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# Covered California: Continuing to Serve Millions in Uncertain Times

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22<sup>nd</sup> Annual ITUP Conference: Advancing Health in California  
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February 6, 2018



## California: Much to Celebrate After Five Years



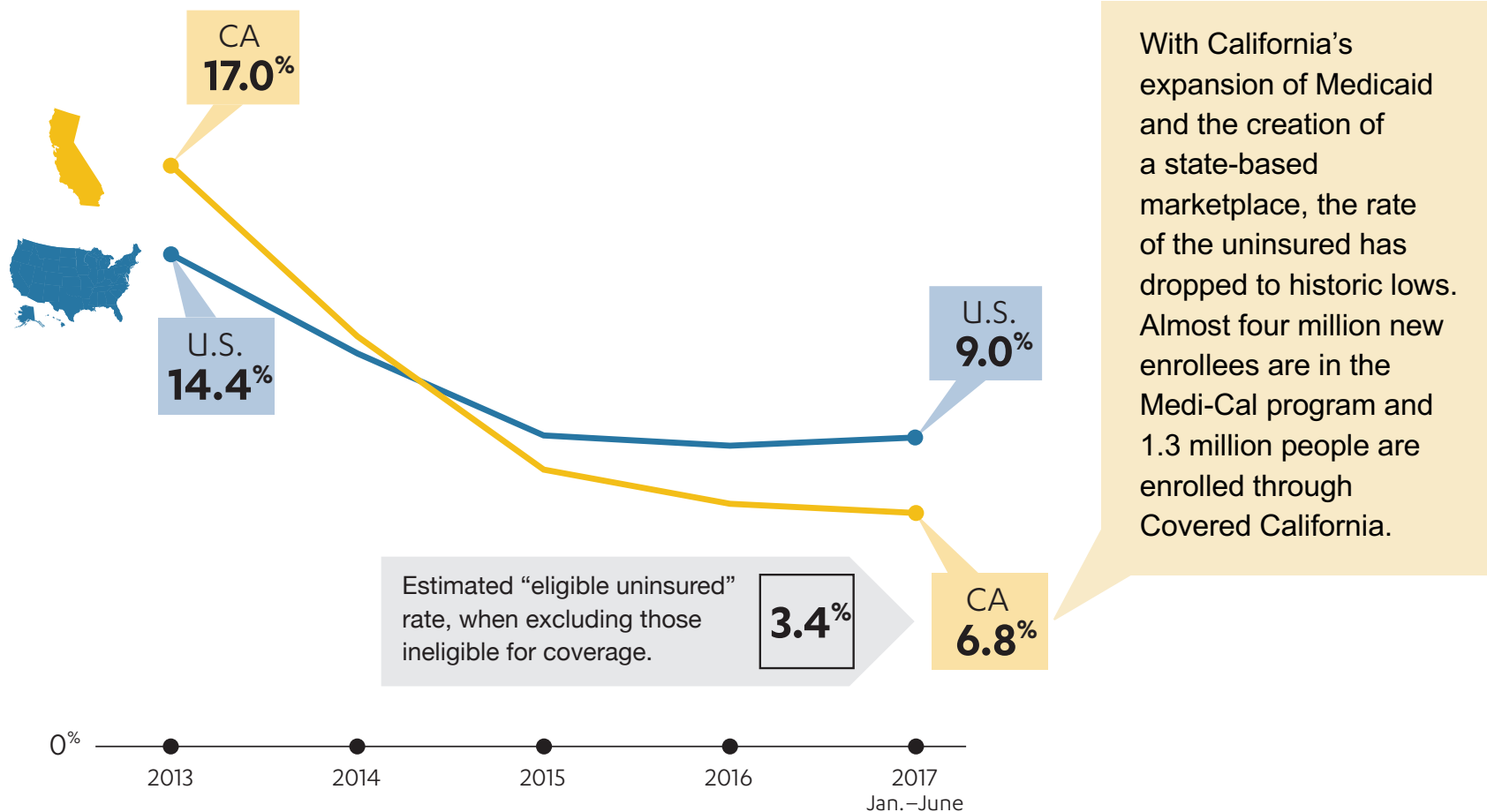


## Covered California: Woven Into Communities Across the State





## Coverage Expansion Having Dramatic Effects in California



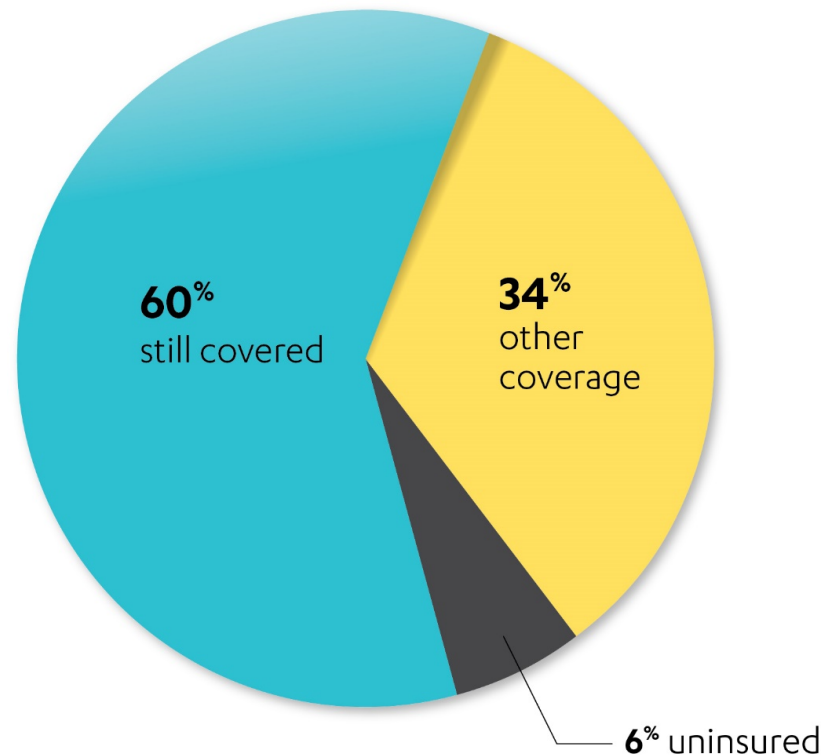
Source: U.S. Centers for Disease Control and Prevention's National Health Institute Survey



## Each Year, Approximately Forty Percent of the Covered California Individual Market Turns Over\*

While Covered California's consumers experience a high level of coverage transitions, nearly 85 percent of those who leave Covered California report transitioning to other coverage.

California's Health Care Coverage Transitions  
(2016 Survey)



- Prior to 2014, Covered California forecasted that about one-third of enrollees would leave coverage on an annual basis.
- During 2015, Covered California covered 1.6 million unique members for at least one month.
- By early 2016, approximately 40% of those 1.6 million (over 600,000) had 'disenrolled'.
- Of those who left Covered California, most went to employer-based coverage (50%).

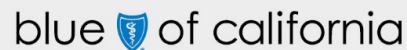
\* Based on a recently completed Covered California 2016 survey of members (n=8,773) who left ("disenrolled"), the vast majority left for employer-based or other coverage.





## Assuring Competition, Choice and Affordability

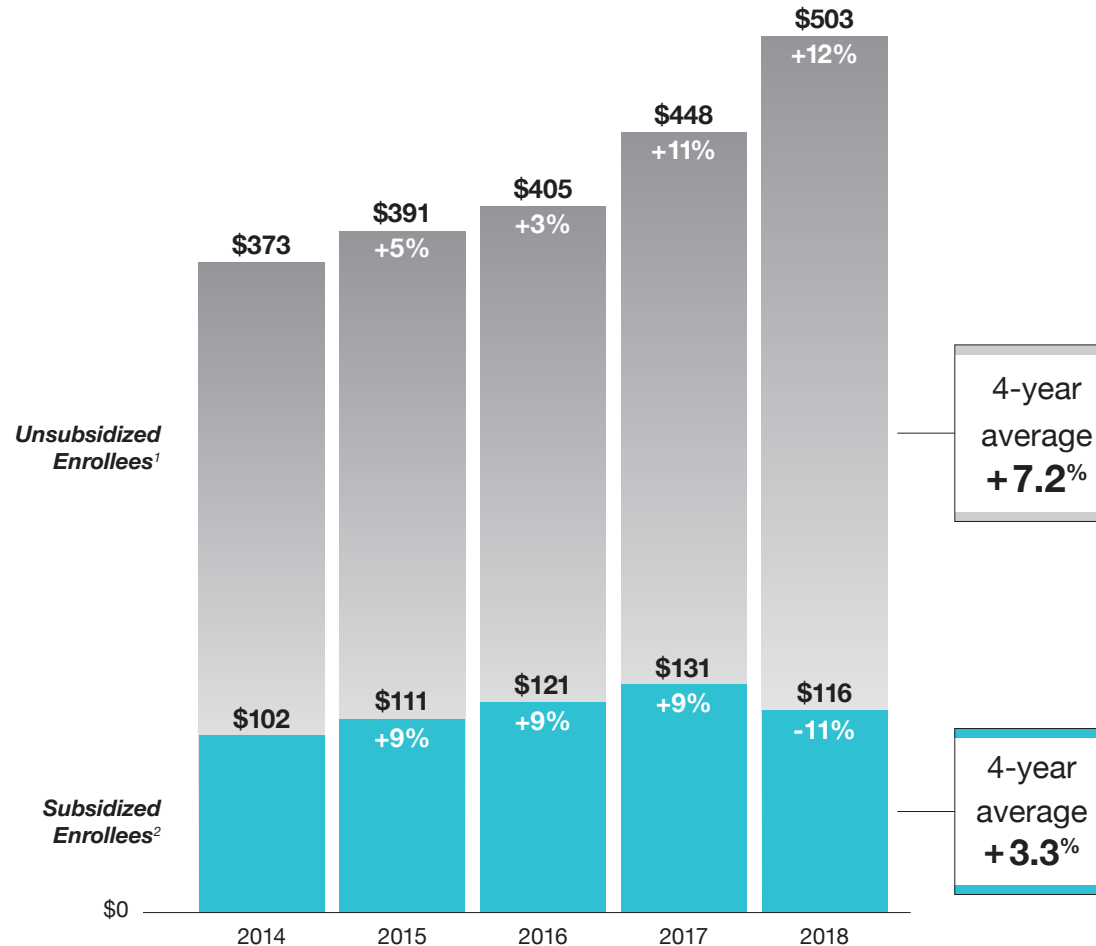
Eleven health 11 plans participate in Covered California in different combinations across 19 rating regions. Covered California is also an entry point to Medi-Cal for those who qualify.





# California's Individual Market Premiums: 2014–2018

Average increases of 3.3% after tax credits for subsidized and 7.2% for unsubsidized



<sup>1</sup> Unsubsidized consumers are those that do not receive financial assistance from the federal government to pay their health insurance premiums. These consumers can purchase in and outside of the exchange. Unsubsidized consumers in the individual market total 1.15 million.

<sup>2</sup> Subsidized consumers are those that receive substantial financial assistance from the federal government to pay their health insurance premiums. The Affordable Care Act requires consumers to purchase through the exchange to receive this assistance. In California, subsidized consumers total approximately 1 million consumers.



## Risks on the Horizon Premium Increase Drivers for 2019

Estimates reflect potential state average increases; some states and individual carriers could be higher or lower. Premium estimates reflect gross premiums and would be fully born by the 6 million Americans who do not receive subsidies. For those who receive subsidies, premium increases would likely be far less.

	Low	Medium	High
<b>Premium Drivers on Top of Medical Trend</b>	<b>8.6%</b>	<b>14.7%</b>	<b>23.2%</b>
Individual Mandate Premium Impact	8%	10%	13%
2018 Enrollment Change Premium Impact	-2.3%	1.3%	6.3%
2019 Ongoing Marketing Reduction Premium Impact	2.6%*	2.6%	2.6%
Short-Term and Association Health Plans	0.3%	0.8%	1.3%
<b>Medical Trend</b>	<b>7%</b>	<b>7%</b>	<b>7%</b>
<b>Total Potential 2019 State-Level Premium Rate Increase</b>	<b>15.6%</b>	<b>21.7%</b>	<b>30.2%</b>





## Federal Policy Actions That Could Mitigate 2019 Premium Increases

Estimates reflect the range of how each stabilizing policy would affect states based on their circumstances. The effect on premiums in some states for individual carriers could be greater.

Options To Mitigate Premium Increases			
	Low	Medium	High
<b>Reinsurance</b> (see Covered California reinsurance analysis*)	<b>-9%</b>	<b>-12%</b>	<b>-16%</b>
<i>Gross reinsurance funding level (billions)</i>	\$12	\$12	\$12
<i>Net federal cost of reinsurance (billions)</i>	\$5	\$5	\$5
<b>Enhance Marketing and Outreach</b>	<b>0.0%</b>	<b>-2.3%</b>	<b>-4.2%</b>
<b>Health Insurance Tax Holiday</b>	<b>-1%</b>	<b>-2%</b>	<b>-3%</b>



# Covered California is Promoting Improvements in the Delivery of Care

Covered California contract requirements to promote the triple aim of improving health, delivering better care and lowering costs for all Californians include:



## **Promoting innovative ways for patients to receive coordinated care, as well as have immediate access to primary care clinicians**

- All Covered California enrollees (HMO and PPO) must have a primary care clinician.
- Plans must promote enrollment in patient-centered medical homes and in integrated healthcare models/Accountable Care Organizations.



## **Reducing health disparities and promoting health equity**

- Plans must "track, trend and improve" care across racial/ethnic populations and gender with a specific focus on diabetes, asthma, hypertension and depression.



## **Changing payment to move from volume to value**

- Plans must adopt and expand payment strategies that make a business case for physicians and hospitals.



## **Assuring high-quality contracted networks**

- Covered California requires plans to select networks on cost and quality and in future years, will require exclusion of "high cost" and "low quality" outliers — allowing health insurance companies to keep outlier providers, but detailing plans for improvement.

Note: for detailed information about improvements in the delivery of care, Covered California requires health insurance companies to abide by Attachment 7 of the model contract. To view Attachment 7, go to [http://hbex.coveredca.com/stakeholders/plan-management/PDFs/Attachment\\_7\\_Individual\\_7-5-2016\\_Final\\_Clean.pdf](http://hbex.coveredca.com/stakeholders/plan-management/PDFs/Attachment_7_Individual_7-5-2016_Final_Clean.pdf)

Covered California Board presentation slides on Attachment 7: <http://www.coveredca.com/news/pdfs/CoveredCA-Board-QualitySummary-04-07-16.pdf>



## California: Continuing to Bend the Arc Towards Justice





Information for consumers

**CoveredCA.com**

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Information on exchange-related activities

**hbex.CoveredCA.com**