

Eligibility and Affordability Gaps for California's Uninsured

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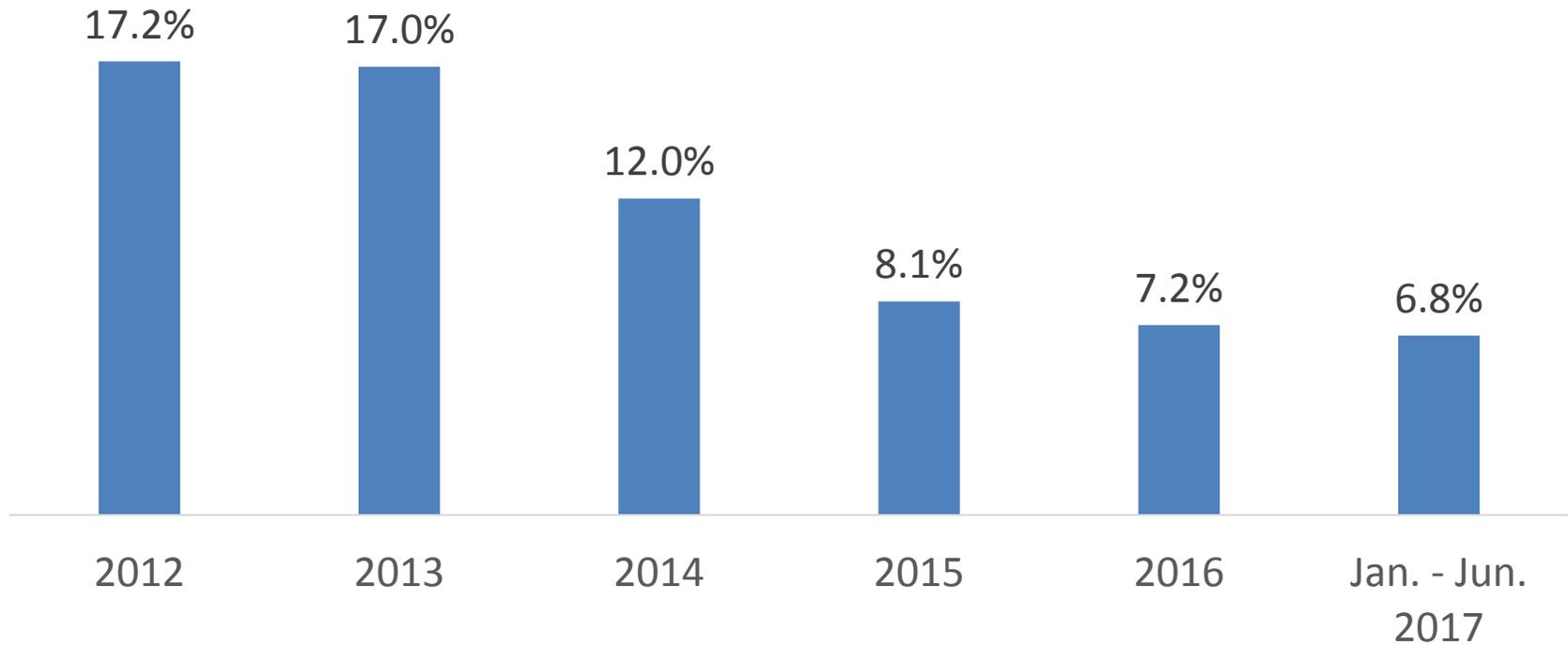
Policy Insights 2018

Building on Health Care Reform: Next Steps in State Health Policy

March 22, 2018

Historic drop in uninsurance in California

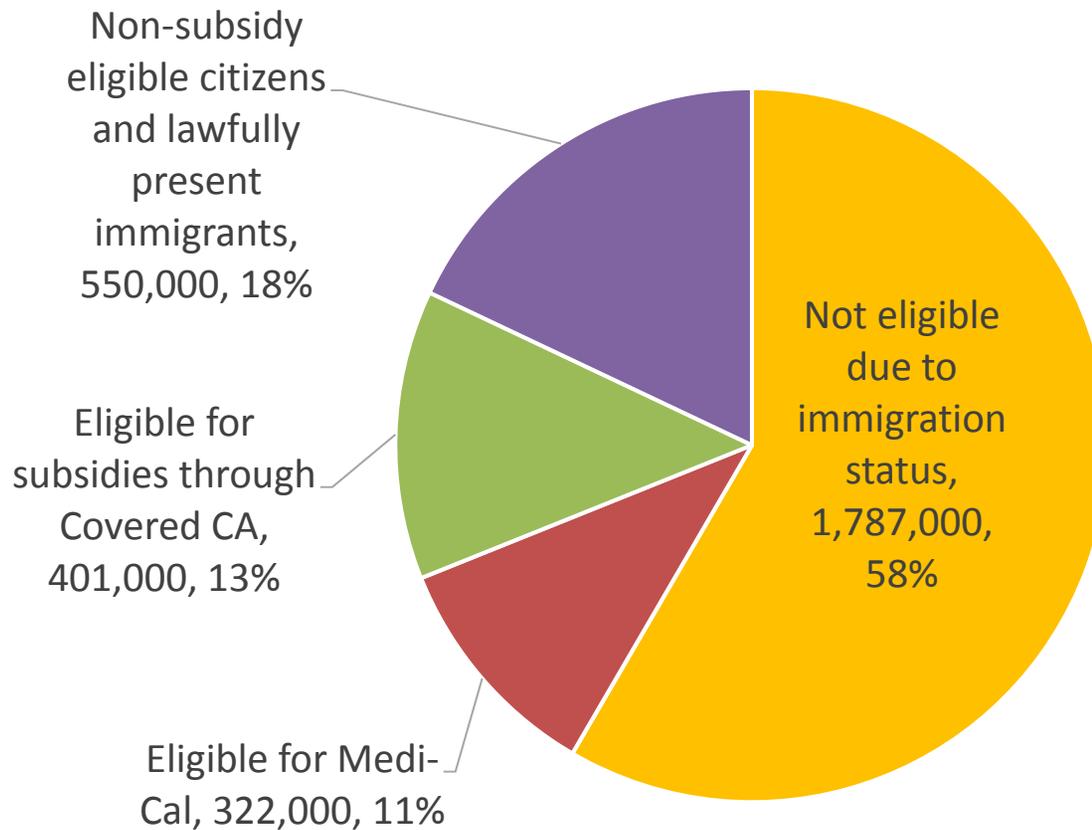
Percentage of Californians lacking health insurance



Source: Centers for Disease Control and Prevention (CDC), National Health Interview Survey

At least 3 million Californians remain uninsured

California Projected Uninsured Ages 0-64, 2017



Source: Dietz M, Graham-Squire D, Becker T, Chen X, Lucia L, and Jacobs K, [Preliminary CalSIM v. 2.0 Regional Remaining Uninsured Projections](#), UC Berkeley Labor Center and UCLA Center for Health Policy Research, August 2016.

Undocumented Californians

- **More than 200,000 undocumented low-income children are enrolled in full-scope Medi-Cal under state expansion that began in 2016**
- **An estimated 1.2 – 1.3 million undocumented adults have income at or below 138% of the Federal Poverty Level, including nearly 1 million enrolled in restricted scope Medi-Cal which covers emergency- and pregnancy-related services only**

Affordability concerns are the second most important cause of uninsurance

Our recent report outlines five state policy options that could:

- **Move the state closer to universal coverage**
- **Reduce financial difficulties related to health costs**
- **Improve access to care**
- **Counteract individual market enrollment reduction & premium increase expected to occur with elimination of ACA individual mandate penalty in 2019**

Towards Universal Health Coverage:

California Policy Options for Improving Individual Market Affordability and Enrollment



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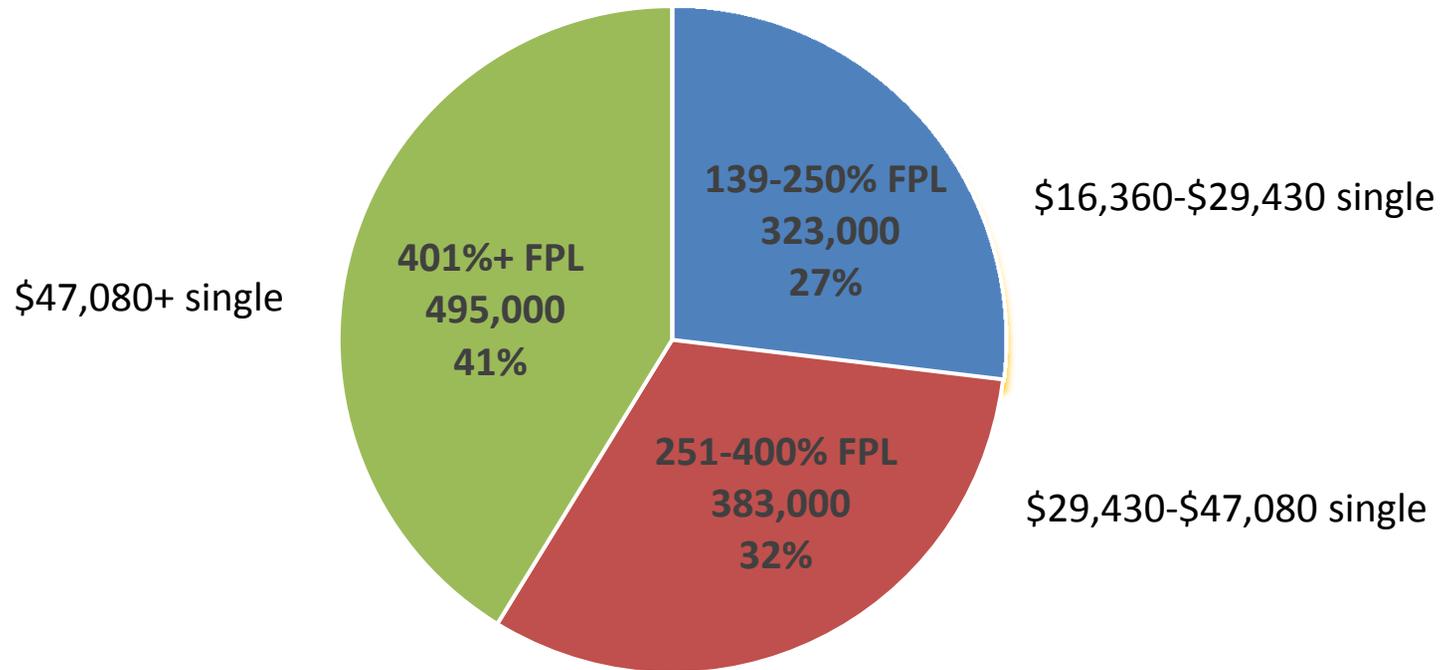
University of California, Berkeley
Center for Labor Research and Education

March 5, 2018

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Source: <http://laborcenter.berkeley.edu/ca-policy-options-individual-market-affordability/>

1.2 million uninsured citizens ages 0-64 eligible for Covered California in 2016

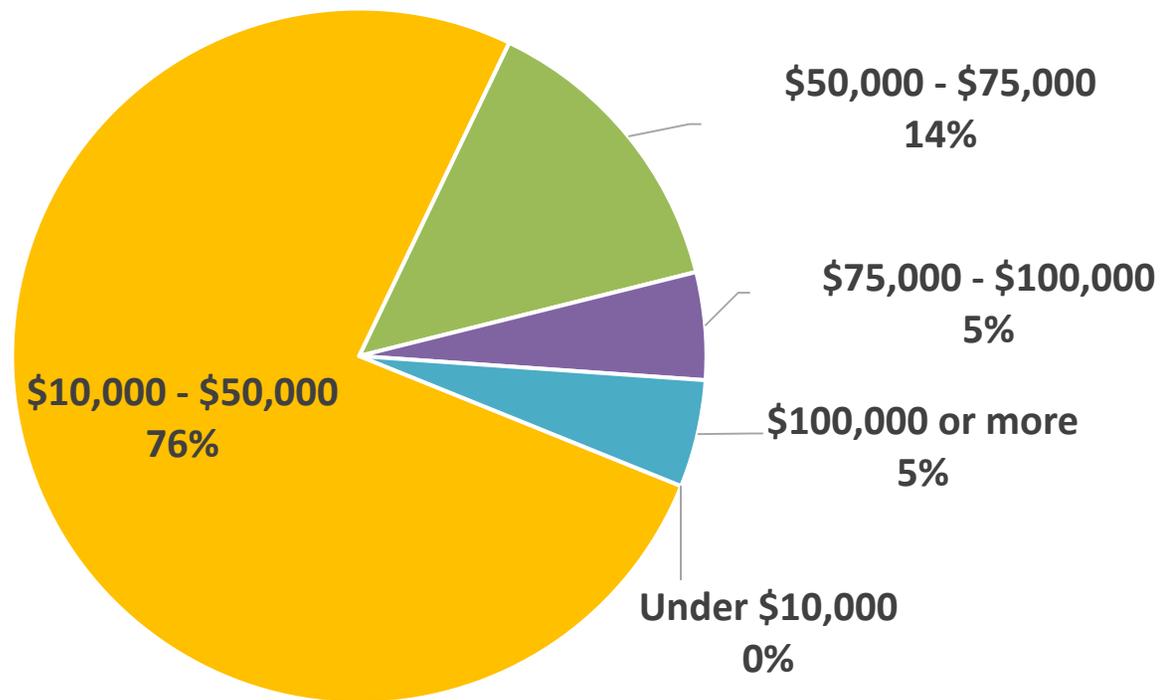


Note: Due to data limitations, does not include lawfully present immigrants, though they are also eligible to enroll in Covered CA & receive subsidies if income-eligible. Excludes uninsured citizen adults ages 19-64 with income below 139% FPL & uninsured citizen children ages 0-18 in households with income below 267% FPL because they are eligible for Medi-Cal.

Source: California Health Interview Survey 2016

At least 3/4 of CA households paying penalty in 2015 were in subsidy-eligible income range

780,000 California tax households paying ACA individual mandate penalty, distribution by adjusted gross income, 2015



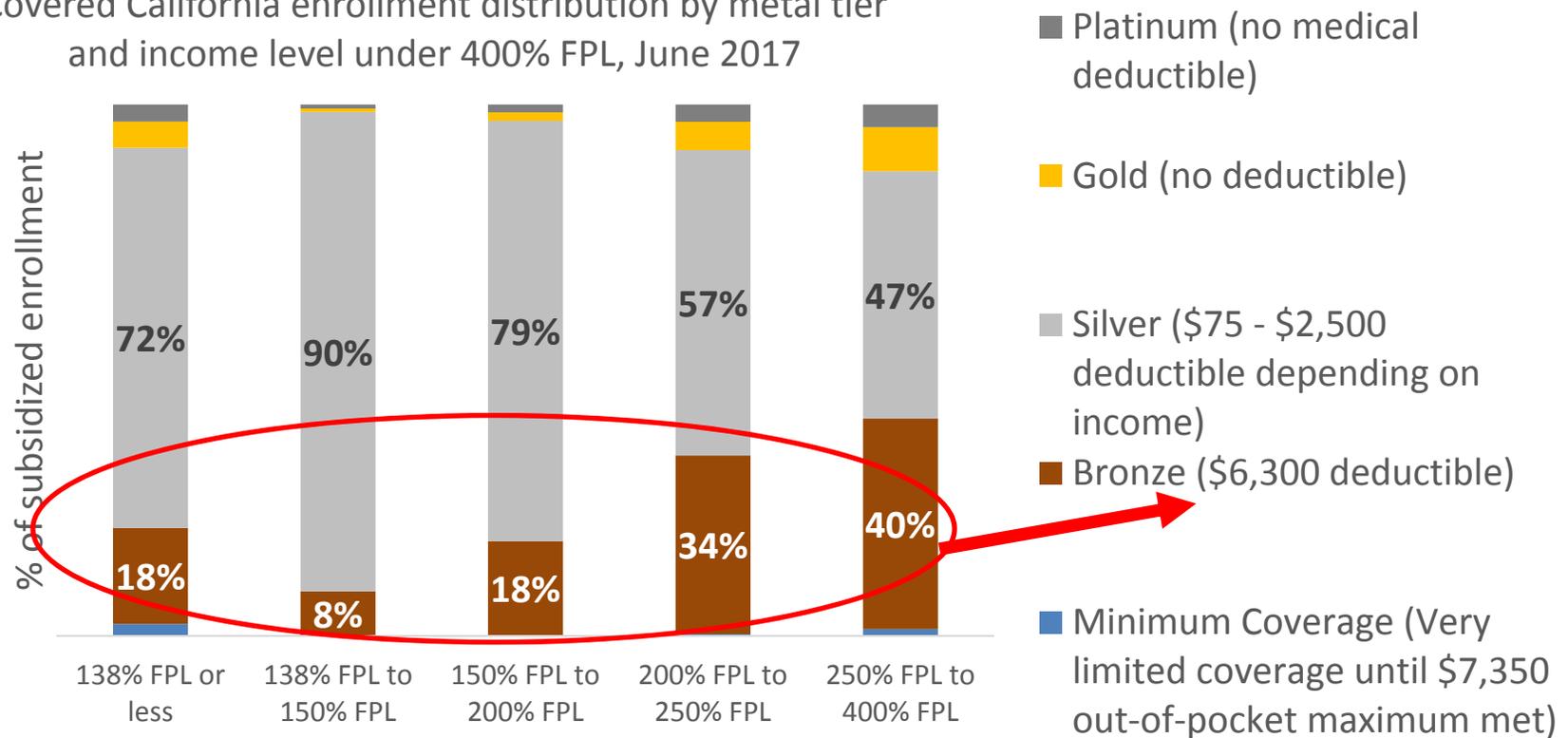
Source: IRS, California Individual Income Tax Returns: Selected Income and Tax Items by State, County, and Size of Adjusted Gross Income, Tax Year 2015. Data is based on unadjusted tax returns.

Policy option 1: state premium subsidies for those eligible under ACA

- **Add state premium subsidies to federal ACA subsidies to further reduce enrollees' premium contributions**
- **Massachusetts, Vermont, and San Francisco provide additional premium assistance to some individuals**

High out-of-pocket costs can be a barrier to care, cause financial difficulties, and potentially dissuade enrollment

Covered California enrollment distribution by metal tier and income level under 400% FPL, June 2017



Source: Covered California Active Member Profile, June 2017.

Note: For a single individual, 200% FPL is \$24,120 and 400% FPL is \$48,240.

Policy option 2: state subsidies to reduce out-of-pocket costs

- **Provide financial assistance to further reduce deductibles, co-payments, and other cost sharing for some Californians already eligible and make more Californians eligible**
- **Massachusetts, Vermont, and San Francisco provide additional out-of-pocket assistance to some individuals**

Some Californians who earn too much for ACA subsidies struggle to pay premiums

Among Californians who earn too much for ACA premium subsidies:

- Some face premiums equal to more than 20% of income for a Bronze plan with a \$6,300 deductible
- Especially likely to face high premiums relative to income:
 - Individuals age 50 and older
 - Individuals with income between 400% and 600% FPL (\$48,240-\$72,360 for a single individual)

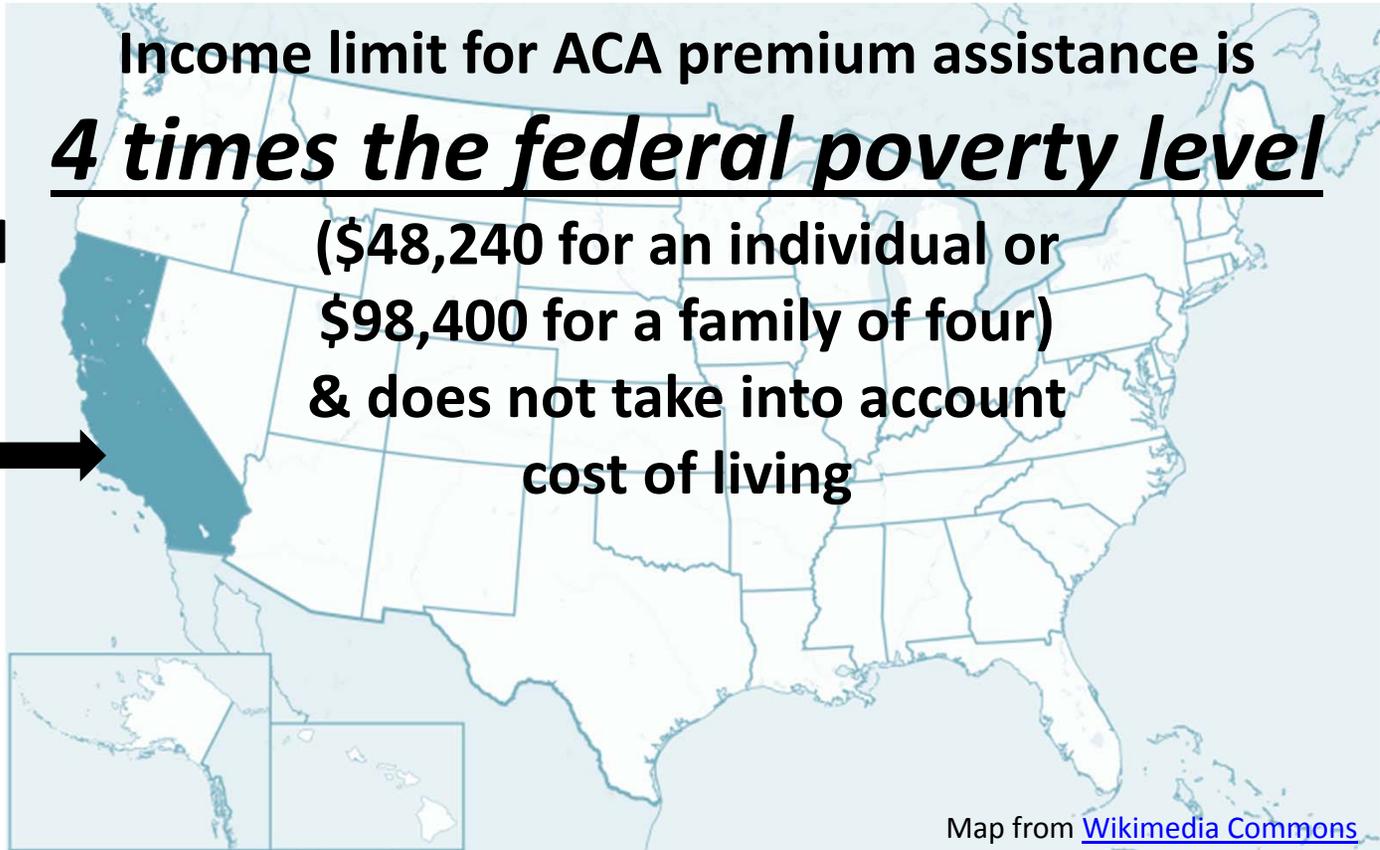
Source: UC Berkeley Labor Center analysis using Covered California rate data.

California's high cost of living adds to affordability challenges

Income limit for ACA premium assistance is
4 times the federal poverty level

(\$48,240 for an individual or
\$98,400 for a family of four)
& does not take into account
cost of living

Factoring in local costs, that is equivalent to 5 times the federal poverty level in CA & 6 times in San Francisco



Source: UC Berkeley Labor Center analysis using California Poverty Measure developed by Public Policy Institute of California and Stanford Center on Poverty and Inequality.

Policy option 3: premium assistance for those who earn too much for ACA subsidies

- **Limit the percentage of income spent on premiums by providing state-funded subsidies**
 - Example: Pay no more than 8.16% of income for Bronze (standard for exemption from paying ACA individual mandate based on lack of affordable coverage offer)
- **Targets the assistance to the unsubsidized individual market enrollees paying the highest share of income on premiums**

Policy option 4: state reinsurance

- **Payments to insurers for high cost patients or claims would lower premiums paid by all unsubsidized individual market enrollees**
- **Financial help would be less targeted to those who need the most help because it does not vary based on income**
- **Alaska, Minnesota, and Oregon have received federal approval for reinsurance programs using state and federal dollars**

Policy option 5: fix ACA “family glitch”

- **Under the ACA “family glitch”**
 - Some Californians have access to neither affordable employer-sponsored insurance nor affordable individual market coverage
 - They are ineligible for subsidies through Covered CA because they have an offer of employer-sponsored coverage through a parent or spouse, but that dependent coverage is unaffordable
- **California could provide ACA-level premium and out-of-pocket subsidies to those affected by the family glitch**

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<http://laborcenter.berkeley.edu/topic/health-care/>