

California Bills Improve Affordability, Moving State Closer to Universal Coverage

California's robust and successful implementation of the Affordable Care Act (ACA) led to 5 million Californians gaining health coverage through the Medi-Cal expansion and Covered California. Many had gone without health insurance for years, living sicker and in fear that a single emergency room visit could leave them bankrupt.

Today, 93% of all Californians have health coverage. However, 3 million remain uninsured either because coverage is still unaffordable or they are excluded from federally-funded health programs because of their immigration status. High monthly premiums and extraordinary out-of-pocket costs continue to be a huge barrier to accessing care for many Californians.

Affordability in Covered California

Approximately half of the 2.3 million individual market enrollees in California, or nearly 1.2 million Californians, receive federally funded ACA premium and cost-sharing subsidies. More than 700,000ⁱ people eligible for ACA subsidies remain uninsured because coverage is still unaffordable to them.

- ACA subsidies for monthly premiums:
 - Individuals earning less than \$48,000/year or a family of four earning less than \$98,000 (below 400% FPL) are eligible for premium subsidies on a sliding scale ranging from 2% to 9.6% of income.
 - People earning over 400% FPL do not get any financial assistance to pay for premiums.
- ACA subsidies for out-of-pocket costs: co-pays, deductibles, and other cost sharing:
 - Individuals earning less than \$30,000/year or family of four earning less than \$52,000 (below 250% FPL) are eligible for both premium and cost-sharing subsidies that lower copays and deductibles.
 - People earning between 250% - 400% FPL do not get cost-sharing subsidies to help afford copays and deductibles.

While ACA subsidies provide considerable help for many to afford coverage, they are not sufficient to make coverage affordable for everyone, especially in a high-cost state like California. Many Californians still face large premiums and out-of-pocket costs that prevent them from enrolling into coverage. Some Californians spend 10% to 30% of their income for premiums and out-of-pocket costsⁱⁱ. Providing additional financial assistance will encourage enrollment and retention in coverage.

- Depending on income, the monthly premiums for Covered California enrollees receiving subsidies fall anywhere between \$47 and \$384 for a single individual. For example, a person making \$3,000-\$4,000 a month is expected to spend about \$300-400 a month on premiums, which amounts to 10% of income. Similarly, a family of four could spend \$784 a month on premiums, which amounts to 9.6% of income.
- More than one-third of people in Covered California, earning \$24,000 and \$48,000 (200%-400% FPL) are in Bronze plans, which have a \$6,300 annual deductible. Lower and moderate-income people continue to face challenges not only with premium costs, but also with the price of services when they visit their primary care doctors or specialists, get lab tests or x-rays, and buy prescription drugs – even when these are covered under their plans.

Four bills – AB 2565 (Chiu), AB 3148 (Arambula), AB 2459 (Friedman), and SB 1255 (Hernandez) – take steps towards improving and increasing health care affordability to help more Californians access health insurance and move our state closer to universal coverage.

FACT SHEET: California Bills Improve Affordability, Moving State Closer to Universal Coverage

AB 2565 (Chiu): Affordable Premiums for those Below 400% FPL

AB 2565 would provide additional premium assistance to those who currently get ACA subsidies, which are people who make less than \$48,000 a year as an individual or \$98,000 as a family of four (below 400% FPL). This bill would add state assistance on top of the federal ACA subsidies to reduce premiums even more. Instead of costing 2% of income for someone making \$16,000 a year and up to 9.6% of income for someone making \$35,000-\$48,000 a year, consumers at the lowest income levels would pay zero. At the same time, individuals with moderate incomes would be capped at spending 8% of income. This proposal will help individuals by improving premium affordability for the 1.2 million Covered California members currently receiving subsidies.

AB 3148 (Arambula): Affordable Out-of-Pocket Costs for those 200%–400% FPL

AB 3148 would reduce consumer co-pays and deductibles and expand who is eligible for cost sharing subsidies in Covered California. High out-of-pocket costs for doctors' visits, prescription drugs, labs, and other services can prevent consumers, especially low-income people, from seeking care. Currently, people who make less than \$24,000 (200% FPL) get significant federal subsidies to lower their copays and deductibles in Covered California. But, people who make \$24,000-\$48,000 (200% - 400% FPL) get little or no similar help. This bill would provide state-funded subsidies assistance to this population to further reduce deductibles, co-pays and other cost-sharing. This proposal helps 500,000 Covered California members afford their out-of-pocket costs.

AB 2459 (Friedman): Affordable Premiums for those Over 400% FPL

AB 2459 would ensure that no Californian spends more than 8% of their income on health insurance premiums by providing refundable personal income tax credits towards premiums for those earning too much to qualify for federal financial premium subsidies. People who make more than \$48,000 a year (400% FPL) and who do not get job-based coverage do not qualify for federal subsidies to afford health coverage, which means they have to pay for the full cost of their premiums. This is a challenge especially for those earning just above the income threshold. In many high-cost parts of California like Los Angeles or the Bay Area, too many people are forced to choose between paying the rent and buying health insurance. Research shows that in every part of California, single individuals in their 50s and early 60s who make over 400% of federal poverty pay more than 8% of income for coverage with a deductible of \$6,300. For married couples, it is worse. Married couples in their 20s can easily spend over 8% of income on coverage with a \$6,300 deductible.

SB 1255 (Hernandez): Affordable Health Coverage: Premiums and Out-of-Pocket Costs

SB 1255 provides financial assistance to people whose premium costs more than 8% of their income, including people who are not eligible for Medi-Cal, whose income is less than \$48,000 (400% FPL), and people who do not get subsidies because their income is greater than \$48,000. The bill would also provide state-funded cost-sharing subsidies to people with income less than \$48,000. Finally, it uses Covered California as the main entity to administer state-funded financial assistance to help low and moderate- income Californians afford coverage in the individual market.

ⁱ Covered California Data.

ⁱⁱ UC Berkeley Labor Center, *Towards Universal Health Coverage: California Policy Options for Improving Individual Market Affordability and Enrollment*, March 5, 2018.

