> g. Impacts individuals |
| <input type="checkbox"/> d. Impacts California competitiveness | <input checked="" type="checkbox"/> h. None of the above (Explain below): |

If any box in Items 1 a through g is checked, complete this Economic Impact Statement.***If box in Item 1.h. is checked, complete the Fiscal Impact Statement as appropriate.***2. The _____ estimates that the economic impact of this regulation (which includes the fiscal impact) is:
(Agency/Department)

- Below \$10 million
- Between \$10 and \$25 million
- Between \$25 and \$50 million
- Over \$50 million *[If the economic impact is over \$50 million, agencies are required to submit a [Standardized Regulatory Impact Assessment](#) as specified in Government Code Section 11346.3(c)]*

3. Enter the total number of businesses impacted: _____

Describe the types of businesses (Include nonprofits): _____

Enter the number or percentage of total
businesses impacted that are small businesses: _____

4. Enter the number of businesses that will be created: _____ eliminated: _____

Explain: _____

5. Indicate the geographic extent of impacts: Statewide
 Local or regional (List areas): _____

6. Enter the number of jobs created: _____ and eliminated: _____

Describe the types of jobs or occupations impacted: _____

7. Will the regulation affect the ability of California businesses to compete with
other states by making it more costly to produce goods or services here? YES NO

If YES, explain briefly: _____

**ECONOMIC AND FISCAL IMPACT STATEMENT
(REGULATIONS AND ORDERS)**

STD. 399 (Rev. 10/2019)

ECONOMIC IMPACT STATEMENT (CONTINUED)

B. ESTIMATED COSTS *Include calculations and assumptions in the rulemaking record.*

1. What are the total statewide dollar costs that businesses and individuals may incur to comply with this regulation over its lifetime? \$ _____

a. Initial costs for a small business: \$ _____ Annual ongoing costs: \$ _____ Years: _____

b. Initial costs for a typical business: \$ _____ Annual ongoing costs: \$ _____ Years: _____

c. Initial costs for an individual: \$ _____ Annual ongoing costs: \$ _____ Years: _____

d. Describe other economic costs that may occur: _____

2. If multiple industries are impacted, enter the share of total costs for each industry: _____

3. If the regulation imposes reporting requirements, enter the annual costs a typical business may incur to comply with these requirements. *Include the dollar costs to do programming, record keeping, reporting, and other paperwork, whether or not the paperwork must be submitted.* \$ _____

4. Will this regulation directly impact housing costs? YES NO
If YES, enter the annual dollar cost per housing unit: \$ _____

Number of units: _____

5. Are there comparable Federal regulations? YES NO

Explain the need for State regulation given the existence or absence of Federal regulations: _____

Enter any additional costs to businesses and/or individuals that may be due to State - Federal differences: \$ _____

C. ESTIMATED BENEFITS *Estimation of the dollar value of benefits is not specifically required by rulemaking law, but encouraged.*

1. Briefly summarize the benefits of the regulation, which may include among others, the health and welfare of California residents, worker safety and the State's environment: To post the average statewide bronze premium which will enable app-based firms to calculate stipend provided to eligible drivers to purchase healthcare coverage.

2. Are the benefits the result of: specific statutory requirements, or goals developed by the agency based on broad statutory authority?

Explain: _____

3. What are the total statewide benefits from this regulation over its lifetime? \$ _____

4. Briefly describe any expansion of businesses currently doing business within the State of California that would result from this regulation: _____

D. ALTERNATIVES TO THE REGULATION *Include calculations and assumptions in the rulemaking record. Estimation of the dollar value of benefits is not specifically required by rulemaking law, but encouraged.*

1. List alternatives considered and describe them below. If no alternatives were considered, explain why not: _____

**ECONOMIC AND FISCAL IMPACT STATEMENT
(REGULATIONS AND ORDERS)**

STD. 399 (Rev. 10/2019)

ECONOMIC IMPACT STATEMENT (CONTINUED)

2. Summarize the total statewide costs and benefits from this regulation and each alternative considered:

Regulation: Benefit: \$ _____ Cost: \$ _____

Alternative 1: Benefit: \$ _____ Cost: \$ _____

Alternative 2: Benefit: \$ _____ Cost: \$ _____

3. Briefly discuss any quantification issues that are relevant to a comparison of estimated costs and benefits for this regulation or alternatives: _____

4. Rulemaking law requires agencies to consider performance standards as an alternative, if a regulation mandates the use of specific technologies or equipment, or prescribes specific actions or procedures. Were performance standards considered to lower compliance costs? YES NO

Explain: _____

E. MAJOR REGULATIONS *Include calculations and assumptions in the rulemaking record.****California Environmental Protection Agency (Cal/EPA) boards, offices and departments are required to submit the following (per Health and Safety Code section 57005). Otherwise, skip to E4.***1. Will the estimated costs of this regulation to California business enterprises **exceed \$10 million**? YES NO***If YES, complete E2. and E3
If NO, skip to E4***

2. Briefly describe each alternative, or combination of alternatives, for which a cost-effectiveness analysis was performed:

Alternative 1: _____

Alternative 2: _____

(Attach additional pages for other alternatives)

3. For the regulation, and each alternative just described, enter the estimated total cost and overall cost-effectiveness ratio:

Regulation: Total Cost \$ _____ Cost-effectiveness ratio: \$ _____

Alternative 1: Total Cost \$ _____ Cost-effectiveness ratio: \$ _____

Alternative 2: Total Cost \$ _____ Cost-effectiveness ratio: \$ _____

4. Will the regulation subject to OAL review have an estimated economic impact to business enterprises and individuals located in or doing business in California exceeding \$50 million in any 12-month period between the date the major regulation is estimated to be filed with the Secretary of State through 12 months after the major regulation is estimated to be fully implemented?

 YES NO*If YES, agencies are required to submit a [Standardized Regulatory Impact Assessment \(SRIA\)](#) as specified in Government Code Section 11346.3(c) and to include the SRIA in the Initial Statement of Reasons.*

5. Briefly describe the following:

The increase or decrease of investment in the State: _____

The incentive for innovation in products, materials or processes: _____

The benefits of the regulations, including, but not limited to, benefits to the health, safety, and welfare of California residents, worker safety, and the state's environment and quality of life, among any other benefits identified by the agency: _____

**ECONOMIC AND FISCAL IMPACT STATEMENT
(REGULATIONS AND ORDERS)**

STD. 399 (Rev. 10/2019)

FISCAL IMPACT STATEMENT

A. FISCAL EFFECT ON LOCAL GOVERNMENT *Indicate appropriate boxes 1 through 6 and attach calculations and assumptions of fiscal impact for the current year and two subsequent Fiscal Years.*

1. Additional expenditures in the current State Fiscal Year which are reimbursable by the State. (Approximate)
(Pursuant to Section 6 of Article XIII B of the California Constitution and Sections 17500 et seq. of the Government Code).

\$ _____

a. Funding provided in _____

Budget Act of _____ or Chapter _____, Statutes of _____

b. Funding will be requested in the Governor's Budget Act of _____

Fiscal Year: _____

2. Additional expenditures in the current State Fiscal Year which are NOT reimbursable by the State. (Approximate)
(Pursuant to Section 6 of Article XIII B of the California Constitution and Sections 17500 et seq. of the Government Code).

\$ _____

Check reason(s) this regulation is not reimbursable and provide the appropriate information:

a. Implements the Federal mandate contained in _____

b. Implements the court mandate set forth by the _____ Court.

Case of: _____ vs. _____

c. Implements a mandate of the people of this State expressed in their approval of Proposition No. _____

Date of Election: _____

d. Issued only in response to a specific request from affected local entity(s).

Local entity(s) affected: _____

e. Will be fully financed from the fees, revenue, etc. from: _____

Authorized by Section: _____ of the _____ Code;

f. Provides for savings to each affected unit of local government which will, at a minimum, offset any additional costs to each;

g. Creates, eliminates, or changes the penalty for a new crime or infraction contained in _____

3. Annual Savings. (approximate)

\$ _____

4. No additional costs or savings. This regulation makes only technical, non-substantive or clarifying changes to current law regulations.

5. No fiscal impact exists. This regulation does not affect any local entity or program.

6. Other. Explain _____

**ECONOMIC AND FISCAL IMPACT STATEMENT
(REGULATIONS AND ORDERS)**

STD. 399 (Rev. 10/2019)

FISCAL IMPACT STATEMENT (CONTINUED)**B. FISCAL EFFECT ON STATE GOVERNMENT** *Indicate appropriate boxes 1 through 4 and attach calculations and assumptions of fiscal impact for the current year and two subsequent Fiscal Years.* 1. Additional expenditures in the current State Fiscal Year. (Approximate)

\$ _____

It is anticipated that State agencies will: a. Absorb these additional costs within their existing budgets and resources. b. Increase the currently authorized budget level for the _____ Fiscal Year 2. Savings in the current State Fiscal Year. (Approximate)

\$ _____

 3. No fiscal impact exists. This regulation does not affect any State agency or program. 4. Other. Explain _____
_____**C. FISCAL EFFECT ON FEDERAL FUNDING OF STATE PROGRAMS** *Indicate appropriate boxes 1 through 4 and attach calculations and assumptions of fiscal impact for the current year and two subsequent Fiscal Years.* 1. Additional expenditures in the current State Fiscal Year. (Approximate)

\$ _____

 2. Savings in the current State Fiscal Year. (Approximate)

\$ _____

 3. No fiscal impact exists. This regulation does not affect any federally funded State agency or program. 4. Other. Explain _____

FISCAL OFFICER SIGNATURE

 **Jim Watkins**Digitally signed by Jim Watkins
Date: 2022.05.18 10:45:11 -07'00'

DATE

May 18, 2022

The signature attests that the agency has completed the STD. 399 according to the instructions in SAM sections 6601-6616, and understands the impacts of the proposed rulemaking. State boards, offices, or departments not under an Agency Secretary must have the form signed by the highest ranking official in the organization.

AGENCY SECRETARY

 **Karen Johnson**Digitally signed by Karen Johnson
Date: 2022.05.23 14:22:21 -07'00'

DATE

May 23, 2022

Finance approval and signature is required when SAM sections 6601-6616 require completion of Fiscal Impact Statement in the STD. 399.

DEPARTMENT OF FINANCE PROGRAM BUDGET MANAGER



DATE