

## Nearly a Million Californians to Get Health Care Cost Relief in 2019 – 2020 State Budget

The CA state budget expands the ACA with a \$1.5 billion investment over 3 years to help low- and middle-income Californians better afford health coverage

The Affordable Care Act (ACA) has provided millions of Californians with more affordable health insurance. The academic literature is unequivocal: expanding health insurance reduces avoidable deaths and illnesses, keeps people healthier and provides greater financial security so that Californians are not one emergency room trip away from bankruptcy or homelessness.

Under the 2019 - 2020 state budget, California takes the first-in-the-nation step of helping middle class consumers who buy their own coverage better afford their care, as part of a package of new affordability assistance:

### COST AND HELP BREAKDOWN:

% of FPL	0% - 138%	200% - 400%	400% - 600%
Individual annual income	\$0 - \$17,237	\$24,280 - \$48,560	\$48,560 - \$72,840
Couple annual income	\$0 - \$23,336	\$32,920 - \$65,840	\$65,840 - \$98,760
Family of 4 annual income	\$0 - \$35,535	\$50,200 - \$100,400	\$100,400 - \$150,600
# of People Impacted	20,000	667,000	235,000
Average Affordability help	About \$25/month in new help	About \$10/month in additional help	About \$120/month in new help
Premiums capped at:	\$1/month	6% - 10% of income	10% - 18% of income
Money invested in 2019-20 CA Budget	\$5 million	\$81 million	\$335 million

## **FACT SHEET: Nearly a million Californians to get health care cost relief**

### **NEW STATE SUBSIDIES TO EXTEND THE AFFORDABILITY ASSISTANCE BEYOND THE ACA'S COVERAGE CLIFF:**

The ACA provides subsidies for consumers up to four times the Federal Poverty Level (FPL) but individuals who make \$50,000 - \$70,000 annually also need help, especially in a high cost-of-living state like California. These Californians need help to offset the cost of premiums. A married Bay Area couple in their late 50s or early 60s could spend as much as 40% of income on premiums. Given housing and other costs, middle-income Californians should not have to spend almost half of their income on premiums.

**The California solution:** California will be the first state in the nation to provide help above four times the poverty level. The ACA provides a guarantee that nobody under 400% of the poverty level has to spend more than a percentage of their income to get a Silver plan. California will extend this income cap to provide subsidies to those up to 600% of the poverty level. This will reduce the percent of income that people will have to pay for their premiums.

**MORE HELP FOR THE MIDDLE-INCOME:** Many people between 200% and 400% FPL who get federal subsidies from the ACA still find care difficult to afford. Many would either choose a lower-level Bronze plan with large deductibles in order to afford premiums, or would be uninsured.

**The California solution:** California will augment with state funding the federal subsidies they currently receive to make it more likely they can buy and afford health care.

**REDUCING PREMIUMS FOR THOSE IN POVERTY:** A small number of people under 138% FPL, living on less than \$1,500 a month, are still required to pay premiums for coverage in Covered California. These people would otherwise be eligible for no-cost Medi-Cal or Medicare. Anyone living on \$1,000 or \$1,500 a month is struggling to make ends meet and to avoid becoming homeless – they should have the same almost zero-cost premiums they would have in Medi-Cal. This will help someone like an elderly housewife who spent a lifetime caregiving and did not work enough quarters to qualify for Medicare but has too much in the bank (say \$3,000) to qualify for Medi-Cal.

**The California solution:** Cover the premiums for all legally-residing Californians under 138% of the poverty level, so that their premium is almost \$0.

**KEEPING CALIFORNIANS COVERED AND PREMIUMS LOWER:** The U.S. Congress zeroed out the penalty for not having health care insurance. This destabilized our marketplace, and contributed to an at least 3% increase in premiums in 2019. Implementing a mandate that people have health insurance encourages more people to be covered and therefore helps strengthen our whole health system.

**The California solution:** Re-instate a state-level health care coverage mandate, similar to the one in the ACA. The individual mandate helps everyone: Premiums will decrease as the risk is more spread out.