



DECEMBER 31, 2012

YEAR IN REVIEW FOR CALIFORNIA HEALTH CARE: LOOKING BACK & AHEAD TO 2013

- *2012: Obamacare Survives Supreme Court and Election; Full Steam Ahead*
- *Hundreds of Thousands of Californians Already Get New Coverage; More Get Better Benefits*
- *California Makes Progress On Getting Ready For Reform: Essential Benefits; Covered CA*
- *2013: The New Year and the Legislative Special Session Looms*
- *Need to Pass Insurance Reform & Medicaid Expansion; Protect the Safety-Net*
- *Nine Short Months to the Start of Mass Enrollment in October 2013*

If 2010 was the year the Affordable Care Act was passed, 2012 is the year it became real. With the Supreme Court decision and the election results, the question is not whether Obamacare will be implemented, but how.

NO MORE EXCUSES: The legal and political obstacles that existed fell away this year. The Supreme Court's decision was dramatic in its presentation, on the last possible day of its term – but also in its impact. While many organizations drafted press releases for different outcomes, any other decision to strike down part or all of the law would have been stunning, resulting in upending years of planning and policy work, not to mention the lives of millions.

Beyond nine justices, the entire nation got to vote on the future of health care, with a clear choice at the Presidential as well as Congressional level. One ticket ran on passing the Affordable Care Act; the other on repealing Obamacare, and on a budget that voucherized Medicare and block-granted Medicaid, ending key guarantees in both programs. It was the most consequential election for health policy in several generations. Significant campaign focus was given to the ACA and Medicare, but also to Medicaid and women's health and other related issues. In the end, President Obama will get to implement his health reform, with a Congress that includes more ACA supporters, including several from California.

The removal of these legal and political barriers also means the end of the excuses by many for inaction, to wait for further clarity before moving forward.

CALIFORNIANS GETTING COVERAGE: Recognizing the urgency of the problems and the opportunity for the funding and framework to fix them, California has made progress made this year. In fact, hundreds of thousands of Californians already have new coverage under the law, and millions are already taking advantage of new benefits and consumer protections. The progress this year was significant especially for **hundreds of thousands of Californians who now have coverage** that otherwise wouldn't:

- Over 15,000 Californians who were denied by health insurers due to their health status now have coverage through California's ACA-funded Pre-existing Condition Insurance Program (PCIP).
- Over 550,000 Californians in 51 counties are now getting coverage through Low-Income Health Programs (LIHPs) – the most expansive early expansion of Medicaid under the Affordable Care Act in the country.
- Over 350,000 young California adults up to age 26 have coverage through their parent's health plan, under the ACA and state conforming legislation.



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BETTER BENEFITS: The progress made this year wasn't just through getting more people coverage, but ensuring those insured had better coverage. In addition to the new financial help (small business tax credits, drug discounts for seniors on Medicare) and new consumer protections (bans on rescissions and out-of-pocket caps on coverage) put in place in 2010 and 2011, ACA-related state laws went into effect this year made additional progress:

- Required \$74 million in rebates to Californians this year from insurers not complying with "minimum loss ratio" standards than ensure that at least 80-85% of our premium dollars go to patient care, rather than administration and profit.
- Required that maternity coverage be part of a basic health insurance benefit. Prior to the requirement starting in July of 2012 (18 months earlier than the federal ACA requirement on essential benefits), the percentage of plans in the individual market offering maternity coverage was down to 13% and dropping.

GETTING READY FOR REFORM: California went beyond maternity care this year when Governor Brown signed legislation by Health Committee chairmen Senator Ed Hernandez and then-Assemblyman Bill Monning, to put in place the full "essential health benefits" standard, as required for the ACA for 2014. This important consumer protection helps remove the fear of the fine print that so many consumers have that their coverage won't cover what they actually come down with.

Other key bills signed that **got California ready for reform** were the new rules for the small groups insurance market, and a bill to inform Californians losing group coverage (whether for a job change, divorce, move or other life change) about the new benefits and options in the new Exchange.

The Exchange itself got a new name, Covered California, but also a whole business plan, submitting its full plan for operation, including a proposal for funding through 2014, and for self-sustainability afterwards. Covered California moved ahead with needed speed to set up the various systems and programs in place--information technology, eligibility and enrollment infrastructure, service center, marketing, outreach and education efforts, etc.

But if 2012 is when Obamacare no longer became conditional, 2013 is when it needs to become operational--and quickly. To meet the goal to start signing Californians up for coverage in October 2012, we have nine short months, and a lot of work to do.

WHAT'S NEXT: In December 2012, Health Access hosted its 25th anniversary celebration, where we celebrated the progress made, but also the significant work to fulfill the promise of health reform. Hearing from legislative and administrative leaders, a couple of key tasks emerged for the next few months in 2013.

- During the special session of the Legislature called in January, one order of business is to adopt the new rules for the individual insurance market. This goes beyond the basic ACA consumer protections that need to be placed into state law, such as the rule to prevent denials or even price discrimination due to pre-existing conditions, caps on charging for premiums due to age, or limits on excessive cost-sharing. The ultimate goal is to change the way insurers do business, so instead of competing based on avoiding sick people, insurers compete on cost, quality and customer service. The Legislature needs to pass the ground rules, but the regulators at the Department of Insurance and Department of Managed Health Care need to be vigilant so that we have a **transformed and improved health insurance market** that is affordable, transparent, organized, regulated, consumer-friendly, and geared toward lower cost, better quality care and providing greater financial security.



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- The other major task of the special session is to **adopt the Medi-Cal expansion and make the key decisions to maximize the benefit of the federal law for the state and its families**. We can cover hundreds of thousands of people in California, and the federal government will cover 100% of the cost for the first three years, and from 90% to 95% for every year thereafter. As the Legislature decides the benefit level for the newly eligible, and other changes to streamline the enrollment process, there's an opportunity to maximize the federal dollars coming into our health system and our economy. We already have a half-million Californians in an early expansion of Medicaid coverage through county-based Low-Income Health Programs, and we can and should do more.
 - We can create a "bridge" plan to provide greater affordability for low-income patients in the Exchange, provide greater continuity of care, and help support the state's safety-net.
 - We should look at strategic investments to not just expand but to improve Medicaid, by restoring benefits like Denti-Cal and provider rates that can take advantage of the federal matching funds available.
 - Ultimately, California should seek **mass enrollment of coverage on Day One**, Jan. 1, 2014, through improvements in eligibility and enrollment, and the outreach effort to scale. Every day in 2014 that eligible Californians are not enrolled is a day we are leaving dollars in Washington, D.C.
- Finally, a priority for policymakers through all this work is to be mindful that even if California goes beyond covering half of its uninsured and is very successful, enrolling two-thirds, the state will still have millions of uninsured to serve. So policies need to ensure the funding and support for a **robust safety net that survives and thrives** in a new environment. That means helping community clinics and public hospitals be medical homes for the newly-insured. We will need all the capacity we can muster. As the Brown Administration wants to negotiate with counties about the cost of the Medicaid expansion, we want to be clear about California's commitment to the remaining uninsured, to at least ensure a safety-net to provide care if not coverage.

The ACA is not the end of the work, and there will need to be continuing efforts to support improvements and additional reforms, from increased affordability, to new transparency, to providing help for those left uncovered, to specific new oversight on insurers. But the ACA provides a historic opportunity to make huge progress with its framework and funding -- but only if California acts to take advantage. After close Congressional votes, court decisions and a consequential election, the only obstacles left the clock and our commitment.



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This factsheet was prepared by Health Access, a statewide coalition of consumer, labor, ethnic, senior, faith, and other organizations that has been dedicated to achieving quality, affordable health care for all Californians for over 25 years. Please visit our website and read our daily blog at www.health-access.org