Mission Advanced But Not Accomplished:

Four Years of Health Reform in California

CA's Past & Future Work to Implement & Improve the Affordable Care Act

(Updated May 2014)

- *Over 3.3 Million In New Coverage in Medi-Cal and Covered California*
- *Millions More Getting New Help from ACA and CA's Additional Efforts*
- *Next Steps on Health Reform Needed, by Bills, Budget, and Ballot Box*
- *"Phase 2" Includes Improved Customer Service, Consumer Protections, Cost and Quality, and Extending Coverage for All Californians.*

Due to California's efforts to both implement and improve upon federal health reform in the four years since the enactment of the Affordable Care Act (ACA), California now leads the nation, providing new financial help for new coverage choices for well over 3 million Californians, as well as new consumer protections and financial relief for millions more. This report details the impact of the Affordable Care Act in the last four years, the positive expansions of coverage, but also those components where the Act was insufficient and/or more work at the state level is needed.

What is notable about the progress in California is the urgency of the health care crisis prior to the ACA. California had the seventh highest uninsured rate in the nation: Californians were more likely to be uninsured than residents of all but six states. Californians were more like not to get coverage at work, more likely not able to afford coverage, and more likely to be denied coverage due to pre-existing conditions than residents of most other states. The severity of the health care crisis is a key reason California has "embraced" reform, as Governor Jerry Brown stated in March, and makes this progress all the more compelling. Even though California is the only state of those with the top ten highest uninsured rates with a Democratic Governor, it is an example for those other states that are similarly situated in terms of health care needs if not of like mind politically.

Even with the significant progress, much more work is needed to fully realize the promise of health reform, from providing world-class customer service; to offering additional financial help to fellow Californians that need it; to requiring strong oversight to ensure timely access and strong consumer protections when dealing with an insurer; to putting in place additional policies to reduce costs and increase quality, and encourage a healthier California.

This report tallies the impacts of the Affordable Care Act in California to date; details how California has taken a leadership role in implementing and improving the law; and also lays out the important next steps needed to be taken by state policymakers so Californians can take full advantage of their new rights, options, and benefits. This report and its appendices serve as a list of state legislative actions taken, as well as a "to-do" list of those still awaiting action.

COUNTING THE BENEFITS

Many nationally are focused on enrollment in the new Exchanges, and California is doing impressive work, with over **1.4 million** enrolled in Covered California as of April 15th with two weeks left in open enrollment. Around 85-90% were estimated to pay at least the first month's premium; 88% are eligible for subsidies to afford care.[i] Covered California's original goal, projected by leading experts and academics, was 1 million Californians in subsidized coverage for 2014. California surpassed that figure by the end of the first enrollment period in March, showing the strong demand for the new coverage options and benefits. This is in addition to over **1.9 million** in Medi-Cal and **nearly a half-million** young adults on their parents plan, all the result of the ACA.

The Affordable Care Act has already made a difference for millions of Californians who have new consumer protections, from the removal of lifetime limits and arbitrary caps on coverage to the required coverage of preventative services without co-payments or cost-sharing. Hundreds of thousands of Californians have new financial help to make care more affordable, including seniors on Medicare getting prescription drugs, and small businesses getting tax credits to continue to offer coverage to their workers.

OVER 3.5 MILLION CALIFORNIANS ENROLLED IN NEW ACA OPTIONS

The biggest impact has come from expanding coverage—getting people the care they need and providing economic security from financial ruin. The most recent estimates by March 15th, 2014 are that **over 3 million Californians have been able to get coverage** through Medi-Cal and Covered California.

- Around **1.4 million Californians selected a plan in Covered California**, with 85% eligible to get a subsidy under the ACA.
- Over **700,000** Californians in 53 (of 58) counties got **coverage through Low-Income Health Programs (LIHPs)** – the most expansive early expansion of coverage under the Affordable Care Act in the country, before being switched on January 1, 2014.
- Over **180,000** Californians signed up for Medi-Cal through the **"express lane" connection with CalFRESH,** with **another 600,000 able to easily sign up** after being identified as eligible but unenrolled in Medi-Cal.
- **Overall, over 1.9 million more Californians determined eligible for Medi-Cal** through Covered California and other portals, and while there will be some fall-off from that number with renewals, there are also **as many as an additional 900,000 currently awaiting determination in a backlog in processing Medi-Cal applications.**

Beyond over 1 million subsidized in Covered California and nearly 2 million in Medi-Cal, many more have new coverage or new financial assistance under the law.

- Over **435,000 young California adults up to age 26** who otherwise would have been uninsured have coverage through their parent's health plan, under the ACA and state conforming legislation.

- Other Californians with pre-existing conditions are buying coverage outside Covered California, but still in a reformed, guaranteed-issue individual insurance market with new consumer protections and essential benefits in place.
- Other provisions that have helped more people stay and become insured are the **tax credit for small employers** who cover their workers**, the early retiree reinsurance program**; and the **financial relief and savings for the state budget** and maintenance of effort requirements that prevented additional state cuts to eligibility and enrollment.

NEW CONSUMER PROTECTIONS AND FINANCIAL ASSISTANCE

Over **12 million** insured Californians, whether getting insurance as an individual or from employer-based coverage, gained new consumer protections, such as the **removal of lifetime limits on their coverage**. The **over 3 million** Californians who buy coverage as individuals (and the estimated **16 million** Californians who have pre-existing conditions, even if they aren't in the individual market at the moment) now have the security that **insurers are no longer permitted to rescind coverage**, and especially after the patient gets sick. And no one can be denied coverage due to a pre-existing condition. [ii]

Some of the ACA provisions provided direct financial assistance, to allow patients and policy-holders, seniors and small businesses, to get relief when paying premiums or obtaining care. Here are specific ways that the ACA has helped consumers better afford the cost of health care:

- ***No-Cost Preventative Care:*** Over **8 million** Californians had their coverage improved to include preventative care without cost sharing, so there is no financial barrier between them and these screenings and services. [iii]
- ***Rebates:*** Over **1.4 million** Californians got a total of about **$65.6 million** in rebates in 2013 because their insurance companies did not spend enough of their premium dollars on providing health care, under the ACA's "medical loss ratio" provision. [iv] [v]
- ***Rate Oversight:*** Over **1,507,532** Californians saved over **$175.2 million** in 2012 as a result of the rate review process when Anthem, Blue Shield, and Aetna from rate hikes that were retracted, rolled back, or withdrawn.[vi,vii,viii]
- ***Prescription Drug Help in Medicare:*** Around **300,000** California seniors and people with disabilities in 2012 saved over **$183 million** in prescription drug costs, under the ACA provision that begins the process to close the Medicare prescription drug "donut hole." [ix]
- ***Small Business Tax Credit:*** In the 2011 tax year, over **375,000** California small businesses in California (70% of the total) were eligible for the tax credit to help pay for the cost of coverage of their **2,442,900** California workers. [x] While it will take more time for all eligible small businesses to take advantage, the incentive is big, as the average credit is $752 per worker. For the 158,000 businesses who are eligible for the maximum assistance, their average credit is $1000 per worker.

There are other benefits to the Affordable Care Act that may be less visible to Californians in their everyday lives. They include the state budget savings yielded in the recent Medicaid waiver, which helped prevent further budget cuts during the recession.

Another help to California's health system, and to our economy, were the federal grants, such as those where California community clinics got an estimated **$509 million** to build capacity. Other grants were to enhance public health and prevention efforts, to set up Covered California, and to improve consumer assistance programs.

CALIFORNIA LEADS AND IMPROVES

These impacts and improvements were not by accident, but part of a concerted effort to take full advantage of all the opportunities for a beleaguered health system that needs all the help it can get.

The biggest difference has been the politics: California's efforts have seen less of the political opposition of the law that has characterized many other states and within the federal government. The federal government has seen legislative challenges including 50 votes to repeal all or part of the ACA; judicial challenges leading all the way up to the Supreme Court; a government shutdown, and political challenges, including a presidential campaign between two candidates with starkly different positions on whether to move forward with reform. This level of opposition is in stark contrast to California, where every statewide elected official supports the ACA, as do two-thirds of those elected to the legislature. The first bill in the nation to set up an exchange under the ACA was signed in California by a Republican Governor; many other implementing bills to expand Medi-Cal and reform the insurance market receive bipartisan support, with at least one or two GOP votes. A lesson from California for other states is that the ACA can work, if the political leaders allow it to.

California has not just implemented the law, but improved upon the Affordable Care Act, working to plug loopholes, make adjustments, and to ultimately ensure the promise of the law is kept to better maximize the benefits. Here are some examples of how California has led efforts to take advantage of the ACA's benefits, either early, or in the case of those items highlighted in blue, ongoing:

1. COVERED CALIFORNIA: Our state was the **first in the nation to establish a insurance marketplace** after passage of the ACA, and only one of a handful to give it the **negotiating power to bargain for the best value** for consumers, which has led to more competitive rates. (The board also has strong conflict-of-interest rules so the health industry is not on both sides of the bargaining table.)

2. STANDARDIZED APPLES-TO-APPLES COMPETITION: Covered California used its authority to **standardize benefit packages so consumers can make apples-to-apples comparisons,** to allow for easier selection and foster head-to-head competition on cost and quality. (Benefit standardization authority is separate from active purchaser though each facilitates the other.)

3. BENEFITS: Alongside the new **"essential benefits"** standards for coverage required by the ACA and passed by the California legislature, California had **mandated maternity coverage as a basic benefit** 18 months early, in July 2012, which revived a benefit that insurers were no longer providing in the individual insurance market. The adoption of essential health benefits meant that insurers could no longer sell "skinny" benefits to individuals or small businesses, benefits with limits on doctor visits or hospital stays or generic-only drug formularies.

4. CHILDREN WITH PRE-EXISTING CONDITIONS: California quickly implemented the ACA provision that **banned denials for children with pre-existing conditions** starting early in 2010. When insurers started withdrawing child-only coverage, state law made it clear that insurers who refused to offer policies to children would be barred from covering adults as well—bringing the major insurers back into the market. The state law also went further than federal law, to also limit what children with pre-existing conditions can be charged to no more than twice any other child for the same policy.

5. EARLY MEDICAID EXPANSION: California was one of only a few states to **expand coverage early**, getting federal matching funds to cover nearly 700,000 Californians county-run Low Income Health Programs. In addition to getting a medical home that includes primary and preventative care, these enrollees were automatically shifted to full Medi-Cal coverage in January 2014.

6. EXPRESS LANE: in the last few months, California has identified over 600,000 adults and 150,000 children in the CalFRESH food assistance program who were eligible for Medi-Cal, and pre-qualified them for "express lane" enrollment. Those identified were sent **easy-to-read-and-respond notices allowing them to sign up for Medi-Cal by phone, mail, or Internet**. California expects to continue this "horizontal integration" of human services, so when someone is linked to one program, they have easy access to others.

7. INCLUSIVE EXPANSION FOR LEGAL IMMIGRANTS: California continued its policy of **immigrant inclusion, extending affordable coverage to a broader category of legally residing immigrants beyond what is required by federal law**. California's Medi-Cal expansion includes recent legal immigrants less than five years; those persons residing under the color of law (PRUCOL), and those who got deferred action (DACA) including DREAM Act students.

8. LGBT INCLUSION: The ACA is a major law against discrimination—whether for those with pre-existing conditions from being denied, or women from being charged more. California has taken additional steps to ensure LGBT inclusion, from **enabling domestic partners to buy family coverage**, directing all insurers to cover **necessary care for transgender patients**, funding outreach to LGBT communities, and other steps.

SOME CALIFORNIANS NEED MORE HELP TO SELECT AND AFFORD PLANS

While the Affordable Care Act is dramatically expanding coverage and reducing the numbers of uninsured, for some the help is not enough. Many of the problems that have been spotlighted by opponents of the ACA are issues that have plagued the health care system for decades: health insurance price spikes; limited networks of providers; insurers cancelling plans and transferring patients to more profitable products; and overall affordability. In many cases, the problem isn't with what the ACA did, but that it didn't do enough or for enough people.

For example, when insurers "cancelled" substandard plans for about a million Californians in the individual market, transitioning them into new health plans, a majority were able to get improved coverage and/or at a reduced cost. California took additional action to help: The Legislature passed SB369(Pan), to ensure continuity of care for those who were in a course of treatment with a provider even if they were now in a different network. The Insurance Commissioner also negotiated the ability of many to stay in their plans for an added three months. Covered California provided a special hotline to help them figure out the best plan. But while the ACA's subsidies protected many, there's around 250,000 Californians that may have faced a premium increase in their plan switch, who were just over 400% of the poverty level and in a high health cost region, who may need more help.

The ACA has improved the health system and made getting coverage for many cheaper and easier, but there are Californians that need greater assistance to select and afford the health coverage they need. If Congress won't make the needed improvements, in many instances California can and should.

IMPROVING THE CONSUMER EXPERIENCE FOR ELIBILITY AND ENROLLMENT: Although California's successful numbers surpassing its goals show the great demand for more affordable coverage the enrollment process still does not work as well as it should for many Californians. While some issues can be explained as the glitches that come from the first year of any venture, or the need to ramp up to the scale sufficient to California's size, and those issues need to be addressed in the next several months, other barriers require thoughtful re-examination of the enrollment process. These problems need fixing by the next open enrollment period, if not before (as folks enroll through the year in Medi-Cal and in Covered California because of life changes such as weddings, graduations, a new baby or the loss of a job.) These challenges and goals include:

- A smoother, glitch-free website experience, in English and Spanish at a minimum and eventually in other languages.
- A call center with the capacity to answer inquiries quickly, by the set standard of 80% in 30 seconds, rather than the 15-45 minute waits or more consumers experienced.
- Real-time and improved communication with consumers, so they know the status of their Medi-Cal or Covered California application and are not left in the dark (as many were), and ongoing through the year to learn of their rights, benefits, and ongoing options.

- More community enrollment counselors, aided by increased and reformed reimbursement streams and improved certification procedures and training.
- A more concerted campaign to educate and enroll harder-to-reach populations, including Latino and low-English proficient communities.
- Improved tools to help consumers to select plans and make comparisons beyond price, including improved quality ratings, and a working and accurate provider search tool and better information about the scope of the provider network.
- More effort to make Covered California choices easier to understand and the best value, by ditching confusing "co-insurance" options and requiring a high standard for network adequacy.
- Streamlined connections and ability to easily sign up for family dental and vision coverage, other human services, voter registration, and other benefits and services.

EXTENDING HELP TO ALL CALIFORNIANS: Beyond the accessibility and overall experience of signing up for a health plan, there's also the issue of whether people can afford coverage. Estimates of the remaining uninsured could be as high as 3 million, even after several years of enrollment experience. While the ACA provided significant subsidies to millions of patients, there are four specific populations where the ACA may not provide enough help:

- Undocumented immigrants are explicitly excluded from getting financial help for coverage from the ACA, and even from using a state marketplace like Covered California to purchase health coverage using their own money. And while many of the most populous California counties serve undocumented in their safety-net, many counties do not.
    - These **undocumented Californians** are key parts of our community and economy, and should be included in our health system as well. County systems should reconsider covering the remaining uninsured, including the undocumented, and state funding formulas should take that into account. We recommend a statewide solution for California to set up state structures to help enroll this population: both state-only Medicaid and a mirror marketplace alongside Covered California to provide coverage for the undocumented. One such bill, SB1005 (Lara), follows this approach.
- The ACA allows workers whose out-of-pocket premium costs are more than 8% of income to be able to get subsidies in a state marketplace. But a federal interpretation of the law states that if worker coverage is less than 8% but family coverage is more than 8% then subsidies are unavailable for the family—leaving some spouses and children without an affordable offer of coverage.
    - This **"family glitch"** can and should be remedied at the federal level legislatively. Until then, California should explore providing some help as well.
- The ACA states that all who spend more than 8% of their income on coverage are exempt from the requirement to have coverage; moreover, it provides protection from most that they won't have to pay more than 9.5% percent of income for a basic "silver" plan. But subsidies for coverage, rather than exemptions from the mandate, are only available up to 400% of the poverty level. There are consumers, mostly ages 50-64 in high-cost health care areas who are just above

the 400% threshold and who now face premiums higher than 9.5% of their incomes. These folks without such income-based protection were among the less-than-1% of California that was negatively impacted by the plan cancellations and price spikes of late last year.

  - Federally, or perhaps statewide for a high cost-of-living state like California, it would be good to provide modest **relief for those having to spend more than 10% or 12% of income, regardless of their FPL**. It would make the ACA's affordability guarantee universal.

- For those below 400% of poverty, the question is whether the financial help provided is enough. Even with lots of sign-ups, and the influx of subsidies with hundreds or thousands of dollars for low-income families, there are some families that won't be able to afford the premium required. We are concerned that some might fall off coverage due to lack of affordability.
  - States like Massachusetts and Vermont have supplemented the federal subsidies, in order to help families make ends meet. San Francisco is looking at something similar for those in Healthy San Francisco. After some experience, California should consider extending **more help and/or affordable options for low-income families**.

ONCE COVERED, GETTING CARE

PUTTING IN PLACE PROTECTIONS FOR WHEN THEY USE THEIR COVERAGE: Once Californians have coverage, that is merely the entry point to the health system, but getting care and using it wisely is another question. Some are concerned about access to doctors, specialists and other medical providers in both Medi-Cal, where access has long been a challenge, and Covered California, for which some plans have "narrow networks." California can go a long way to alleviate these concerns:

- California already has strong consumer protections that require that managed care plans networks are adequate to provide needed care in-network in your geographic region in a timely manner—no more than 10 business days. While narrow networks aren't necessarily a problem for consumers (and if integrated can provide a benefit), their prevalence make the need for vigilance on these protections even more urgent. One bill, SB964(Ed Hernandez), would make surveys by the Department of Managed Health Care more frequent, and segmented by Medi-Cal, commercial, and Covered California lines of business.
- Insurance Commissioner Dave Jones is currently drafting a new "start from scratch" network adequacy rule for those plans regulated at the Department of Insurance.
- For those in Medi-Cal, especially those in fee-for-service outside a managed care plan, a legitimate issue is the reimbursement rates, which are some of the lowest in the nation, and which are just implementing a 10% provider cut from the 2009-10 budget crisis. Given California had moved from deficit to surplus, we should at the very least cancel that cut, and extend the current enhanced primacy care rate.
- Covered California can include basic standards, expectations, and disclosures in its model contract with qualified health plans as well.

As Californians are in new coverage, they continue to need **new consumer support and protections**.

- We need to increase capacity to consumer assistance hotlines as more Californians are covered and many experience coverage for the first time. Trainings and added outreach will be necessary to help the newly insure people learn how to use the health system.
- California's consumer protections need to be adapted to the ACA framework. Measures in the legislature would help patients dealing with high-cost prescription drugs (AB1917 Gordon), provide continuity of care when switching plans (SB1100 Ed Hernandez), and prevent more folks for falling for "junk" insurance (AB2088 Roger Hernandez).

CONTROLLING COST AND IMPROVING QUALITY: Health insurance is expensive enough that some families will need direct financial help to pay for coverage, but there is certainly more to do to control the cost of health care while improving the quality and reducing health disparities.

Progress has already been made in controlling costs: The ACA's various cost containment elements have helped get the nation the slowest growth of health care costs in 40 years. The increased review of insurer rates has resulted in hundreds of millions of dollars in rate retractions, reductions, and rebates. While not enough, these are promising signs that some elements of the reform are working. The ACA provides new tools for additional work in the area of cost, quality, and public health.

- We propose efforts to increase transparency in our health system, so we can "follow the money" at the insurer, provider, drug company, and doctor level. Some bills are pending that would advance **greater transparency on cost and quality**. We support further industry oversight and regulation to monitor costs and improve quality.
- **Ballot measure voters** will get a say on health care costs this November: one ballot measure will allow the Insurance Commissioner to reject unjustified health insurance rate increases.

Finally, the advances by the Affordable Care Act provide **a platform for improvements in sectors beyond health care**. Some examples:

- The ACA directs significant financial resources to low- and moderate income families, and more could be done to ensure those dollars serve to create economic development and job opportunities in those communities. Also, connecting low-income families with health insurance could be a first step to not just other human services, but also to bank accounts and other financial instruments that help people build assets, and work their way into the middle class.
- The ACA's increase in coverage and support for substance abuse and mental health services means that there's an opportunity to address a range of issues medically, rather than criminally, perhaps resulting in reforms in our policing and corrections systems.
- For not just a healthier society but a healthier democracy, Covered California should embrace its role as a National Voter Registration Site to provide one-click registration opportunities to sign up as a voter with a pre-populated form from the information the consumer just previously entered.

CONCLUSION

While the implementation of the Affordable Care Act in California has not been perfect, and there is more to do, the stories below, among many collected by Health Access and partners like Consumers Union, demonstrate the dramatic help it has provided to Californians to get more affordable health care and financial security:[xi]

- **LARRY IN LOS ANGELES:** "I am a 60-year old man with the typical chronic conditions of someone my age." He buys his own insurance as a freelance consultant, and before 2014, he paid $750/month for a $5000 deductible "with some limits on various areas of coverage." Blue Cross sent him a letter in late 2013, saying he would need to change plans but they could switch him to a similar policy for $450/month. "So, I would save $300/month without even switching to an exchange plan, but just keeping the same private coverage. Not bad, but it gets better." Larry looked online at Covered California and found that "a comparable PPO Bronze plan will cost me less than $100/month with the subsidies I am eligible for. Or I could upgrade to a Silver plan, with a much lower deductible and better coverage for about $250/month, or a savings of $500."
- **RICHARD FROM SACRAMENTO:** After graduation from college, Richard said health insurance was a top priority, but on a tight budget, he couldn't see an affordable way to get covered and went a year and a half uninsured. "I looked into private health insurance because it was worrisome to be without healthcare coverage. It was $150 a month, which was not worth it to me. I am very healthy and don't take any medications – but what would happen if I got into an accident?" Richard has a part-time job and has discovered he's now eligible for Medi-Cal, like many recent college grads in part-time work or internships which may not provide employer-sponsored health insurance. "I work with a lot of people who are transitioning to new careers, changing careers, training, etc. It's good to have options for coverage in those in-between times." The process was confusing at times, Richard says, "It was totally worth it. In my opinion, the amount of information required was minimal for something as important as health care – I'm thrilled."
- **MIA FROM OAKLAND:** Mia is a self-employed mom from Oakland, California. "We had a terrible plan with a $12,500 deductible. The costs were going up every year – and in the past few years, they'd gone up every 6 months. Meanwhile, our benefits were getting cut." Mia's insurance didn't provide much security with that deductible. "I had to keep a credit card exclusively for health emergencies in my wallet," she says. Mia and her husband were able to purchase a Covered California plan with a much lower deductible – $500 per person. Their co-payments for doctor's office visits are just $15. "It's real health insurance. Everything is affordable." Their new plan did not cover all of the doctors they saw under the old plan, but that wasn't a dealbreaker for Mia's family. "Most of our doctors did not join our Covered California plan, but we do have coverage at UCSF and Children's Hospital Oakland. That was more important to us, to know that if we really got sick we'd have good options. " She adds: "This is the first time I've had health insurance, *real* health insurance, since my oldest daughter was born.. It's such a relief."

California had led in the implementing of health reform; we need California to continue to be a leader work to implement and improve the Affordable Care Act, to fulfill the promise and give all Californians the coverage they need at the cost they can afford.

APPENDIX I: Future Work to Implement and Improve the Affordable Care Act

CALIFORNIA ACA-RELATED LEGISLATION PENDING FOR 2014

- ***Coverage Expansion***

SB1005 (Lara) seeks to extend access to affordable coverage to all Californians, without regard to immigration status, by offering the same financial help as the ACA provides to Californians excluded under the federal law. The bill creates a state-only Medi-Cal program for those who are barred from Medi-Cal by reason of immigration status, covering kids up to 266%FPL and adults up to 138%FPL through state-only Medi-Cal. It also creates a parallel Exchange or "mirror marketplace" that would provide immigrants with the same coverage options and subsidies as those covered through Covered California. STRONG SUPPORT.

- ***Insurance Consumer Protections***

NETWORK ADEQUACY OVERSIGHT OF HEALTH PLANS: SB964 (Ed Hernandez) requires the Department of Managed Health Care (DMHC) to conduct surveys of health plans for timely access and network adequacy to be done more frequently, and by book-of-business, separately for Medi-Cal managed care and Covered California plans, to ensure access to care for patients in those programs. It also requires separate surveys until five years after implementation of major Medi-Cal managed care transitions, including those of Healthy Families, seniors and persons with disabilities, dual eligibles (both Medicare and Medi-Cal) and the rural transition. SPONSORED by Health Access California.

PRESCRIPTION DRUG COST SHARING: AB1917 (Gordon) spreads out the cost of expensive prescriptions over a year, to better help those with HIV/AIDS, cancer, MS, and other diseases manage out-of-pocket expenses. Consumers would still have the annual out of pocket limit of no more than $6,350 for an individual or $12,700 for a family under the ACA, but the cost of any one drug can't be more than 1/12 of the annual limit. This means multi-tier drug formularies in which some high-priced drugs are on a tier with 20% co-insurance won't burden patients all at once; a patient might still end up owing the annual out of pocket limit but at least the cost will be spread out over a year. SPONSORED by Health Access California.

JUNK INSURANCE FOR LARGE EMPLOYERS: AB2088 (Roger Hernandez), while not banning limited benefit plans, makes them supplemental to comprehensive coverage. While California's Insurance Code allows the sale of "insurance" that provides very limited benefits with a minimum actuarial value of less than 60%, such as cancer-only policies and hospital fixed amount indemnity policies that pay $100 or $200 a day when someone is hospitalized, current California law allows it only as supplemental to essential health benefits in the individual and small employer markets. This bill extends this consumer protection to large employer coverage, closing a loophole for employers to possibly avoid compliance with the full intent of the ACA. SPONSORED by Health Access California.

CONTINUITY OF CARE: SB1100 (Ed Hernandez) will be amended to provide continuity of care protections for consumers who change their individual coverage—something that was not possible for many until the ACA. While Californians with employment-based coverage now have the right to continuity of care if in the midst of

treatment or had a serious condition when their coverage changed, this bill extends this protection to those with individual coverage including in Covered California. *(AB369 Pan, sponsored by Health Access California and pending on the Governor's desk, would provide continuity of care protections specifically for consumers with policies cancelled Dec. 1, 2013-March 31, 2014.)* SPONSORED by Health Access California.

SB1176 (Steinberg) makes the health plan or insurer responsible for tracking out-of-pocket costs for in-network providers, and reimbursing the consumer when they exceed their out-of-pocket limit. SUPPORT

SB20(Ed Hernandez) would modify the individual market open enrollment period for the 2015 policy year to be November 15, 2014-February 15, 2015, so that it is consistent with the dates announced by the federal government exchange. SUPPORT.

SB1034 (Monning) would delete 60 day waiting period for California insurance. California law would not permit any waiting period as a result of a pre-existing condition. Federal law would permit employers to impose a waiting period of as much as 90 days for workers and dependents. SUPPORT.

AB2533 (Ammiano) would seek to ensure timely access to needed care at in-network cost sharing. SUPPORT.

- ***Cost/Quality Transparency***

SB1182 (Leno) would implement large group rate review for rate increases in excess of 5%. It also provides claims data or other detailed data to large purchasers. SUPPORT.

AB1558 (Roger Hernandez) would provide claims data to the University of California so that UC can do studies on cost and quality. SUPPORT.

AB1962 (Skinner) would make transparent what dental-only plans spend, as a percentage of premium, on patient care. It requires specialized dental-only plans to disclose a "medical loss ratios" as for medical coverage. The bill is sponsored by the California Dental Association. SUPPORT

- ***Medi-Cal***

AB1759 (Pan)/AB1805 (Skinner) would survey restore the remaining 10% reimbursement rate cuts to fee-for service Medi-Cal providers, a cut made in 2009-10 that was delayed by legal actions but is just being implemented this year, at the same time of the ACA Medicaid expansion. At a time of surplus, it would be less than $250 million to cancel this cut that was made in the worst moments of California budget crisis. SUPPORT.

SB1124 (Hernandez) limits Medi-Cal estate recovery. California is one of only ten states that impose estate recovery on more than long term care services, where the state, for those over 55, recovers the cost of care from the estate of an individual after death. This has discouraged some from signing up for Medi-Cal coverage. Co-sponsored by Western Center on Law and Poverty (WCLP) and California Advocates for Nursing Home Reform. SUPPORT.

APPENDIX II: Past Work to Implement and Improve the Affordable Care Act

CALIFORNIA ACA-RELATED LEGISLATION ENACTED 2010-13

The passage of the Affordable Care Act at the federal level was not the end but the beginning of legislative activity to reform our health system. Since passage, California has enacted over two dozen pieces of legislation listed below so Californians can take advantage of the ACA's new options, benefits, and consumer protections.

NEW ACCESS FOR CALIFORNIANS WITH PRE-EXISTING CONDITIONS

*** AB1887 (Villines)/SB227 (Alquist), 2010**

FEDERAL FUNDING FOR A HIGH-RISK POOL: Authorizes MRMIB to apply for federal funding for, and to create, a new "high-risk" Pre-Existing Condition Insurance Program (PCIP) to provide coverage to people denied for pre-existing conditions.

*** AB2244 (Feuer), 2010**

ACCESS AND AFFORDABILITY FOR CHILDREN WITH PRE-EXISTING CONDITIONS: Requires guaranteed issue, eliminates all pre-existing condition exclusions, and limits premium increases based on health status, phasing in modified community rating for children under age 19 in the individual market. Improving on federal reform: Rating rules of 2 to 1 in open enrollment, providing additional affordability to children with pre-existing conditions.

*** AB151 (Monning), 2011**

GUARANTEED ISSUE FOR SENIORS: Assures that those who previously covered by Medicare Advantage plans have guaranteed issue for Medi-Gap coverage.

***AB1x2 (Pan); SB1x2 (Hernandez), 2013**

BAN ON PRE-EXISTING CONDITIONS AND OTHER INDIVIDUAL INSURANCE MARKET REFORMS: Prevents insurers from denying or discriminating for pre-existing conditions, and institutes other market rules/consumer protections for those who purchase health coverage on their own. Limits different premiums on age to 3:1.

NEW OVERSIGHT ON INSURER PREMIUMS

*** SB1163 (Leno), 2010**

PROVIDING TRANSPARENCY ON RATES: Requires 60 days public notice of rate hikes and requires health plans to provide to the public information about their rate methodology. Improving on federal reform: Requires review of all rate hikes in individual and small group market, rather than just "unreasonable" increases. Also, collects additional information on underlying cost increases.

*** SB51 (Alquist), 2011**

REQUIRING PREMIUM DOLLARS TO BE SPENT ON HEALTH CARE: Allows state regulators to enforce the Medical Loss Ratio provision of the Affordable Care Act that requires insurers in the large group market to spend 85% of premium dollars on health care and insurers in the small group and individual markets to spend 80% of health care dollars on actually providing health care rather than for administration or profit.

*** AB1083 (Monning), 2012**

REFORMING THE SMALL GROUP MARKET: Conforms new insurance market reforms for small businesses to prior state law as well as the Affordable Care Act, particularly so small employers don't get additional premium spikes based on the health of their workers.

BETTER BENEFITS

* AB2345 (De La Torre), 2010

COVERING PREVENTIVE SERVICES: Requires insurers to eliminate cost-sharing for some preventive services such as pap smears, mammograms, other cancer screenings, and immunizations. Conforms to federal reform.

* SB222 (Evans/Alquist) & AB210 (Hernandez), 2011

GUARANTEEING MATERNITY COVERAGE: Requires that health plans sold in the individual and small group markets, respectively, stop discriminating against women and provide as a basic benefit, maternity care and maternity-related care. Ensures Californians get needed care, preventing them from falling onto taxpayer-funded programs. Improving on federal law: Starts in July 2012, eighteen months earlier than the maternity requirement as part of the federal essential benefits package in 2014, allowing for a smoother phase-in.

* SB 951 (Hernandez) & AB1453 (Monning), 2012

ESSENTIAL HEALTH BENEFITS: Protects consumers from underinsurance and junk insurance by requiring that health plans and insurers cover a minimum set of essential health benefits, including ten categories of benefits defined in the ACA. The bill sets the minimum floor for benefits to be equivalent to the Kaiser small group HMO.

SECURITY TO STAY ON COVERAGE

* AB2470 (De La Torre), 2010

REGULATING RESCISSIONS AND MEDICAL UNDERWRITING: Sets standards for rescission, the insurance industry's practice of terminating coverage as if the coverage had never been issued. Improves on federal reform by continuing coverage pending determination of rescission, and providing more notice.

* SB1088 (Price), 2010

ALLOWING YOUNG ADULTS TO STAY ON THEIR PARENTS' COVERAGE: Requires group health, dental, and vision plans to allow dependent children to continue on their parents' coverage through age 26.

*AB36 (Perea), 2011

ALIGNING TAX CODE FOR YOUNG ADULTS STAYING ON PARENTAL COVERAGE:

Aligns state tax code to conform to federal law related to parents covering young adult children.

MEDI-CAL EXPANSIONS AND REFORMS

* AB342 (Perez), 2010

MEDI-CAL WAIVER: EARLY EXPANSIONS FOR LOW-INCOME ADULTS: Expands county-based "coverage initiatives" using federal matching funds to provide better access for low-income Californians, as a bridge to full expanded Medicaid under health reform in 2014. Improving on federal reform: Allows hundreds of thousands of Californians to get coverage prior to 2014, and to be ready for full Medi-Cal coverage on day one.

* SB208 (Steinberg), 2010

MEDI-CAL WAIVER: SYSTEM CHANGES: Implements a new Medicaid waiver with the federal government, in order to draw down new federal funds, to encourage better coordinated care, including shifting seniors and people with disabilities to mandatory managed care, with certain consumer protections.

* 1296 (Bonilla), 2011

STREAMLINING ELIGIBILITY AND ENROLLMENT: Requires the California Health and Human Services Agency establish a standardized single application form and related renewal procedures for Medi-Cal, Healthy Families, the Exchange, and county programs. Sets a framework so that millions of Californians gain meaningful and easy access to coverage under the ACA. (Modified by Assemblywoman Bonilla's AB1580 in 2012).

***AB1x1 (Speaker Perez); SB1x1 (Hernandez/President Pro Tem Steinberg**

MEDI-CAL EXPANSION AND STREAMLINING: Expands Medi-Cal to all legal residents up to 133% of the poverty level, including over one million adults without children at home. Puts in place eligibility and enrollment reforms to make it easier to get on and stay on Medi-Cal coverage.

***AB1x3 (Hernandez)**

BRIDGE PLAN OPTION: Allows those in Medi-Cal to stay in the Medicaid managed care plan as their incomes fluctuate and qualify them for Covered California. Conceptual goal is to improve continuity of care, affordability for lower-income families, and more stability for safety-net health providers.

SETTING UP NEW SYSTEMS TO BETTER ASSIST CONSUMERS IN 2014 AND BEYOND

*** AB1602 (Speaker Perez), 2010**

CREATING A NEW EXCHANGE: Establishes the operations of the California Health Benefit Exchange which would be an independent state agency tasked in negotiating for the best prices and values for consumers and providing information regarding health benefit products. Improving on federal reform: The California Exchange will be an active purchaser, with protections against adverse selection.

*** SB900 (Alquist/Steinberg), 2010**

RUNNING A NEW EXCHANGE: Establishes the governance of the Exchange by a 5 member board appointed by the Governor Schwarzenegger and Legislature. The board will serve the individuals and small businesses seeking health care coverage through the Exchange. Improving on federal reform: Creates independent state agency with conflict of interest protections.

*** AB922 (Monning), 2011**

IMPROVING CONSUMER ASSISTANCE: Improves the Office of Patient Advocate to provide better assistance to California health care consumers by providing a central, enhanced center to handle consumer questions and complaints, and for them to be triaged to the appropriate agencies, whether regulatory or administrative, state or federal, etc. The bill also transfers the Office of Patient Advocate, and the Department of Managed Health Care, to the Health and Human Services Agency.

*** AB174 (Monning), 2012**

SYSTEMS INTEGRATION: Establishes funding for Office of Systems Integration to establish information-sharing between the Franchise Tax Board and the Employment Development Department to specified health care agencies and county departments to verify applicant eligibility for state health care programs as well as claims data information.

*** AB792 (Bonilla), 2012**

NOTICE OF COVERAGE OPTIONS DURING LIFE CHANGES: Requires insurers to provide information to consumers who are dropping off group coverage about their coverage options including at Covered California. Also provides notice at family court, when adoption, divorce, and other life changes are key moments when consumers should seek coverage options.

*** AB1761 (Speaker Perez), 2012**

DECEPTIVE MARKETING: Prohibits any individual or entity from falsely representing themselves as the Exchange, Covered California.

This report was compiled by Anthony Wright, executive director of Health Access Foundation, the statewide health care consumer advocacy coalition, working for quality, affordable health care for all Californians for over 25 years.

It was originally released March 2014, and updated May 2014 with updates after the Covered California open enrollment period, further elaboration of the agenda of work left to do, and revisions to pending legislation. To follow up, contact Anthony Wright at **awright@health-access.org**.

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[i] http://board.coveredca.com/meetings/2014/04%20Apr%20Meeting%20Materials/PDFs/PPT%20-%20Executive%20Director%27s%20Report_April%2017,%202014.pdf
[ii] http://www.hhs.gov/healthcare/facts/bystate/ca.html
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[x] http://familiesusa2.org/assets/pdfs/health-reform/CA-Small-Business-Health-Care-Tax-Credit.pdf
[xi] Thanks to Consumers Union for Mia's and Richard's stories. Media outlets wishing to talk with them and other consumers can contact Geraldine Slevin at Consumer Union's West Coast Office, 415-431-6747. To speak with Larry or many other individual Californians with stories are available to talk to the media, contact Health Access..