



Health Care Reform in California: Where We've Been and Where We're Going

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The Affordable Care Act

- Significant investment in insurance coverage
 - Via optional Medicaid expansion
 - Tax Credits to purchase insurance
 - New insurance marketplaces (i.e. Covered California)
 - New insurance regulations
- Value in health care
 - Medicare incentives related to cost and quality
 - Pilots to increase integration and coordination
- Population Health and Wellness

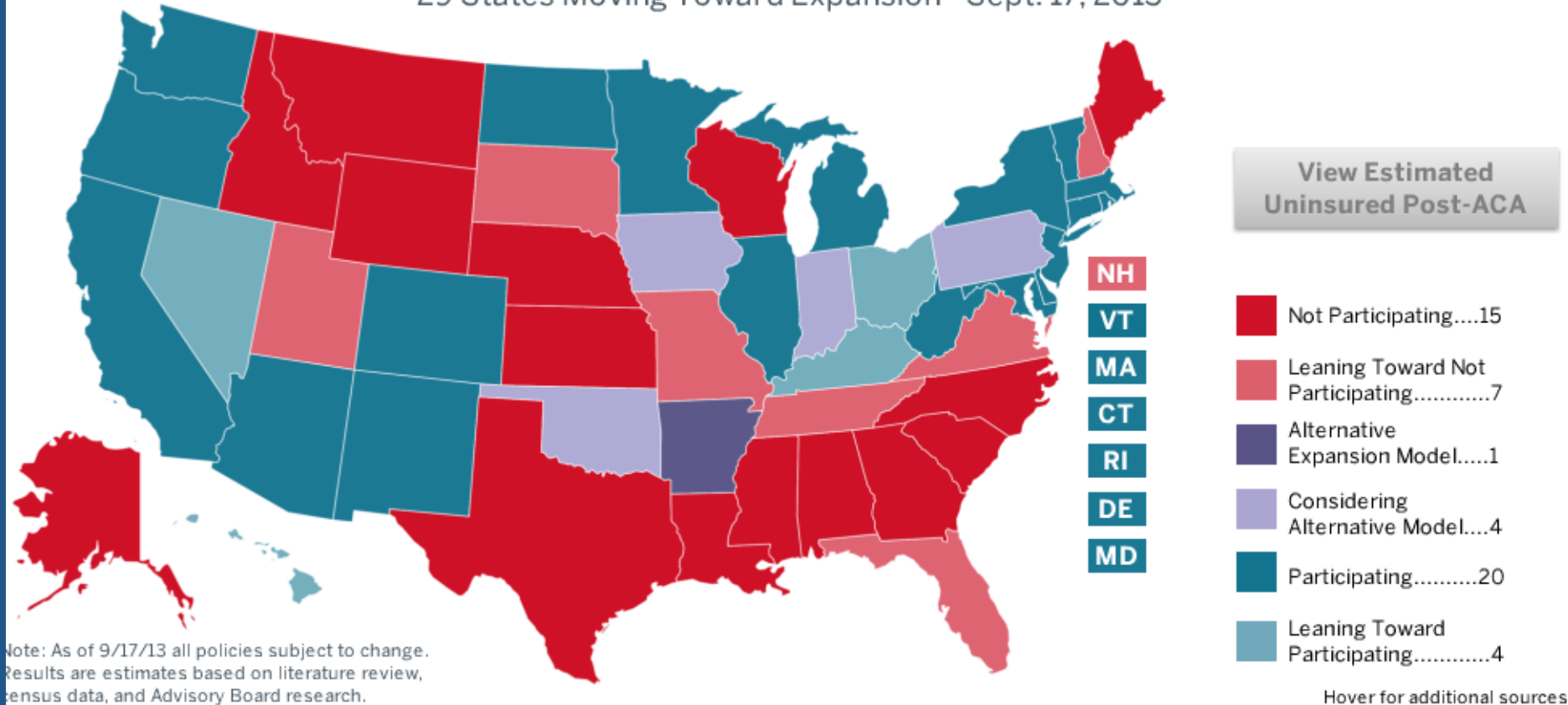
Changes Occurring Nationwide

- Medicaid expansion will occur in at least 20 states, representing 10 million people
- Exchange creation in all states could result in enrollment of 19 million newly insured and 6 million previously insured (25 million total)
 - 17 states developed their own
 - 34 others deferred to federal government for most aspects
 - New individual and small group market rules

Medicaid Expansion Decisions

Beyond the Pledges: Where the States Stand on Medicaid

29 States Moving Toward Expansion - Sept. 17, 2013



Note: As of 9/17/13 all policies subject to change. Results are estimates based on literature review, census data, and Advisory Board research.

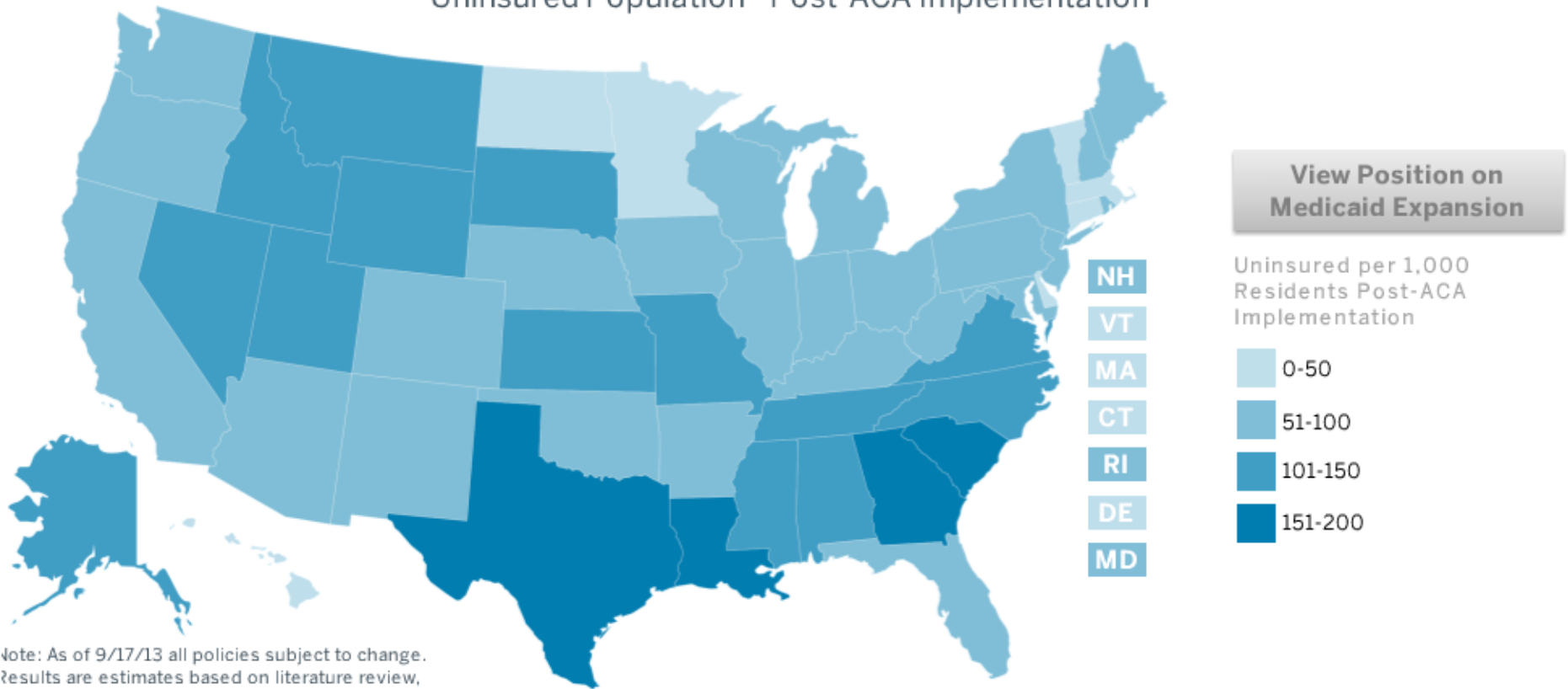
Hover for additional sources

Learn more about the Medicaid expansion at advisory.com/MedicaidMap

Remaining Uninsured

Beyond the Pledges: Where the States Stand on **Medicaid**

Uninsured Population - Post-ACA Implementation



Note: As of 9/17/13 all policies subject to change. Results are estimates based on literature review, census data, and Advisory Board research.

Hover for additional sources

Learn more about the Medicaid expansion at advisory.com/MedicaidMap

Need for California-specific Data

- Diverse populations
 - Need to target outreach and enrollment
 - Language needs
- Undocumented Immigrants
 - Denied coverage in Medicaid or Exchange by ACA
- State-funded Medicaid
- Under-enrollment in public programs

California Simulation of Insurance Markets (CalSIM)

- With the support of the California Endowment and the California Health Benefit Exchange (Covered CA), we developed CalSIM
- The findings here are based on CalSIM model v. 1.8, developed by the UC Berkeley Center for Labor Research and Education and UCLA Center for Health Policy Research

Utility of Micro-simulation when understanding impact of ACA

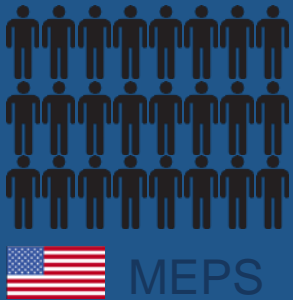
- Coverage expansions are conditional
 - Employers with 50 or more full-time equivalent employees required to offer or face penalties (if their employees use subsidies)
 - Medi-Cal expansion based solely on income, but restricted to citizens and legal residents living in U.S. for more than five years
 - Exchange enrollment for legal permanent residents and citizens, tax subsidies based on income

CaSIM: Factors influencing behavior

Firms	Individuals
<i>Employer response determined by change in relative cost of job-based coverage and the cost of coverage in the exchange, taking into account:</i>	<i>Factors Affecting Individual Coverage Decisions:</i>
Tax Benefit of job-based coverage	Starting source of coverage (without ACA)
Employer penalties	Change in cost to purchase insurance, including subsidies
Value of Exchange subsidies available to employees	Individual Responsibility penalty (MCR)
Differences in plan value	Household income
Employee response	Health status as indicated by the presence of chronic conditions
Age and health status of workforce	English proficiency
	Age as a predictor of premium

CaSIM Data

- Medical Expenditure Panel Survey (MEPS)
 - Nationally representative
 - Longitudinal
 - Detailed insurance and medical expenditure data
 - Includes all household members
 - CaSIM uses 2004-2008 non-elderly



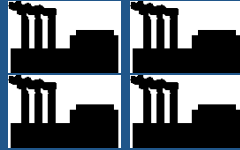
CaSIM Data



- 2010 California Employer Health Benefit Survey (CEHBS)
- 2007 California Employment Development Department (EDD)

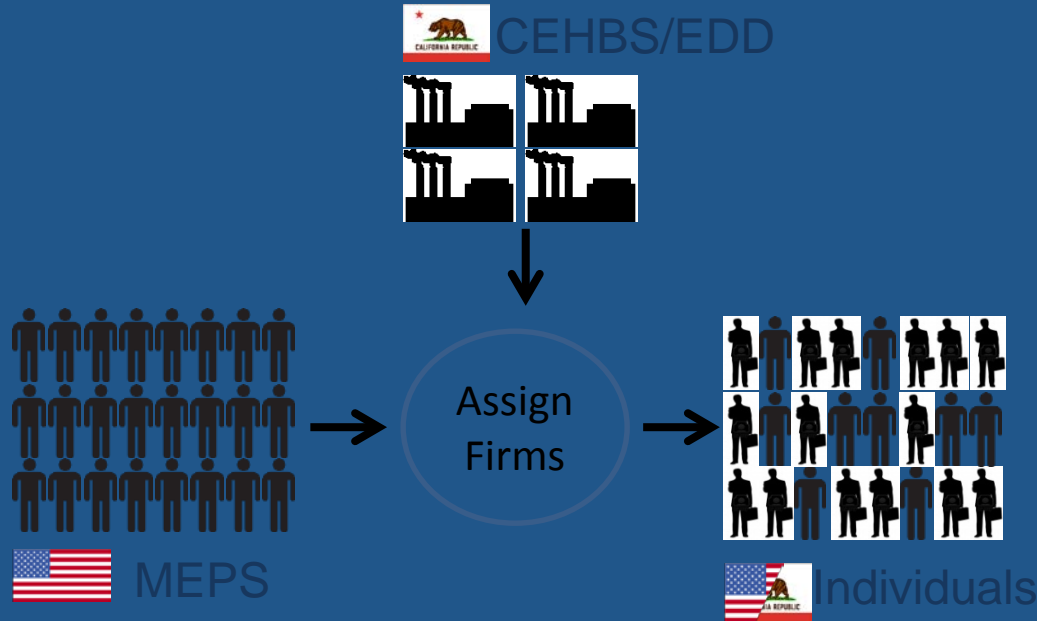
CaSIM Data

 CEHBS/EDD

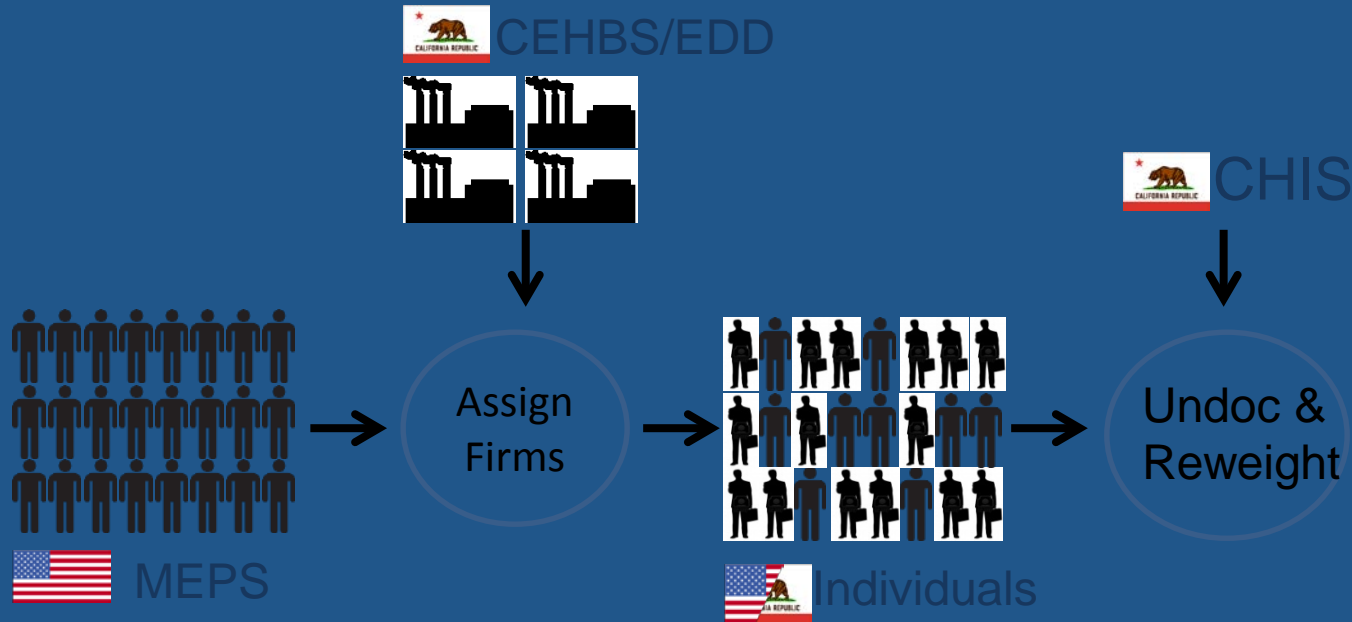


MEPS

CaSIM Data

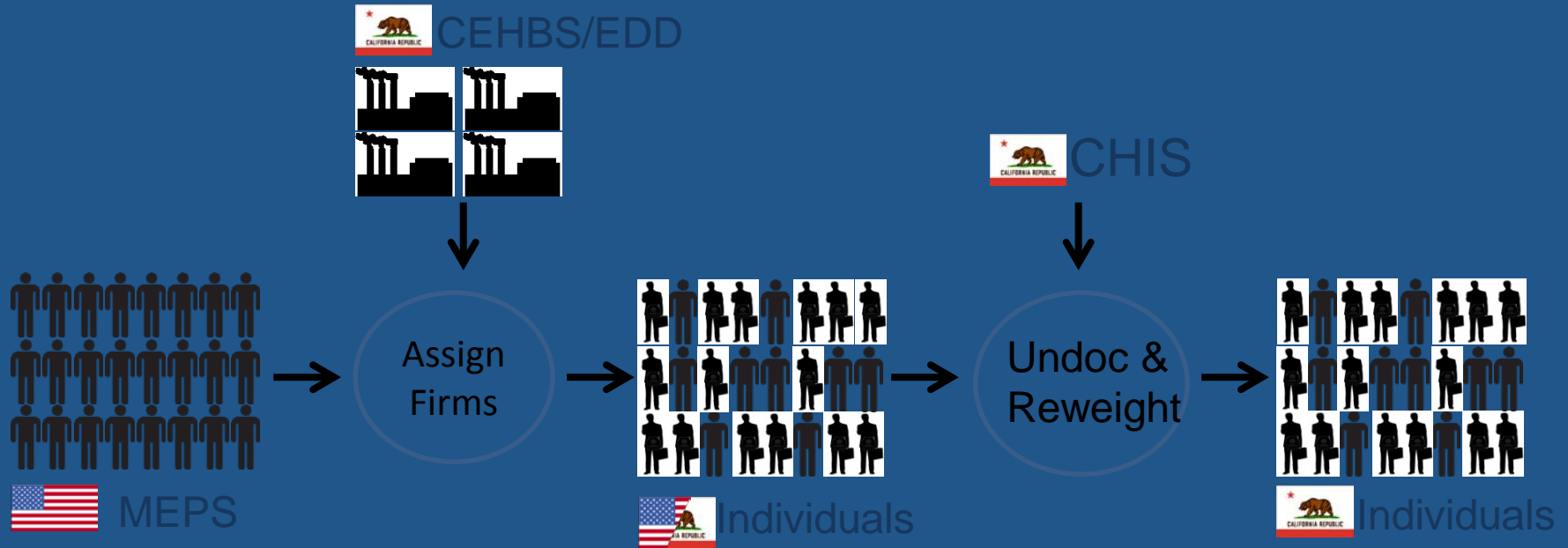


CaSIM Data



- Predict documentation status using model fit to CHIS 2009
- Reweight to CHIS 2009 totals

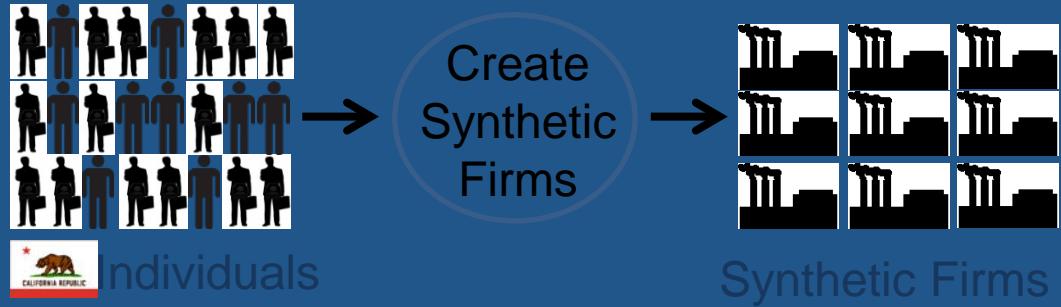
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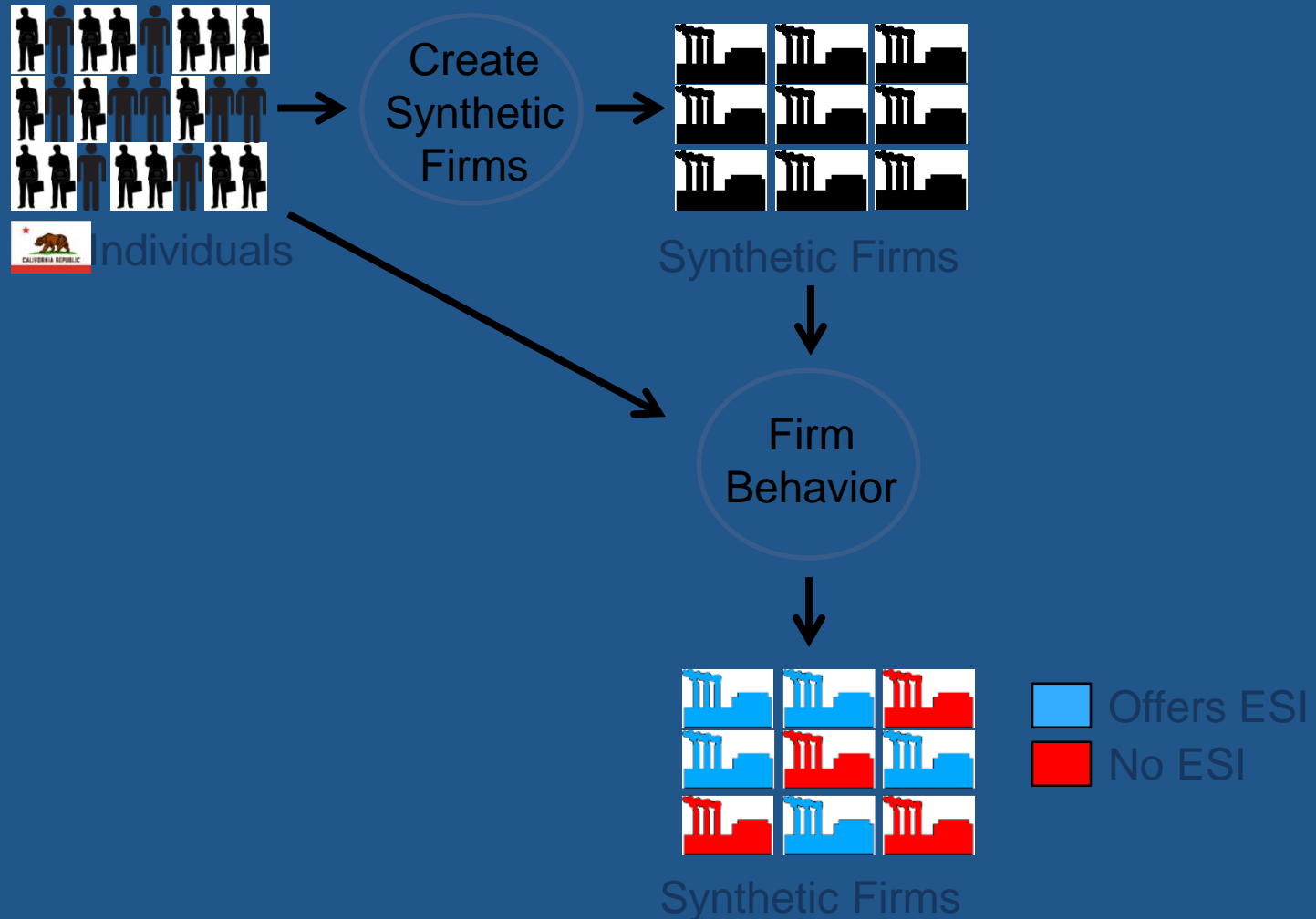
CaSIM Data II



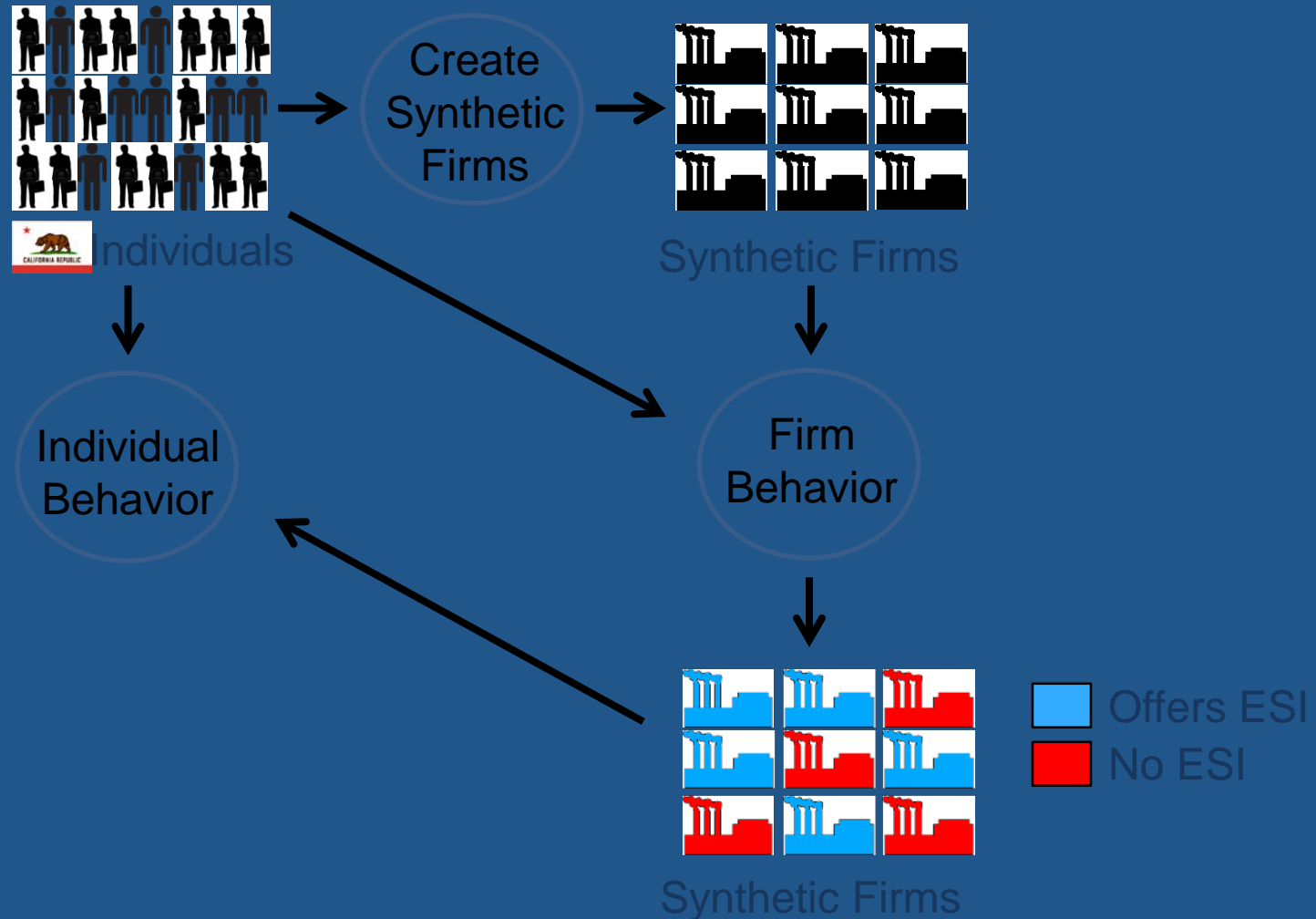
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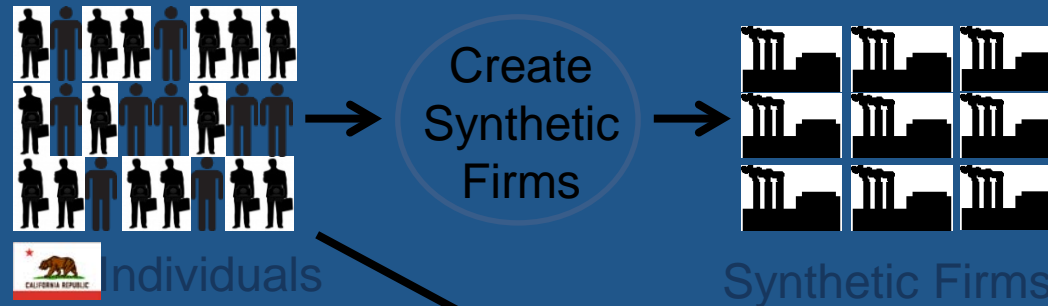
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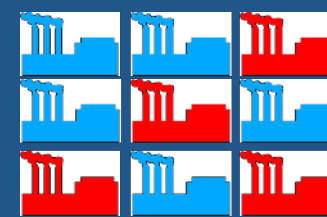
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CaSIM Data II



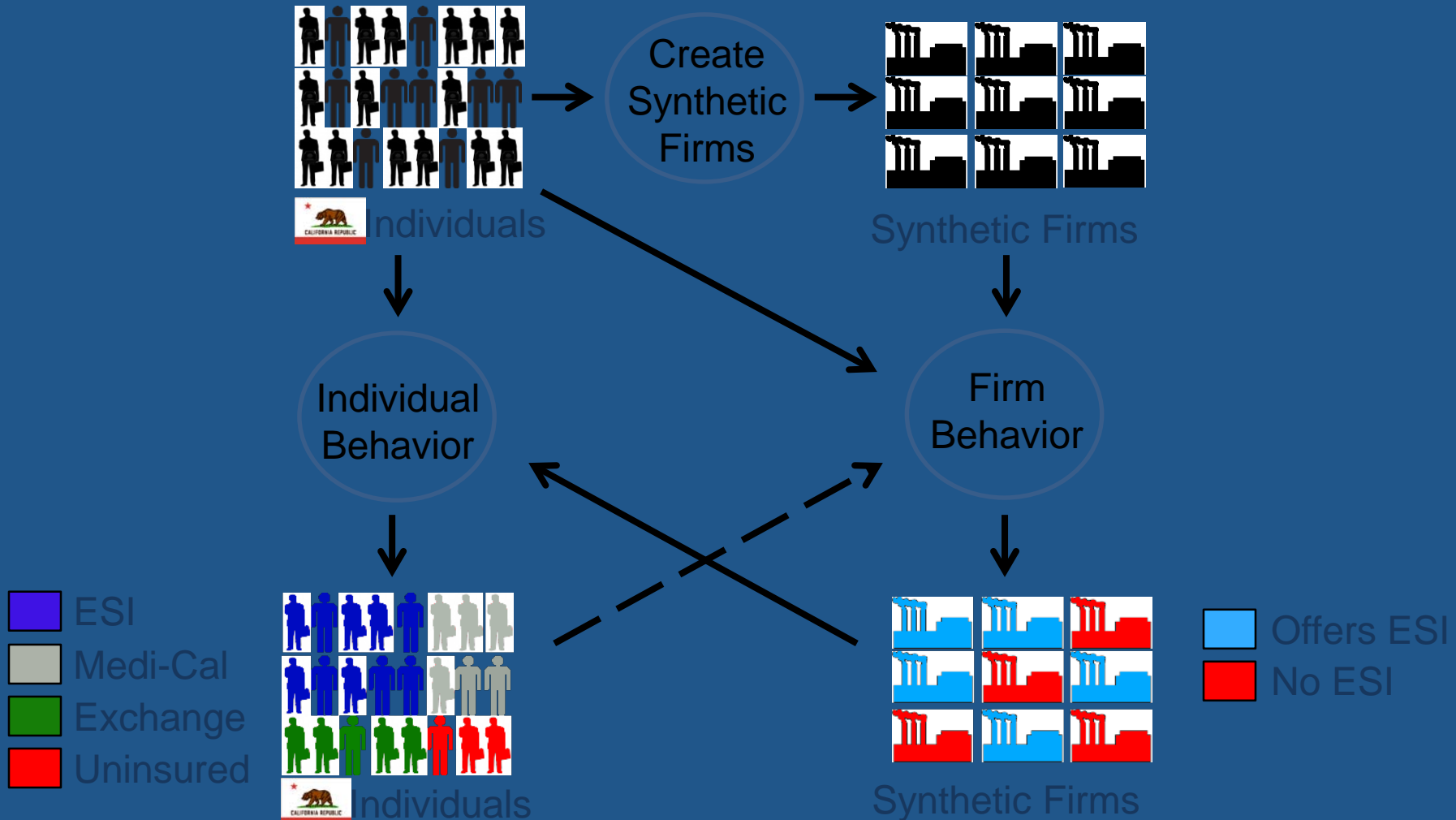
-  ESI
-  Medi-Cal
-  Exchange
-  Uninsured



-  Offers ESI
-  No ESI

Synthetic Firms

CalSIM Data II



Two Sets of Assumptions

Base Scenario

- Propensities for individuals to take up coverage are based on the best available data from the health economics literature
- Medi-Cal take-up for newly eligible is projected to match the current take-up rate in the state for the uninsured (61%)
- Medi-Cal take-up for previously eligible, but uninsured, will be 10%
- Limited English Proficient (LEP) individuals will be less likely to enroll

Enhanced Scenario

- Factors taken into account:
 - Simplification of eligibility determination
 - Strong outreach and education
 - No-wrong door
 - Cultural sensitivity and language appropriate outreach and enrollment
 - Maximum use of pre-enrollment strategies
- Assumes 75% take-up for Medi-Cal for new eligibles and 40% for previously eligible but uninsured
- Assumes 75% take-up of the uninsured into the subsidized exchange

Coverage Gains in 2019 due to ACA

Health Insurance Source	Without ACA	ACA Base Scenario	ACA Enhanced Scenario
Uninsured	5.8	4.0	3.1
Employer Sponsored Insurance	19.8	19.1	19.1
Medi-Cal/Healthy Families	6.7	7.7	8.2
Subsidized Exchange	0.0	1.7	2.1
Individual Market/ Unsubsidized Exchange	2.3	2.1	2.1
Other Public Coverage	1.3	1.3	1.3
Total	35.8	35.8	35.8

Source: UC Berkeley-UCLA CalSIM Version 1.8 (numbers presented in millions)

Need to Understand Shift in Coverage

- In 2014, we estimate 380,000 to 410,000 people entering the individual market without subsidies, while 870,000 to 920,000 are leaving
 - However, 840,000 to 1.2 million people will find a better deal through Covered California
- In the enhanced scenario, it is estimated that by 2019, almost 1 million individuals will lose their own employer-based coverage, but 270,000 new people will gain it

Medi-Cal expansion

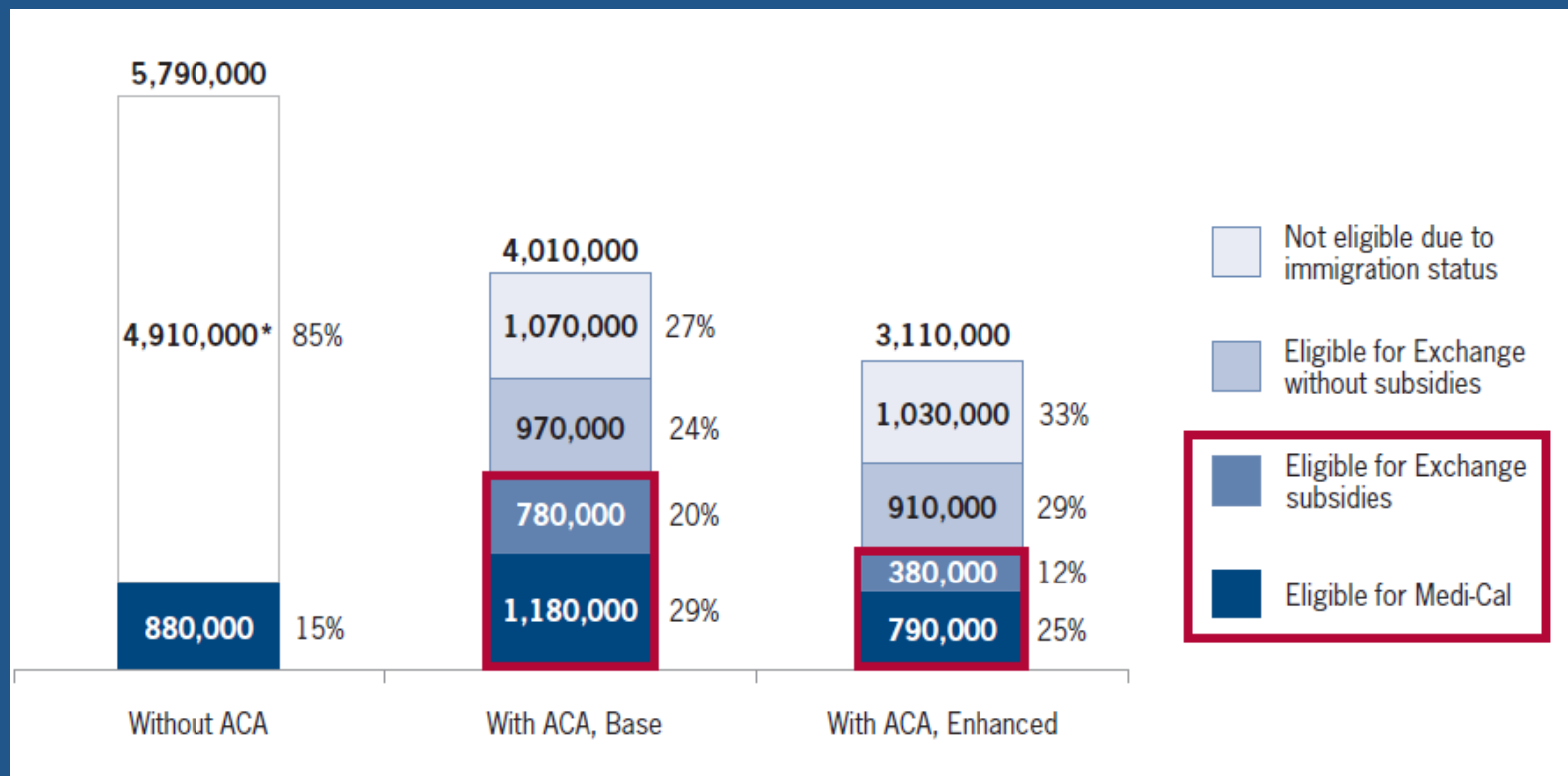
- Eligible beginning in 2014: household incomes up to 138% FPL including childless adults, excludes undocumented and recent legal immigrants
- Medi-Cal enrollment predicted to expand by 1.0 to 1.4 million in 2019
- Of those who would be uninsured in 2019 without the ACA, between 640,000 (base) and 1.0 million (enhanced) are predicted to enroll in Medi-Cal
- Majority of spending paid for through federal funds
 - 2014-2016 = 100% match, by 2020 = 90%

Subsidized Individual Market Plans

- Premium tax credits and cost sharing subsidies for coverage purchased through the Exchange
- Eligible beginning in 2014:
 - Incomes up to 400% FPL
 - No offer of affordable job-based coverage
 - Not eligible for Medi-Cal, Medicare, other public coverage
- Of those who would be uninsured without ACA, between 790,000 (base) and 1.2 million (enhanced) will enroll in the Exchange with subsidies in 2019

Many Californians eligible for coverage could remain un-enrolled

Uninsured Californians under age 65, with & without the ACA, 2019

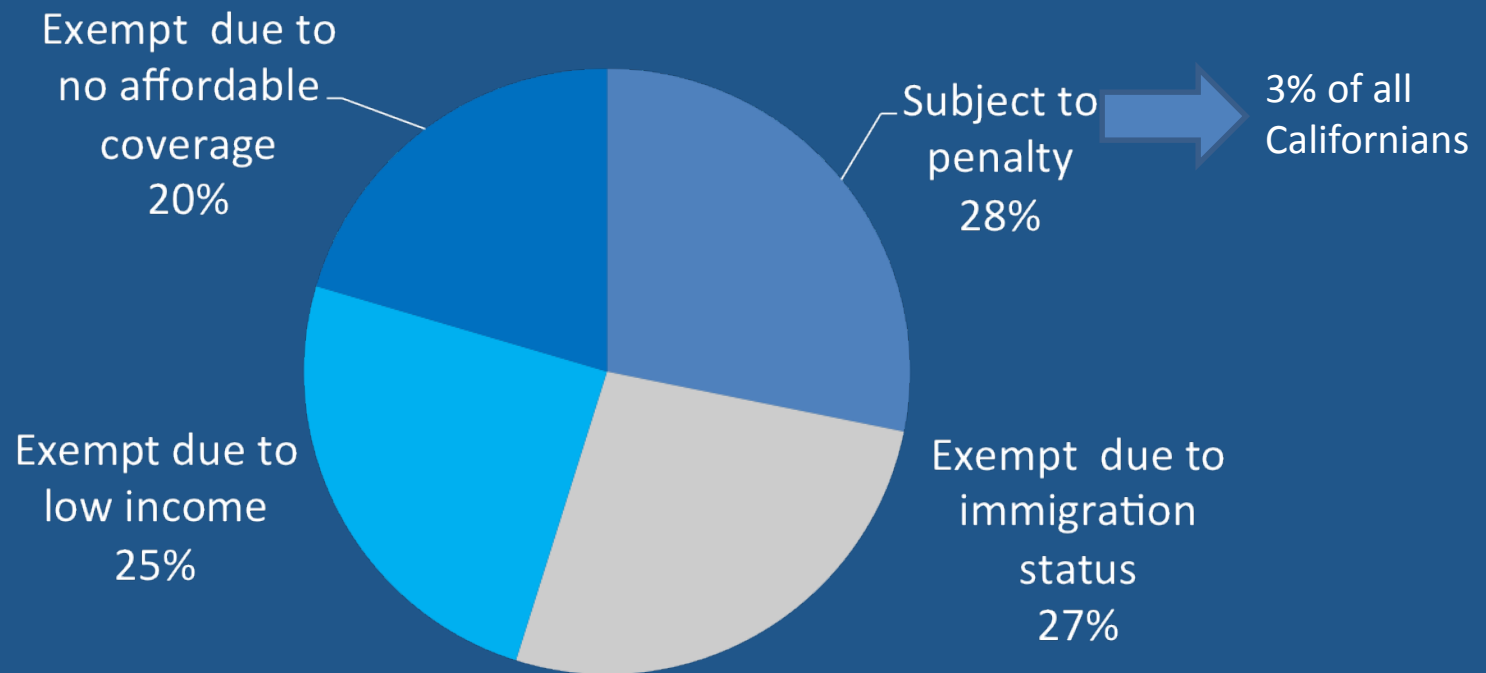


Source: UC Berkeley-UCLA CalSIM model, v1.8

* Not eligible for Medi-Cal or subsidies without ACA.

Majority of remaining uninsured are exempt from tax penalties

Individual penalty and exemptions for remaining uninsured, Californians under age 65, base scenario



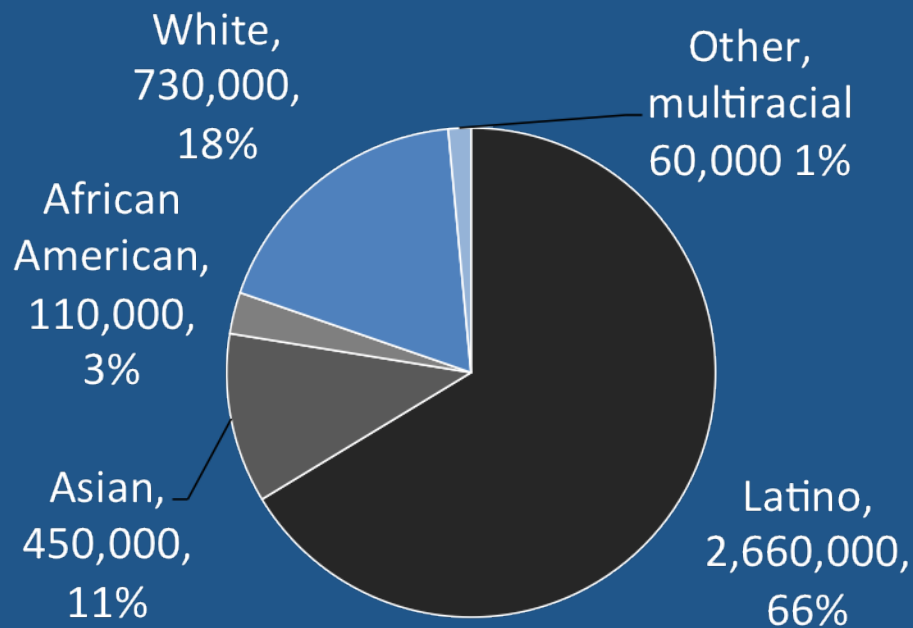
Source: UC Berkeley-UCLA CalSIM model, v1.8

Many uninsured predicted to lack an affordable coverage offer

- 39% of Californians remaining uninsured predicted to lack an offer of affordable coverage, defined as costing a family 8% of income or less under minimum coverage requirements
- Reasons for lacking offer:
 - Undocumented immigrants are ineligible for Medi-Cal or Exchange
 - Family income 250-400% FPL: eligible for subsidized coverage in the Exchange with premiums capped at more than 8% of income
 - Family income over 400% FPL: not eligible for Exchange subsidies
 - Under “kid glitch” in draft regulations, if employee is offered affordable self-only job-based coverage but unaffordable family coverage, family members will be ineligible for Exchange subsidies

Majority of remaining uninsured predicted to be Latino

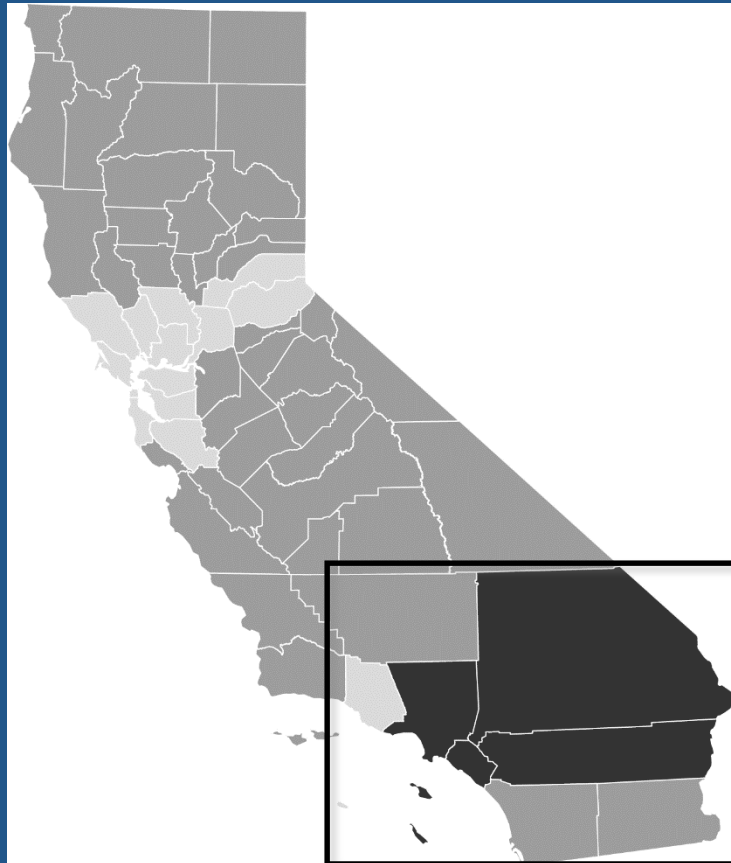
Race & Ethnicity of Remaining Uninsured, Californians under age 65, Base Scenario, 2019






Latinos also predicted to comprise 64% of those eligible for Medi-Cal or Exchange subsidies who remain un-enrolled

Source: UC Berkeley-UCLA CalSIM model, v1.8

Concentration of remaining uninsured



Share of county or regional population uninsured, 2019

-  7-9%
-  10-12%
-  13-14%

62% of the uninsured will be in LA and other Southern California counties

Source: UC Berkeley-UCLA CalSIM model, v1.8

Note: regional share of population uninsured is shown for smaller counties

Majority of uninsured predicted to be Limited English Proficient

- In base scenario, nearly three out of five California adults who remain uninsured predicted to be LEP
- LEP adults: 54% of those eligible for Medi-Cal or Exchange subsidies who remain un-enrolled
- Spanish – most common language (80%); other common languages are Chinese, Vietnamese & Korean
- Exchange and Medi-Cal messaging & marketing plans for LEP will hopefully help us achieve enhanced scenario

Medi-Cal's Early Start

- 2010 “Bridge to Reform” Waiver
 - Included Low Income Health Program
 - Designed to enroll 500,000 people in all 58 counties
 - Flexible Income Guidelines
 - Medicaid Coverage Expansion (MCE) population $\leq 133\%$ FPL
 - Health Care Coverage Initiative (HCCI) >133 to 200% FPL
 - Already 606,000+ in MCE; 24,000+ in HCCI
 - Required medical homes, robust benefits, network of primary care, specialists, and hospitals
 - MCE had to cover HIV/AIDS and MH/SUD services

Enrollment in Selected LIHPs and Potential Medi-Cal Eligibility

LIHP Program	Income Threshold (Percent FPL)	Current Enrollment (July 2013)	Currently Uninsured up to 138% FPL (CHIS 2011-12)
Alameda	133	41,433	55,000
CMSP	100	62,571	149,000
Los Angeles	133	281,916	553,000
Monterey	100	1,092	18,000
Orange	133	34,360	151,000
Sacramento	67	12,320	111,000
San Francisco	133	9,226	19,000
San Joaquin	80	3,164	54,000
San Mateo	133	9,090	12,000
Tulare	75	3,530	44,000

Future Plans for CalSIM

- Modeling delay in employer shared responsibility requirement
- CHIS 2011-2012 re-weighting
- Premium prices in Covered California
 - Much lower than most expected (even without subsidies)
 - \$150-\$800 for single individuals
 - \$1,200-\$2,400 for families
 - Will reaction be better given affordable prices, even among those without subsidies?
- Consider success of the LHPPs in reaching for “enhanced scenario” early

Thank you!

I am happy to take your questions

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