



CaSIM
California
Simulation of
Insurance
Markets

Take-Up Among Individuals Eligible for Covered California and Affordability Challenges

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On behalf of UCLA-UC Berkeley CaSIM team

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Take-Up Among Individuals Eligible for Covered California

California Simulation of Insurance Markets (CalSIM) version. 2.2

- UCLA-UCB microsimulation model projects California individuals' and firms' decision making under various policy scenarios
- Support for CalSIM from:
 - Covered California
 - California Health Care Foundation
 - The California Endowment

CalSIM version 2.2

- Input data sets:
 - California Health Interview Survey
 - Medical Expenditure Panel Survey
 - California Employer Health Benefits Survey
 - Employment Development Department data
- Outputs include point-in-time estimates of all Californians' insurance status and demographics

Focus for today's presentation

Population: Non-elderly Californians

- enrolled in individual market or uninsured, and
- eligible for Qualified Health Plans (QHPs) via Covered California, and
- not eligible for Medi-Cal, Medicare, or other public coverage.

Years: 2016, 2021, 2023

California individual market enrollment and uninsurance, 2016

Enrollment in California individual market and number uninsured, 2016

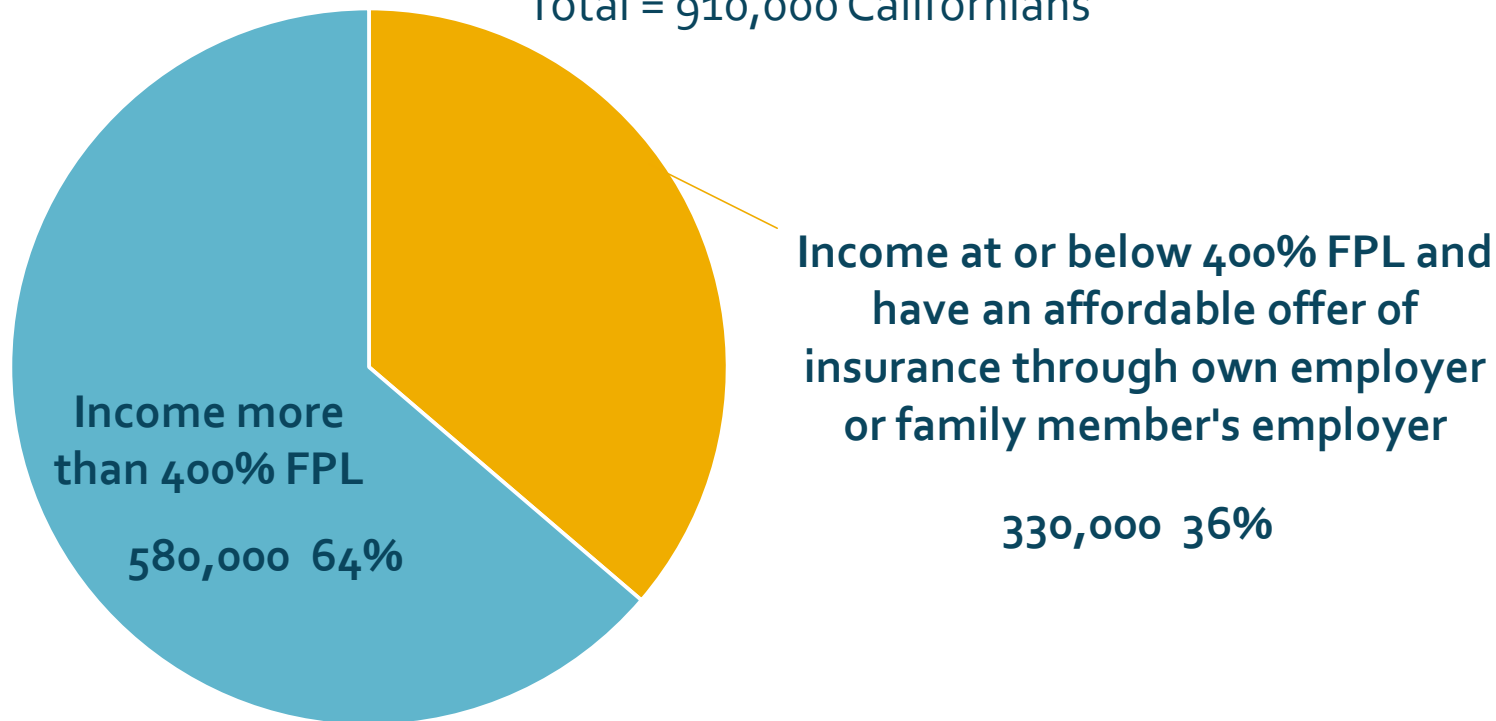
	Enrolled (Administrative data)	Uninsured* (CalSIM)	Take-up
Eligible for subsidies through Covered California	1.2 million	440,000	73%
Eligible for individual market coverage without subsidies	1.1 million	910,000	55%

* Uninsured Californians eligible to enroll in a QHP and not eligible for Medi-Cal or other public coverage. Uninsured eligible for subsidies includes those who do not hit the exchange premium contribution threshold.

Sources: Enrolled based on Covered California Active Member Profile from June 2016 and Wilson K, [California Insurers Hold on to Previous Gains](#), California Health Care Foundation Blog, July 13, 2017. Uninsured based on UCLA-UCB CalSIM 2.2. Take-up rate equals $(\text{Enrolled} / (\text{Enrolled} + \text{Uninsured}))$.

Uninsured and not eligible for subsidies, 2016

Uninsured Californians* not eligible for subsidies, 2016
Total = 910,000 Californians



* Uninsured Californians eligible to enroll in a QHP without subsidies and not eligible for Medi-Cal or other public coverage.

Source: UCLA-UC Berkeley CalSIM 2.2, midpoint estimate

Projected effect of \$0 individual mandate penalty in 2023

California individual market enrollment, ages 0-64, 2023

Coverage	Change compared to with mandate	Percentage change
Covered California with subsidies	- 150,000 (-200,000 to -90,000)	-10% (-6% to -14%)
Unsubsidized individual market	- 220,000 (-240,000 to -190,000)	-19% (-17% to -21%)
Total individual market	- 370,000 (-440,000 to -280,000)	-14% (-11% to -17%)

Note: Point estimate reflects midpoint of range. Ranges represent different modeling assumptions of the impact of the mandate, but there is more uncertainty than is reflected in this range.

Source: UCLA-UCB CalSIM 2.2.

Projected effect of \$0 individual mandate penalty in 2021

California individual market enrollment, ages 0-64, 2021

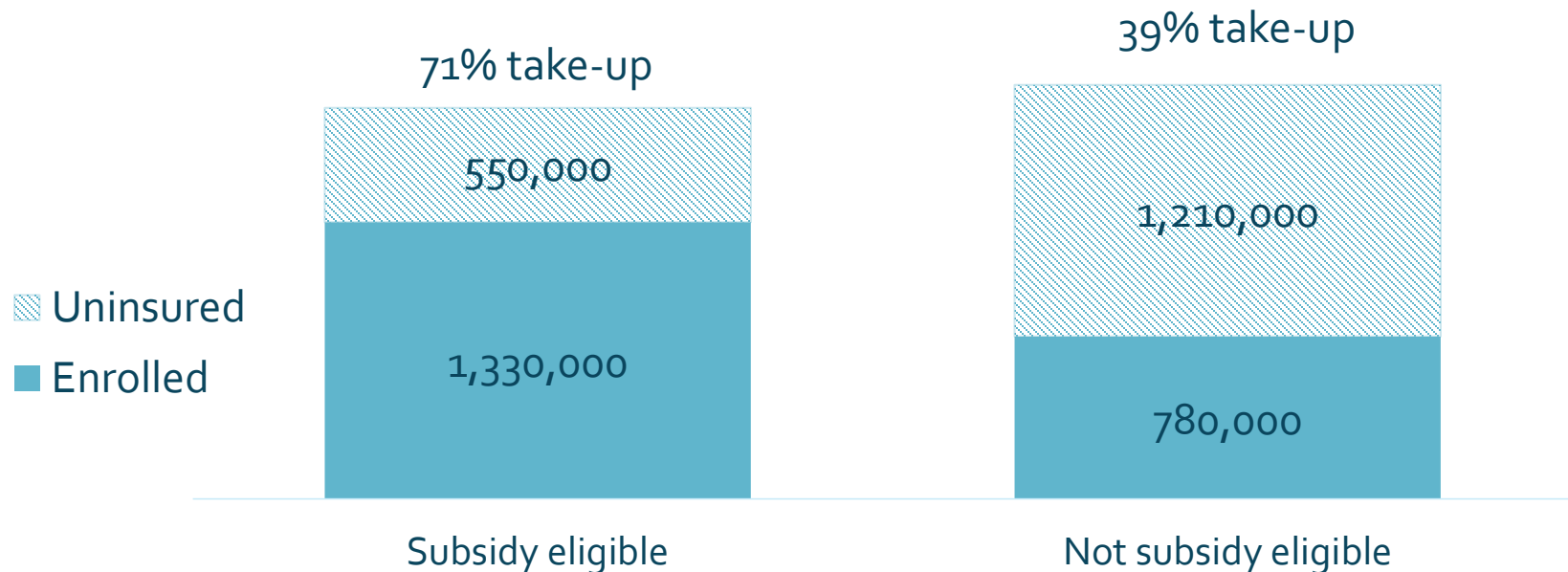
Coverage	Change compared to with mandate	Percentage change
Covered California with subsidies	- 120,000 (-160,000 to -70,000)	-8% (-5% to -11%)
Unsubsidized individual market	- 190,000 (-210,000 to -170,000)	-17% (-15% to -18%)
Total individual market	- 310,000 (-370,000 to -240,000)	-12% (-9% to -14%%)

Note: Point estimate reflects midpoint of range. Ranges represent different modeling assumptions of the impact of the mandate, but there is more uncertainty than is reflected in this range.

Source: UCLA-UCB CalSIM 2.2.

Individuals eligible for Covered California, 2021

Californians enrolled in individual market or uninsured*, 2021
Reflects midpoint estimate



* Uninsured Californians eligible to enroll in a QHP and not eligible for Medi-Cal or other public coverage. Uninsured eligible for subsidies includes those who do not hit the exchange premium contribution threshold.

Source: UCLA-UC Berkeley CalSIM 2.2, midpoint estimate

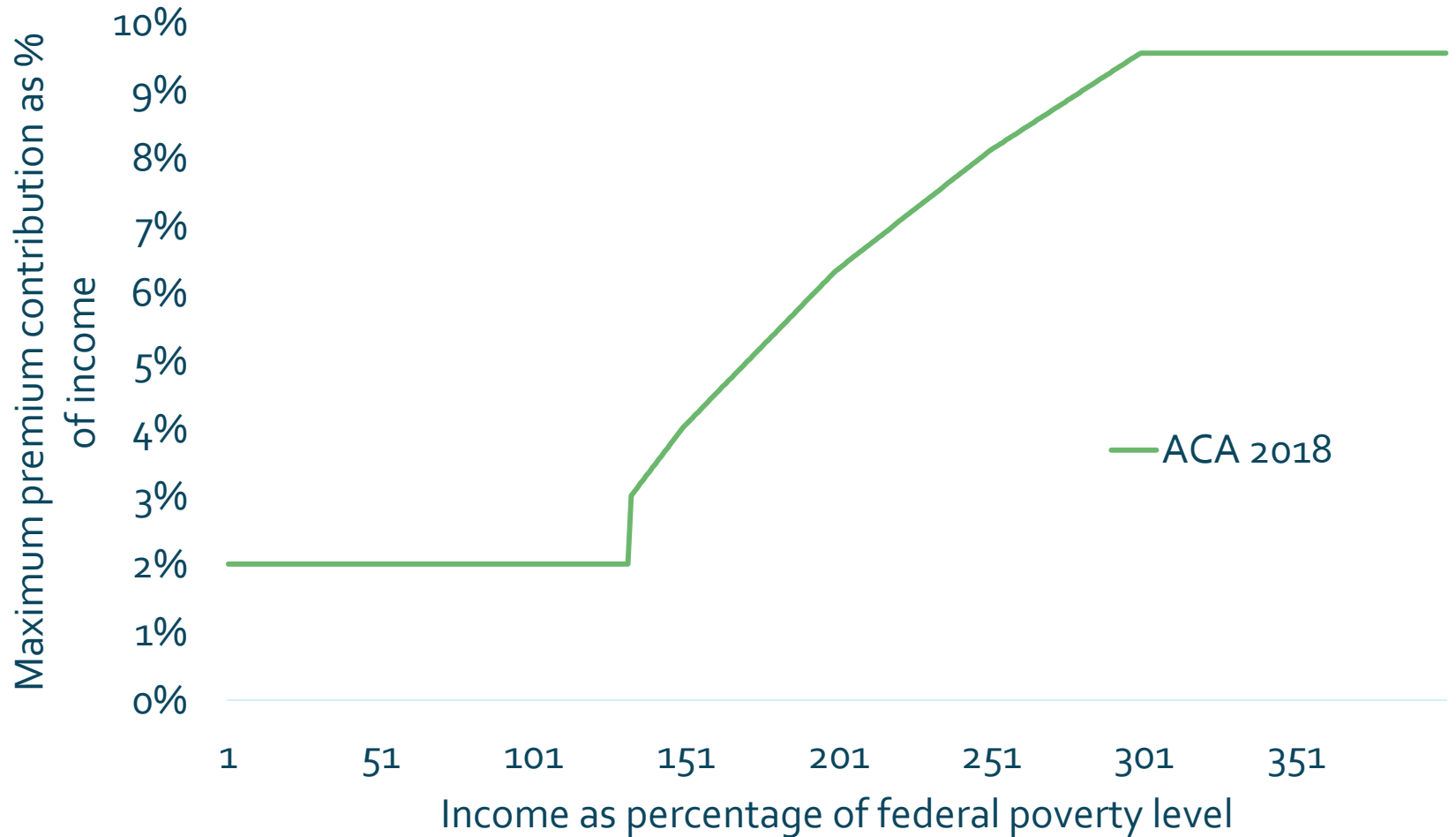
Federal Premium and Cost Sharing Support and Remaining Affordability Challenges

Substantial gains in individual market enrollment and affordability under ACA

- Individual market enrollment: grew from 1.5 million in 2013 to 2.3 million in 2016
 - Subsidies were a very or extremely important enrollment decision factor for 70% of Covered California enrollees with subsidies in 2015
 - Other contributing factors included individual mandate, guaranteed issue, improved ability to compare plans, strong outreach & enrollment

Sources: Wilson K, [California Insurers Hold on to Previous Gains](#), California Health Care Foundation Blog, July 13, 2017. NORC at the University of Chicago, [Covered California Overview of Findings from the Third California Affordable Care Act Consumer Tracking Survey](#), October 22, 2015.

Subsidy-eligible individuals' premium contributions as percentage of income



Subsidy-eligible individuals' monthly premium contributions

Range of unsubsidized 2nd lowest cost Silver plan premiums, 2018
(shows range for ages 21-64 across regions)

	Single	Family of 4
Unsubsidized premiums	\$254-1,357	\$932-3,138

Net premium after subsidies for 2nd lowest cost Silver plans, 2018

	Income	Single	Family of 4
Net premium after subsidies	< 139% FPL	\$0-47	\$0-96
	139-150% FPL	\$47-60	\$96-123
	150-200% FPL	\$60-127	\$123-259
	200-250% FPL	\$127-203	\$259-413
	250-300% FPL	\$203-287	\$413-586
	300-350% FPL	\$287-335	\$586-684
	350-400% FPL	\$335-384	\$684-784

Subsidy-eligible individuals' net premiums vary based on plans offered & selected

- In 2018, 74% of Covered California subsidy-eligible enrollees could purchase a Bronze plan for less than \$10/month
- Examples of range of net premiums after subsidies for a single 40 year old earning \$24,280 per year, or 200% FPL

	Fresno (93721)	Los Angeles (90001)
Bronze	\$1 for all plans offered	\$49-147 depending on issuer
Silver	\$99-129 depending on issuer (2 nd lowest \$129)	\$124-288 (2 nd lowest \$129)
Gold	\$114-155	\$138-363
Platinum	\$175-302	\$197-557

Sources: Covered California, Press Release: Covered California Keeps Premiums Stable by Adding Cost-Sharing Reduction Surcharge Only to Silver Plans to Limit Consumer Impact, October 11, 2017. Covered California Shop and Compare, 2018.

ACA consumer protections for individual market enrollees of all income levels

Include but not limited to:

- Guaranteed issue regardless of pre-existing conditions
- Floor on percentage of costs that insurers must cover
- Ceiling on consumer out-of-pocket costs
- Ten categories of essential health benefits
- Ban on annual or lifetime benefit limits
- No cost sharing for preventive services

Challenges with affording premiums & out-of-pocket costs remain

Consequences include:

- Uninsurance
- Reduced access to care
- Financial difficulties

Towards Universal Health Coverage:

California Policy Options for Improving Individual Market Affordability and Enrollment



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March 5, 2018

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Source: Lucia L and Jacobs K, [Towards Universal Health Coverage: California Policy Options for Improving Individual Market Affordability and Enrollment](#), UC Berkeley Labor Center, March 2018.

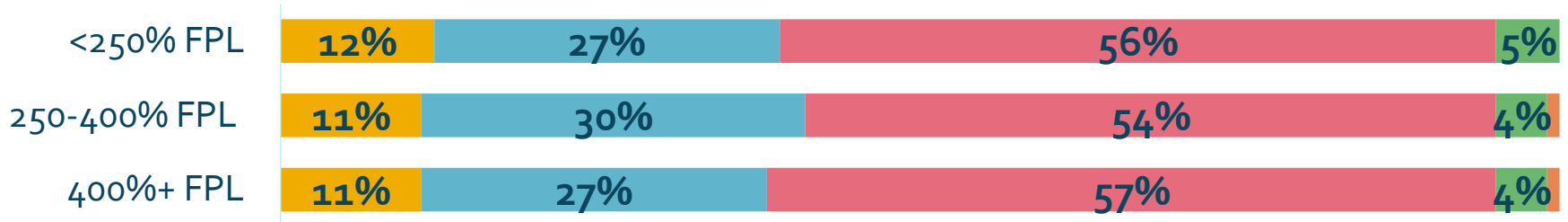
Affordability concerns can be a barrier to enrollment

- Cost is the top reason for lacking insurance among the uninsured eligible for Covered California, regardless of income level

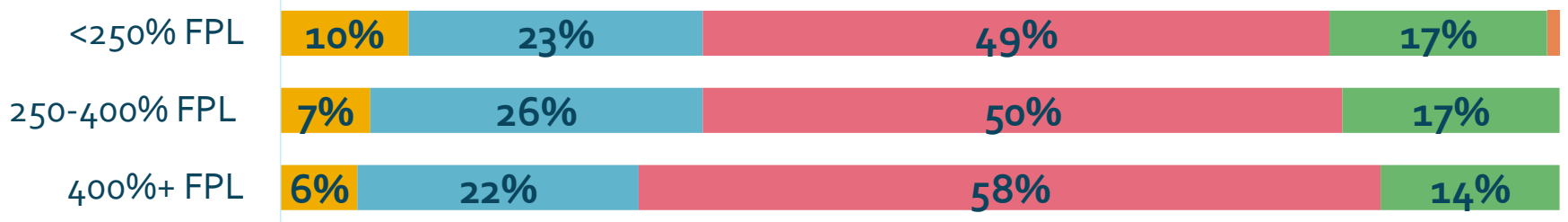
Source: California Health Interview Survey 2016.

Some individual market have difficulty affording premiums and out-of-pocket costs

Premium affordability: Since enrolling in your 2017 plan, have you had any difficulty paying the monthly premium?



Out-of-pocket affordability: Since enrolling in your 2017 plan, have you had any difficulty paying out-of-pocket costs like copayments when you use health care?

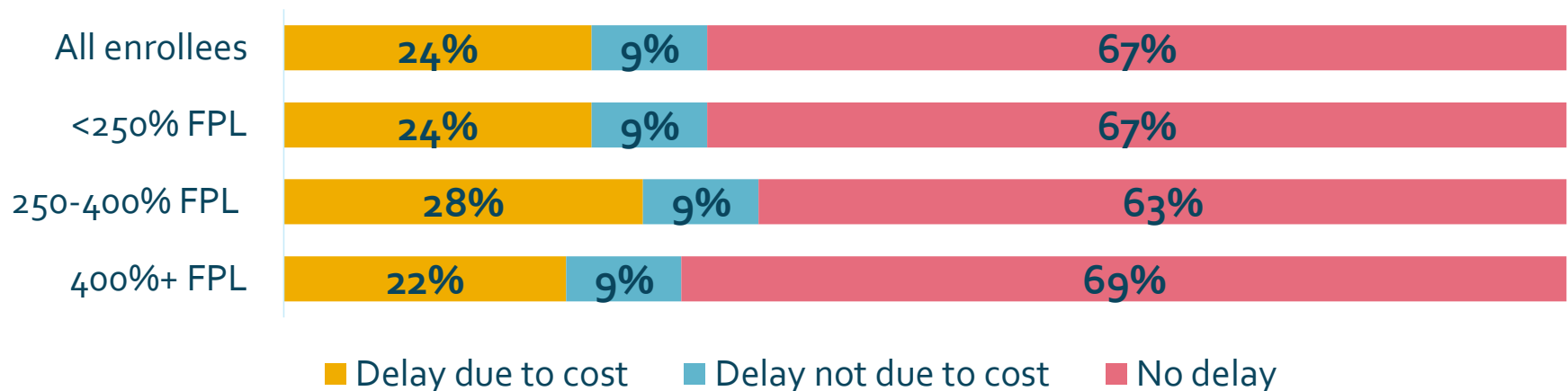


■ A lot of difficulty
 ■ Some difficulty
 ■ No difficulty
 ■ Have not done yet
 ■ Missing

Source: Fung V, Liang C, Hsu C, [Health Insurance and Health care Affordability Perceptions Among Individual Insurance Market Enrollees in California in 2017](#), California Health Care Foundation, May 2018.

Nearly one-quarter of individual market enrollees delay or avoid care due to cost

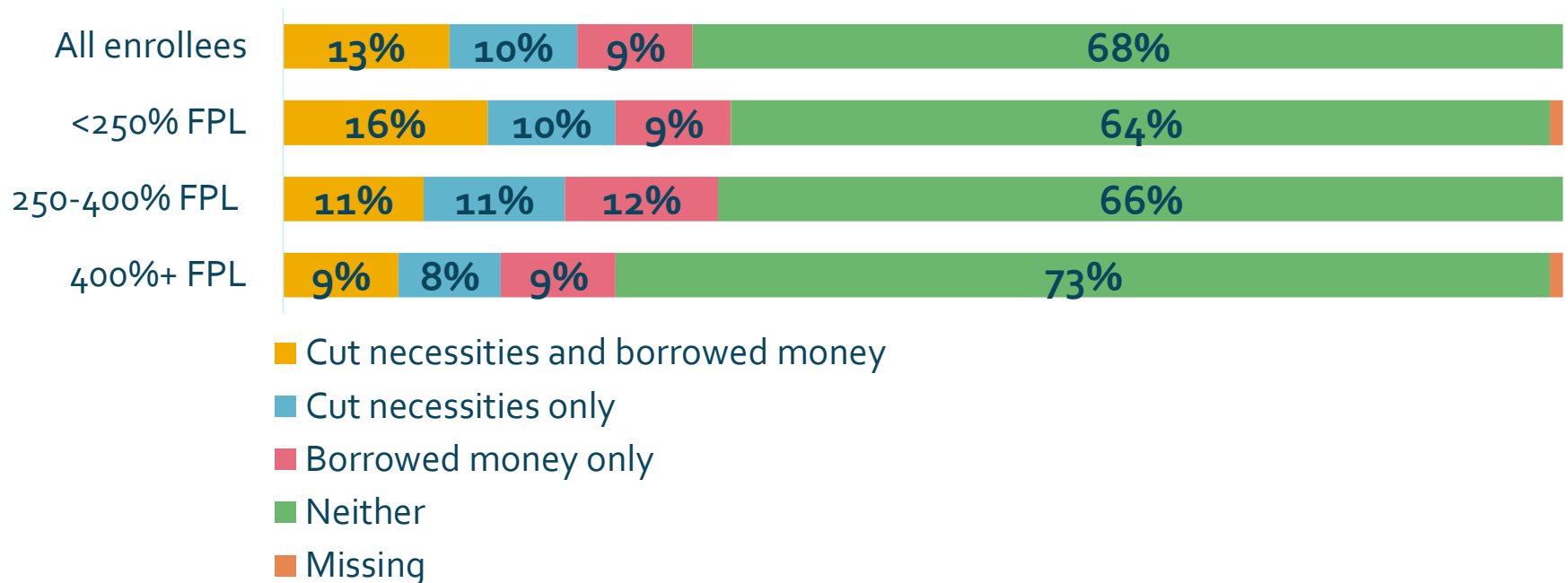
So far in 2017, did you delay or not get any medical care you felt you needed, such as seeing a doctor, a specialist, or health professional? If yes, was cost a reason why you delayed or did not get the care you felt you needed?



Source: Fung V, Liang C, Hsu C, [Health Insurance and Health care Affordability Perceptions Among Individual Insurance Market Enrollees in California in 2017](#), California Health Care Foundation, May 2018.

Some individual market enrollees face financial stress due to health costs

So far in 2017, because of the amount you had to pay for care, have you... cut back or done without some necessity, such as food, rent, or other basics?... Borrowed money, including from a family member, friend, bank, or credit card company?



Source: Fung V, Liang C, Hsu C, [Health Insurance and Health care Affordability Perceptions Among Individual Insurance Market Enrollees in California in 2017](#), California Health Care Foundation, May 2018.

Some subsidy-eligible Californians spend high share of income on health costs

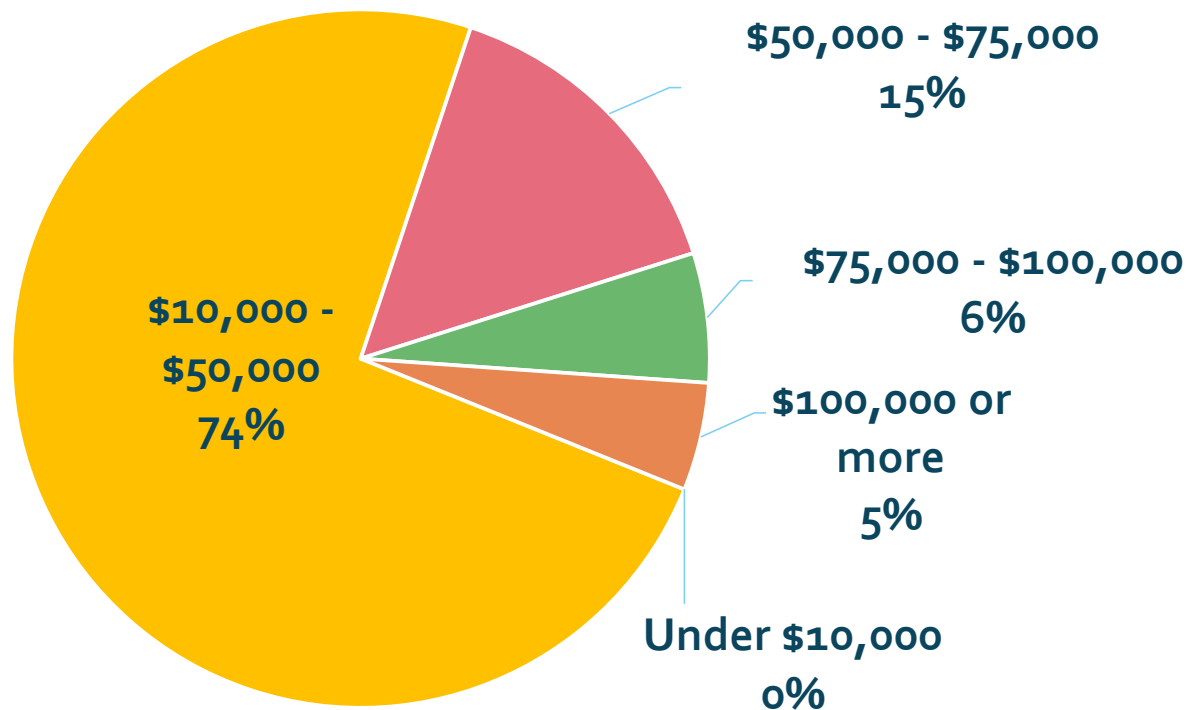
- Even with ACA subsidies, combined premium & out-of-pocket spending can exceed 10% of income for some individuals with median health use and can reach 20-30% for some with very high medical use

Source: Lucia L and Jacobs K, [Towards Universal Health Coverage: California Policy Options for Improving Individual Market Affordability and Enrollment](#), UC Berkeley Labor Center, March 2018.

Nearly 3/4 of CA households paying penalty in 2016 were in subsidy-eligible income range

600,000 California tax households paid approximately \$450 million in ACA individual mandate penalties in 2016

Distribution of penalty-paying households by adjusted gross income



Source: IRS, California Individual Income Tax Returns: Selected Income and Tax Items by State, County, and Size of Adjusted Gross Income, Tax Year 2016.

Note: Data is based on unadjusted tax returns, before any IRS corrections. IRS instructions regarding exemptions for low-income taxpayers were clarified in 2017 and may result in fewer payments from low-income taxpayers.

Some Californians who earn too much for ACA subsidies struggle to pay premiums

Among Californians who earn too much for ACA premium subsidies:

- Some face premiums equal to more than 20% of income for a Bronze plan with a \$6,300 deductible
- Especially likely to face high premiums relative to income:
 - Individuals age 50 and older
 - Individuals with income between 400% and 600% FPL (\$48,240-\$72,360 for a single individual)

Example: Married couple with income equivalent to 450% FPL

- Married couple, both age 55 and self-employed, living in San Mateo, and earning \$73,080 annually (450% FPL)
- \$1,200 per month total for the lowest cost Bronze plan offered, or nearly 20% of the couple's income
- Plus any out-of-pocket spending on health care costs under the plan's \$6,300 deductible

Source: Lucia L and Jacobs K, [Towards Universal Health Coverage: California Policy Options for Improving Individual Market Affordability and Enrollment](#), UC Berkeley Labor Center, March 2018.

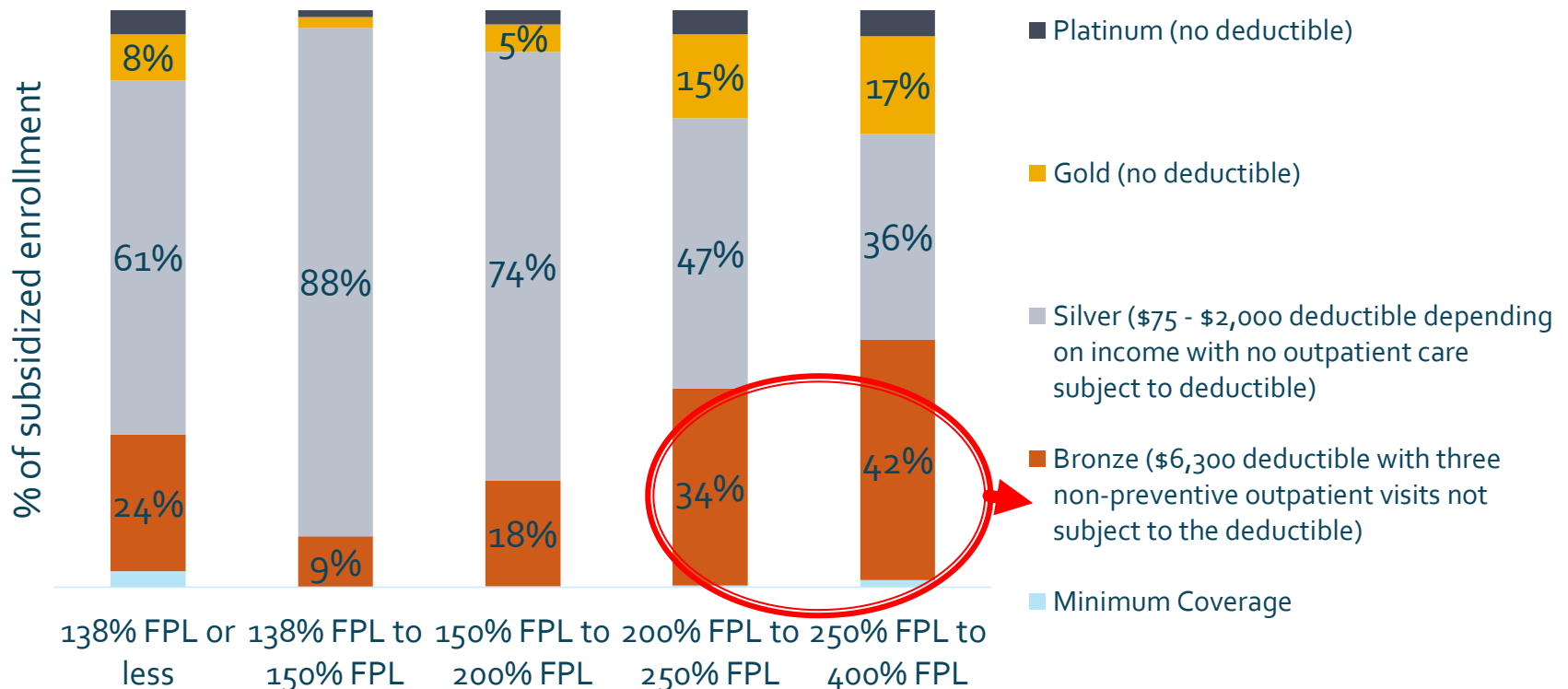
High out-of-pocket costs for some individual market enrollees

- Covered CA standardized plans were designed to maximize value and access to care given federally-established actuarial value standards
- Bronze plans have first dollar coverage of some outpatient care and \$6,300 deductible
- In general, consequences of high out-of-pocket costs include:
 - Those with out-of-pocket costs that are high relative to income may be more likely to skip or delay care
 - Financial difficulties
 - After premiums, out-of-pocket costs were the most common decision factor for Americans who looked for insurance but didn't enroll

Sources: Collins SR, Gunja MZ, & Doty MM (Commonwealth Fund), How Well Does Insurance Coverage Protect Consumers from Health Care Costs? October 2017. Robert Wood Johnson, GMMB, & PerryUndem, Understanding the Uninsured Now, June 2015.

Higher enrollment in Bronze for those eligible for little or no cost sharing assistance

Covered California Enrollment distribution by metal tier and income level under 400% FPL, June 2018

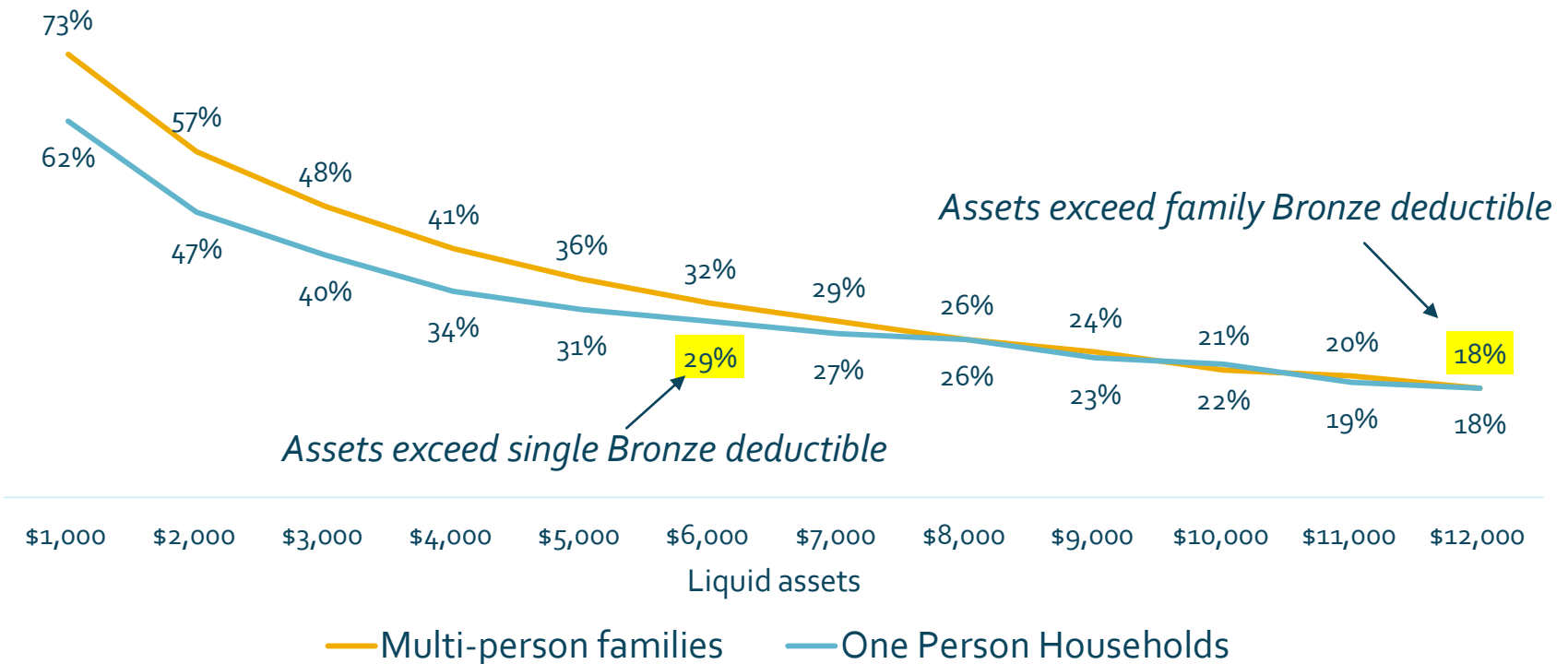


Source: Covered California Active Member Profile, June 2018.

Note: For a single individual, 200% FPL is \$24,120 and 400% FPL is \$48,240.

Few subsidy-eligible U.S. households have assets sufficient to cover Bronze deductible

Percent of U.S. Households with Income 150-400% FPL and Liquid Assets in Excess of Certain Thresholds, 2016



Source: Rae M, Claxton G, & Levitt L (Kaiser Family Foundation), [Do Health Plan Enrollees Have Enough Money to Pay Cost Sharing?](#) November 2017.

California's high cost of living adds to affordability challenges

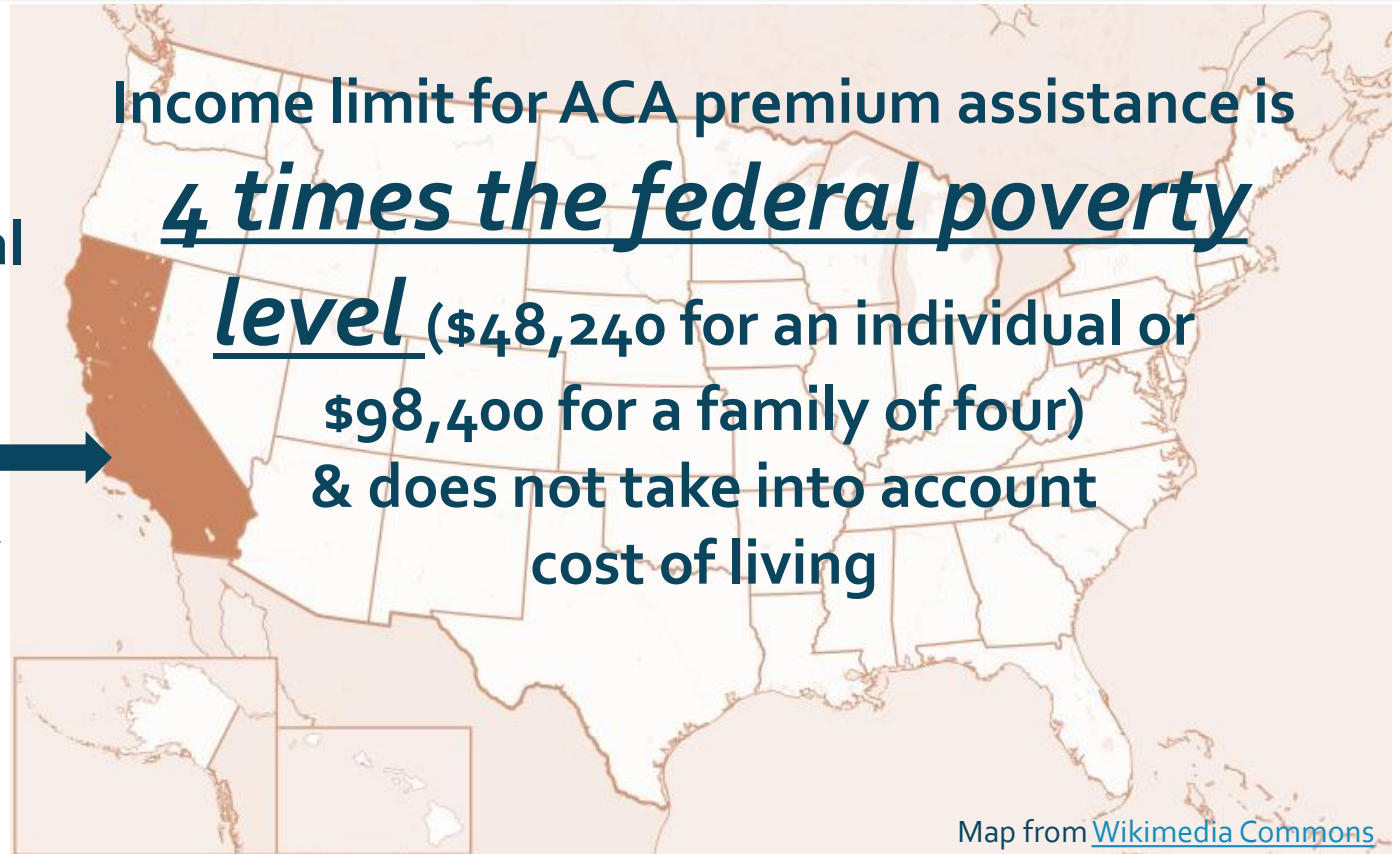
Income limit for ACA premium assistance is

4 times the federal poverty

level (\$48,240 for an individual or

\$98,400 for a family of four)

& does not take into account
cost of living



Map from [Wikimedia Commons](#)

Factoring in local costs, that is equivalent to 5 times the federal poverty level in CA & 6 times in San Francisco

Source: UC Berkeley Labor Center analysis using California Poverty Measure developed by Public Policy Institute of California and Stanford Center on Poverty and Inequality.

CalSIM team

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