



California Implementing & Improving the ACA: **INDIVIDUAL INSURANCE REFORM**

In 2010-13, California Governors signed key bills to put in place key consumer protections in the private insurance market to help facilitate the smooth implementation of the Affordable Care Act in California. The urgency of implementing health reform helped lead to the enactment of key state bills to establish a comprehensive definition of essential health benefits, align consumer protection standards between regulators, and move toward greater standardization of plans to provide better security for consumers and reduce the possibility of adverse selection.

In particular, California adopted the small group insurance market reforms in 2012 and individual market reforms in 2013 under which the Exchange and plans within and outside the Exchange can operate in a transparent and consumer-friendly way. The individual market has been among the most broken parts of the health insurance coverage system, which the Affordable Care Act transforms. **The California law implements these changes and modestly improves on federal law in a number of respects:**

- Requires **guaranteed issue** of coverage, so health insurers and health plans are no longer permitted to deny coverage based on a pre-existing condition. Because of guaranteed issue, consumers can switch carriers and products: today, people are locked into coverage with a single carrier. (IMPLEMENT)
- **Premiums cannot vary based on health status.** (IMPLEMENT)
- Modified community rating; premiums are based only on age, geographic region and family composition. (IMPLEMENT)
- Family composition:
 - Consistent with existing California law, **treats domestic partners the same as spouses.** (IMPROVE)
 - As required by federal law, premiums are charged for each family member rather than a family of three or more being priced as a family.
- **No allowance of tobacco rating** that price smokers out of coverage. (IMPROVE)
- **Age bands consistent with federal requirements**, including 3:1 age bands for age 64 to age 20 so the premium for a 64 year old is no more than three times the premium for a 20 year old. (IMPLEMENT)
- **Geographic regions standardized** so that all carriers use the same 19 geographic regions based on county lines: today carriers design their own. (IMPLEMENT)
- **Open/special enrollment periods:**
 - Annual open enrollment periods as specified in federal law.(IMPLEMENT)
 - Special enrollment periods triggered by life transitions such as marriage, divorce, birth of a child, loss of a job (IMPLEMENT)
 - **Added special enrollment periods** such as domestic partnership and release from incarceration. (IMPROVE)
- **Premium increases once a year, not multiple times.** Rate review cycle partly aligned with annual open enrollment. (IMPROVE)

