

AB 2118 (Kalra): Improved Rate Reporting for Individuals and Small Businesses

In our complex health care system, California must have the right tools to better track the changes in our health insurance markets. This is best done through both rate reporting and rate review of health insurance plans. California has extensive rate reporting on the health insurance coverage sold to large purchasers (employers with more than 100 enrollees), including an overview of the state-regulated share of the market. However, the same requirements are not extended for the individual or small employer markets, which serves about 4.4 million Californians.¹ Collecting this data would give policy makers and advocates more insight into the types of coverage Californians have, and how to improve our health system as a whole.

Existing Law on Rate Reporting and Rate Review

SB 546 (Leno) of 2015, supported by Health Access and sponsored by various labor organizations, instituted rate reporting in the large group insurance market. Rate reporting requires that health insurance companies submit high-level information to state regulators about what types of products they are selling, including what benefits are covered and what the copays and deductibles are, as well as other information on the kind of coverage sold. While the individual and small group markets have rate review of plan-by-plan premium increases and cost sharing under SB 1163 (Leno) of 2010 as well as AB 731 (Kalra) of 2019, these markets don't have comparable high-level rate reporting.

AB 2118: Greater Transparency Needed to Understand Markets

The work that has been done to understand the large group insurance market has provided a better understanding of the health coverage sold to large purchasers, including employers and union trust funds. But gaps remain in our understanding of coverage sold to individual consumers and small businesses.

Under existing laws, insurers and health plans file rates in the individual, small business, and large group markets. but there is no data or information available that provides an overview of health plans in the individual and small group markets (as there is for the large group coverage). For example, in the small group market it is not known how many consumers have high deductible products or what the usual share of premium is. In the individual market, this data could help provide information on how many people have Bronze as opposed to Platinum health plans, and what the range of premiums are.

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With this information, we could know how many consumers have deductibles in the individual market compared to the small group market, and also know the amount of the deductible. Better access to this information could help to improve coverage and health outcomes.

Covered California produces some of this information for its enrollees. However, an overwhelming majority of small businesses (over 90%) buy health insurance for their employees off-exchange or outside of Covered California. Even in the individual market, a third or more of consumers buy off-exchange. It is crucial that relevant information be available to understand these parts of the market and how well (or not) they are working for California consumers. As California works to improve affordability and cost containment in health insurance, we are still blind to some of the information about what coverage people have. AB 2118 would provide this important data so we can make the most informed and efficient decisions on how to improve our health care system.

ⁱ California Health Care Foundation, [State Releases Data on 2018 Health Insurance Enrollment](#), June 2019