Disclosures

I have no relevant financial relationship to disclose.

Of note, a very small portion of my salary comes from the LLU Institute for Health Policy and Leadership (IHPL), which received $990,000 grant from Covered CA for outreach and education.

However, my salary from IHPL is not supported by this grant, and I do not receive any financial remuneration from the Covered CA grant for giving this presentation.
Learning Objectives

1. Review some of the key changes mandated by the Affordable Care Act (ACA).

2. Understand what Covered California is and how it functions.

3. Learn about regional statistics on those who obtained healthcare coverage through Covered CA (CC) in the past year.

4. Understand how ACA and CC have fared in the past year—which in turn has implications for patients and providers.

Outline

• Brief overview/review of the Affordable Care Act (ACA)

• Background information on Covered CA
  • What is it?
  • Who is eligible?
  • How are insurance plans organized?
  • How are rates determined?

• Data on Covered CA enrollment in the past year

• Updates on how ACA and CC have fared in the past year
Overview of Affordable Care Act

In March 2010, President Obama signed into law the Patient Protection and Affordable Care Act (PPACA)

- Increase health care coverage (reduce uninsured)
- Reduce health care costs and improve affordability
- Improve quality of healthcare and population health

Key Changes Mandated by the ACA

- **Young adult coverage**: up to age 26 can be covered under parents’ plan → 3 million nationwide and 435,000 in CA benefitted

- **Preventive care coverage**: no out-of-pocket costs for preventive services rated A or B by USPSTF → 71 million Americans with private health insurance and 8 million Californians benefitted

- **Guaranteed coverage**: no denials for pre-existing conditions → over 16 million non-elderly Californians (including 2.2 million children) have some type of pre-existing health condition
Key Changes Mandated by the ACA

- No lifetime or annual limit → 12 million in CA alone benefitted

- No rates based on health status

- Creation of 80/20 rule for insurance companies: at least 80 cent of every insurance premium dollar must go towards healthcare or improvements to care; otherwise insurance companies must provide refund to consumers

- Increased scrutiny for unreasonable premium increases → now legally required to publicly justify rate increase of 10% or more

- Standardized benefits (essential health benefits)

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Essential Health Benefits

1. Ambulatory patient services
2. Emergency services
3. Hospitalization
4. Maternity and newborn care
5. Mental health and substance use disorder services, including behavioral health treatment
6. Prescription drugs
7. Rehabilitative and habilitative services and devices
8. Laboratory services
9. Preventive and wellness services and chronic disease management
10. Pediatric services
Additional Changes by the ACA

• Mandatory insurance enrollment for everyone by March 2014
  • Otherwise subject to penalty:

<table>
<thead>
<tr>
<th>Year</th>
<th>Percent of Family Income</th>
<th>Set Dollar Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>1%</td>
<td>$95 per adult and $47.50 per child (up to $285 for a family)</td>
</tr>
<tr>
<td>2015</td>
<td>2%</td>
<td>$325 per adult and $162.50 per child (up to $975 for a family)</td>
</tr>
<tr>
<td>2016 and beyond</td>
<td>2.5%</td>
<td>$695 per adult and $347.50 per child (up to $2085 for a family)</td>
</tr>
</tbody>
</table>

• On June 28, 2012, the Supreme Court confirmed the constitutionality of the individual mandate

Additional Changes by the ACA

• Introduction of premium assistance and cost-sharing reduction programs for those eligible (up to 400% of federal poverty level, FPL; Note: 100% of FPL for 1 person household was $11,490 in 2013 and $11,670 in 2014)

• Optional expansion of Medicaid eligibility to 138% of federal poverty level (previously 133%)

• Creation of federal or state-run health care exchanges (health insurance marketplaces) to make things easier for consumers (“one stop shop”)
Covered California: What is it?

California’s Health Care Exchange (first state in the US to enact legislation)

- Created to serve as easy-to-use marketplace where most Californians can compare and purchase health insurance coverage
- Actively negotiates price with insurance companies to optimize premiums for consumers
- Initially funded by grants from the federal government but will be self-sustainable (not tax-payer funded) by Jan 2015

Covered California

- Estimated that 5.3 million Californians who did not have health insurance in 2012 (equaling 16% of the population under age 65) would benefit
- 1.4 million Californians to be newly eligible for Medi-Cal
- Any eligible Californian from age 18-64 can shop through Covered California for health insurance coverage and receive premium assistance/cost reduction as applicable
- First enrollment period was last year (10-1-13 to 3-31-14)
Who is Eligible?

- Who is: Legal California residents

- Who is not:
  - Undocumented immigrants
  - Currently incarcerated individual

How are Plans Organized?

<table>
<thead>
<tr>
<th>Metal Tiers</th>
<th>Paid by Health Plan</th>
<th>Paid by Consumer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bronze</td>
<td>60%</td>
<td>40%</td>
</tr>
<tr>
<td>Silver</td>
<td>70%</td>
<td>30%</td>
</tr>
<tr>
<td>Gold</td>
<td>80%</td>
<td>20%</td>
</tr>
<tr>
<td>Platinum</td>
<td>90%</td>
<td>10%</td>
</tr>
</tbody>
</table>

Metal tiers determine how much you pay as a patient, compared with what the plan pays.
2014 Standard Benefits by Tiers

<table>
<thead>
<tr>
<th></th>
<th>Bronze</th>
<th>Silver</th>
<th>Gold</th>
<th>Platinum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deductible</td>
<td>$5,000 Medical and drugs</td>
<td>$2,000 Medical</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Primary Care Visit</td>
<td>$60 (Three visits per year)</td>
<td>$45</td>
<td>$30</td>
<td>$20</td>
</tr>
<tr>
<td>Copay</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Generic Medication</td>
<td>$19</td>
<td>$19</td>
<td>$19</td>
<td>$5</td>
</tr>
<tr>
<td>Copay</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emergency Room</td>
<td>$300</td>
<td>$250</td>
<td>$250</td>
<td>$150</td>
</tr>
<tr>
<td>Copay</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maximum Out-of-Pocket</td>
<td>$6,350</td>
<td>$6,350</td>
<td>$6,350</td>
<td>$4,000</td>
</tr>
<tr>
<td>for Individual</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maximum Out-of-Pocket</td>
<td>$12,700</td>
<td>$12,700</td>
<td>$12,700</td>
<td>$8,000</td>
</tr>
<tr>
<td>for Family</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Lower cost sharing is available on a sliding scale.*

Copays are not subject to any deductible and count toward the annual out-of-pocket maximum. Blue corners indicate benefits that are subject to deductibles.

How are Rates Determined?

**Rates are based on:**
- age
- ZIP code
- household size & income (to determine eligibility for premium assistance or Medi-Cal)
- health plan and benefit level selected

**Rates are not based on:**
- health status
- gender
- pre-existing conditions
- tobacco usage
Summary of Subsidy Eligibility

<table>
<thead>
<tr>
<th>If Income is...</th>
<th>Then...</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;138% FPL</td>
<td>Eligible for MediCal</td>
</tr>
<tr>
<td>139 - 250% FPL</td>
<td>Eligible for both premium assistance and cost-share reductions</td>
</tr>
<tr>
<td>251 - 400% FPL</td>
<td>Eligible for premium assistance</td>
</tr>
<tr>
<td>&gt;400% FPL</td>
<td>Not eligible for subsidy</td>
</tr>
</tbody>
</table>
### Example

**Oscar**  
*Riverside, Calif.*

<table>
<thead>
<tr>
<th>Health insurance plan</th>
<th>Metal level</th>
<th>Premium</th>
<th>Premium assistance</th>
<th>Oscar pays (monthly)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Net HMO</td>
<td>Silver</td>
<td>$195</td>
<td>$97</td>
<td>$98</td>
</tr>
<tr>
<td>MOLINA Healthcare HMO</td>
<td>Silver</td>
<td>$206</td>
<td>$97</td>
<td>$108</td>
</tr>
<tr>
<td>Blue of California PPO</td>
<td>Silver</td>
<td>$209</td>
<td>$97</td>
<td>$112</td>
</tr>
<tr>
<td>Anthem BlueCross HMO</td>
<td>Silver</td>
<td>$210</td>
<td>$97</td>
<td>$113</td>
</tr>
<tr>
<td>Anthem BlueCross EPO</td>
<td>Silver</td>
<td>$230</td>
<td>$97</td>
<td>$132</td>
</tr>
<tr>
<td>Kaiser Permanente HMO</td>
<td>Silver</td>
<td>$238</td>
<td>$97</td>
<td>$141</td>
</tr>
</tbody>
</table>

Oscar could also purchase a Bronze plan for as little as $63.

---

### Example

**The Taylor family**  
*Riverside, Calif.*

<table>
<thead>
<tr>
<th>Health insurance plan</th>
<th>Metal level</th>
<th>Premium</th>
<th>Premium assistance</th>
<th>Taylor pays (monthly)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Net HMO</td>
<td>Silver</td>
<td>$753</td>
<td>$317</td>
<td>$437</td>
</tr>
<tr>
<td>MOLINA Healthcare HMO</td>
<td>Silver</td>
<td>$794</td>
<td>$317</td>
<td>$477</td>
</tr>
<tr>
<td>Blue of California PPO</td>
<td>Silver</td>
<td>$808</td>
<td>$317</td>
<td>$491</td>
</tr>
<tr>
<td>Anthem BlueCross HMO</td>
<td>Silver</td>
<td>$811</td>
<td>$317</td>
<td>$494</td>
</tr>
<tr>
<td>Anthem BlueCross EPO</td>
<td>Silver</td>
<td>$887</td>
<td>$317</td>
<td>$570</td>
</tr>
<tr>
<td>Kaiser Permanente HMO</td>
<td>Silver</td>
<td>$918</td>
<td>$317</td>
<td>$601</td>
</tr>
</tbody>
</table>

---

**Age:** 25  
**Marital status:** Single  
**Annual income:** $22,000  
**Dependents:** None  
**Pricing region:** 17

---

**Age:** John, 42; Maria, 40  
**Marital status:** Married  
**Annual income:** $65,000  
**Dependents:** 2 children  
**Pricing region:** 17

*Modified adjusted gross income*
19 Regions in CA → Region 17: San Bernardino and Riverside Counties

Covered CA Enrollment Statistics: State-wide

State-wide enrollment: 1,395,929
(with 88% being subsidy eligible)

Source: Covered California www.coveredca.com

http://news.coveredca.com/2014/03/covered-california-begins-countdown-to.html
Enrollment Statistics: Inland Empire Region 17

State-wide enrollment: 1,395,929
Inland Empire Region 17 (San Bernardino and Riverside counties) represent 8.8% of statewide enrollment

Enrollment Statistics: Demographics (CA)
Oct. 1, 2013 through March 31, 2014

Race Groups

*Race Excludes 365,321 non-respondents

Source: Covered California www.coveredca.com
Enrollment Statistics: Demographics (CA)
Oct. 1, 2013 through March 31, 2014

Hispanic, Latino, Spanish Origin

<table>
<thead>
<tr>
<th>Subsidy Eligible</th>
<th>Non-Subsidized</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>280,085</td>
<td>25,081</td>
<td>305,106</td>
</tr>
<tr>
<td>29.56%</td>
<td>17.5%</td>
<td>27.98%</td>
</tr>
</tbody>
</table>

*Race Excludes 305,321 non-respondents

- Majority who answered the question were not Hispanic in origin
- Higher proportion was found in subsidy-eligible group
- Among those who reported being Hispanic in origin, majority were Mexicans

Source: Covered California www.coveredca.com

Languages*

<table>
<thead>
<tr>
<th>Languages*</th>
<th>Subsidy - Eligible</th>
<th>Non-Subsidized</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>English</td>
<td>882,424</td>
<td>152,740</td>
<td>1,035,164</td>
</tr>
<tr>
<td></td>
<td>78.92%</td>
<td>95.44%</td>
<td>80.99%</td>
</tr>
<tr>
<td>Spanish</td>
<td>146,452</td>
<td>4,251</td>
<td>150,703</td>
</tr>
<tr>
<td></td>
<td>13.10%</td>
<td>2.66%</td>
<td>11.79%</td>
</tr>
<tr>
<td>Asian/Pacific Islander Languages</td>
<td>86,358</td>
<td>2,873</td>
<td>89,231</td>
</tr>
<tr>
<td></td>
<td>7.72%</td>
<td>1.8%</td>
<td>6.98%</td>
</tr>
<tr>
<td>Indo-European Languages</td>
<td>2,913</td>
<td>176</td>
<td>3,089</td>
</tr>
<tr>
<td></td>
<td>.26%</td>
<td>.11%</td>
<td>.24%</td>
</tr>
</tbody>
</table>

*Language Excludes 117,742 non-respondents

Source: Covered California www.coveredca.com
Enrollment Statistics: Demographics (CA)
Oct. 1, 2013 through March 31, 2014

Age Breakdown of Covered CA Enrollees

Enrollment Statistics: Insurance Carriers
Region 17: Oct. 1, 2013 through March 31, 2014

Subsidy Eligible

1. Blue Shield
2. Health Net
3. Anthem

Non-subsidized

1. Blue Shield
2. Anthem
3. Kaiser Permanente

Source: Covered California www.coveredca.com
Reflecting on the First Year of Covered CA

- Almost 6 out of 10 (58%) previously uninsured Californians now report having coverage.

Sources Of Coverage Among California’s Previously Uninsured

- Covered California website generally worked well for many consumers BUT continued work is needed to improve the experience (esp with Latinos, Spanish speakers, and Asian/Pacific Islanders).

Ease of Purchase on the Covered California Website
Reflecting on the First Year of Covered CA

- Cost is the primary reason why most uninsured consumers decided not to purchase coverage.

![Bar chart showing top reasons for non-purchasers for not planning to get coverage.](chart.png)

Source: NORC at the University of Chicago, Covered California Consumer Tracking Survey (January 17-February 27, 2014)

Reflecting on the First Year of Covered CA

- Many consumers were new to the world of insurance → need extensive education not only about how to enroll in coverage, but also about health insurance terminology and how to use insurance.

- The volume of interest and interactions (via online, phone and in person) exceeded expectations and challenged all systems and service channels.

- There were problems with not having an updated provider directory.
Reflecting on the First Year of Covered CA

- Many providers had difficulty with the 3-month grace period issue:
  
  - The federal law allows Covered CA enrollees who receive financial subsidies to keep their health insurance for 3 months after they have stopped paying their premiums.
  
  - The health plans must pay the first 30 days of the grace period but will not reimburse during months 2 and 3
  
  - Difficult for providers to know when patient is in grace period (and interfere with payment collection)

Reflecting on the First Year of Covered CA

- Not as much HUGE influx into offices and hospitals as feared.

- Medi-Cal offices, however, were inundated: 1,930,000 people enrolled in Medi-Cal as of March 31, 2014 (7 weeks backlogged).

- Problem of narrow networks: In April 2014, the California Medical Association conducted a survey and found that 55% of physicians had difficulty finding in-network physician/facility in which to refer their exchange product patients → In 2015, CC is going to require health plans to have sufficient clinicians to meet the needs of enrollees.

Info source: CMA
Reflecting on the First Year of Covered CA: Voter Perspective

Voter opinions about how successful California has been in achieving specific goals of the ACA (1 of 2)

<table>
<thead>
<tr>
<th></th>
<th>Successful</th>
<th>Not successful</th>
</tr>
</thead>
<tbody>
<tr>
<td>Encouraging more previously uninsured residents to get coverage</td>
<td>64%</td>
<td>24%</td>
</tr>
<tr>
<td>Expanding Medi-Cal to extend health insurance to more low-income Californians</td>
<td>63%</td>
<td>21%</td>
</tr>
<tr>
<td>Providing California consumers with more insurance choices</td>
<td>57%</td>
<td>31%</td>
</tr>
<tr>
<td>Obtaining the federal funds needed to implement the law</td>
<td>51%</td>
<td>49%</td>
</tr>
</tbody>
</table>

Note: Differences between 100% and the sum of each subgroup’s percentages equal proportion with no opinion.

The California Wellness Foundation 11
The Field Poll

Reflecting on the First Year of Covered CA: Voter Perspective

Voter opinions about how successful California has been in achieving specific goals of the ACA (2 of 2)

<table>
<thead>
<tr>
<th></th>
<th>Successful</th>
<th>Not successful</th>
</tr>
</thead>
<tbody>
<tr>
<td>Providing health insurance buyers with better consumer protections</td>
<td>50%</td>
<td>38%</td>
</tr>
<tr>
<td>Establishing a one-stop place where it will be easy for consumers to shop for health insurance online</td>
<td>50%</td>
<td>32%</td>
</tr>
<tr>
<td>Limiting the rate increases that insurance companies charge to their customers each year</td>
<td>37%</td>
<td>63%</td>
</tr>
</tbody>
</table>

Note: Differences between 100% and the sum of each subgroup’s percentages equal proportion with no opinion.

The California Wellness Foundation 12
The Field Poll
How the ACA has Fared in the Past Year

✓ Reduction in the number of uninsured Americans

• The number of uninsured Americans has fallen by ~25 percent this year (~11 million people).

• More than half of people who are newly insured signed up for Medicaid (especially in the states that opted to expand eligibility).

• Note: 3-4 million (mostly young adults) previously insured through ACA provision that kicked in before 2014.


How the ACA has Fared in the Past Year

Five key surveys show that the percentage of uninsured Americans has declined.

Sources: Commonwealth Fund’s Affordable Care Act Tracking Survey; RAND Health Reform Opinion Study; Urban Institute Health Reform Monitoring Survey; Gallup-Healthways Well-Being Index; Centers for Disease Control and Prevention’s National Health Interview Survey.
How the ACA has Fared in the Past Year

However, getting coverage isn’t the end all & be all...

- Some people may have signed up and then cycled out of coverage quickly when they failed to pay premiums.
- Networks may be too narrow and out of pocket cost may be too high to provide meaningful access to coverage.
- According to the Congressional Budget Office, about 30 million people are expected to remain uninsured even after several years (due to illegal immigration status or other issues).
- About 4 million low-income Americans are caught in a policy gap in those states that have not expanded Medicaid.

How the ACA has Fared in the Past Year

➢ Affordability of Healthcare Coverage

- Subsidies lowered cost for most people but others saw increase in premium.
- Of the 7.3 million people who signed up for private insurance through online exchanges during the first enrollment period, 85% qualified for federal subsidies that decreased the cost of their premiums.
- High deductibles and other out-of-pocket costs have discouraged some people from using their insurance.
- Median premium increases for 2015 for silver plans will be around 4%.
How the ACA has Fared in the Past Year

How premiums will change in 21 states
For people renewing the cheapest silver plan. States ( ) where rates have been proposed or approved.

- Decrease in 17 markets.
- Increase less than 10 percent in 87 markets.
- Increase more than 10 percent in 58 markets.

Note: Premium changes are shown for a 40-year-old, before tax subsidies.
Source: McKinsey Center for U.S. Health System Reform

How the ACA has Fared in the Past Year

- Improve Health Outcomes
  - Result remains to be seen (too early to tell)
  - Best early data is on young people suggests that the law is benefiting this group by allowing them to stay on their parents’ plan
  - Young college graduates more likely to report excellent health, to have a primary care doctor and to go to the doctor regularly than before the law.
  - For older people: screening for colon cancer has increased
How the ACA has Fared in the Past Year

✓ Effect on the Healthcare Industry

• Per Wall Street analysts and health care experts, the law helped the industry financially by providing new customers to insurers and new paying patients to hospital (per HHS, hospital will save $5.7 million in uncompensated care).

• The insurance industry was the most direct beneficiary


How the ACA has Fared in the Past Year

➢ Effect on Healthcare spending

• Health care spending had already begun to slow down even before the ACA due to recession, higher-deductible policies, and a decline in the development of new, costly prescription drugs.

• However, ACA’s emphasis on value-based care may help reduce wasteful or unneeded care

• In the short term, the ACA could actually drive up health care spending by bringing more insured people into the system
Moving Forward...

- We will need to see how the 2nd year of open enrollment through the exchanges pans out.

- There is still a lot of work to be done to achieve the goals of the ACA.

- Meaningful data collection will be key in evaluating the ACA.

- Medicaid expansion in the remaining 23 states will be important in covering those in the policy gap.

- Fate of subsidies in federally-run healthcare exchange (King v. Burwell case; Supreme Court to decide on March 4) will play an important role for the future of ACA.

Questions?