Eligibility and Affordability Gaps for California’s Uninsured

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Historic drop in uninsurance in California

Percentage of Californians lacking health insurance

- 17.2% in 2012
- 17.0% in 2013
- 12.0% in 2014
- 8.1% in 2015
- 7.2% in 2016
- 6.8% in Jan. - Jun. 2017

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

- Not eligible due to immigration status, 1,787,000, 58%
- Eligible for Medi-Cal, 322,000, 11%
- Eligible for subsidies through Covered CA, 401,000, 13%
- Non-subsidy eligible citizens and lawfully present immigrants, 550,000, 18%

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

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

- 139-250% FPL: 323,000 (27%)
- 251-400% FPL: 383,000 (32%)
- 401%+ FPL: 495,000 (41%)
- $16,360-$29,430 single
- $29,430-$47,080 single
- $47,080+ single

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

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

- **Platinum (no medical deductible)**
- **Gold (no deductible)**
- **Silver ($75 - $2,500 deductible depending on income)**
- **Bronze ($6,300 deductible)**
- **Minimum Coverage (Very limited coverage until $7,350 out-of-pocket maximum met)**

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.**
Contact

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