



California Assembly Health Committee Informational Hearing: “The Devastating Impact of Federal Disinvestment on California’s Health Care System: What We Know and How the State, Health Care Providers, and Communities are Responding”

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The Affordable Care Act & Covered California Background



The Affordable Care Act (ACA) and Covered California

The Patient Protection and Affordable Care Act (ACA) is a comprehensive reform law, enacted in 2010, that increases health insurance coverage for the uninsured and implements reforms to the health insurance market.

Covered California is the State-Based Marketplace under the Affordable Care Act where Californians can shop for health plans and access financial assistance, if they qualify for it.

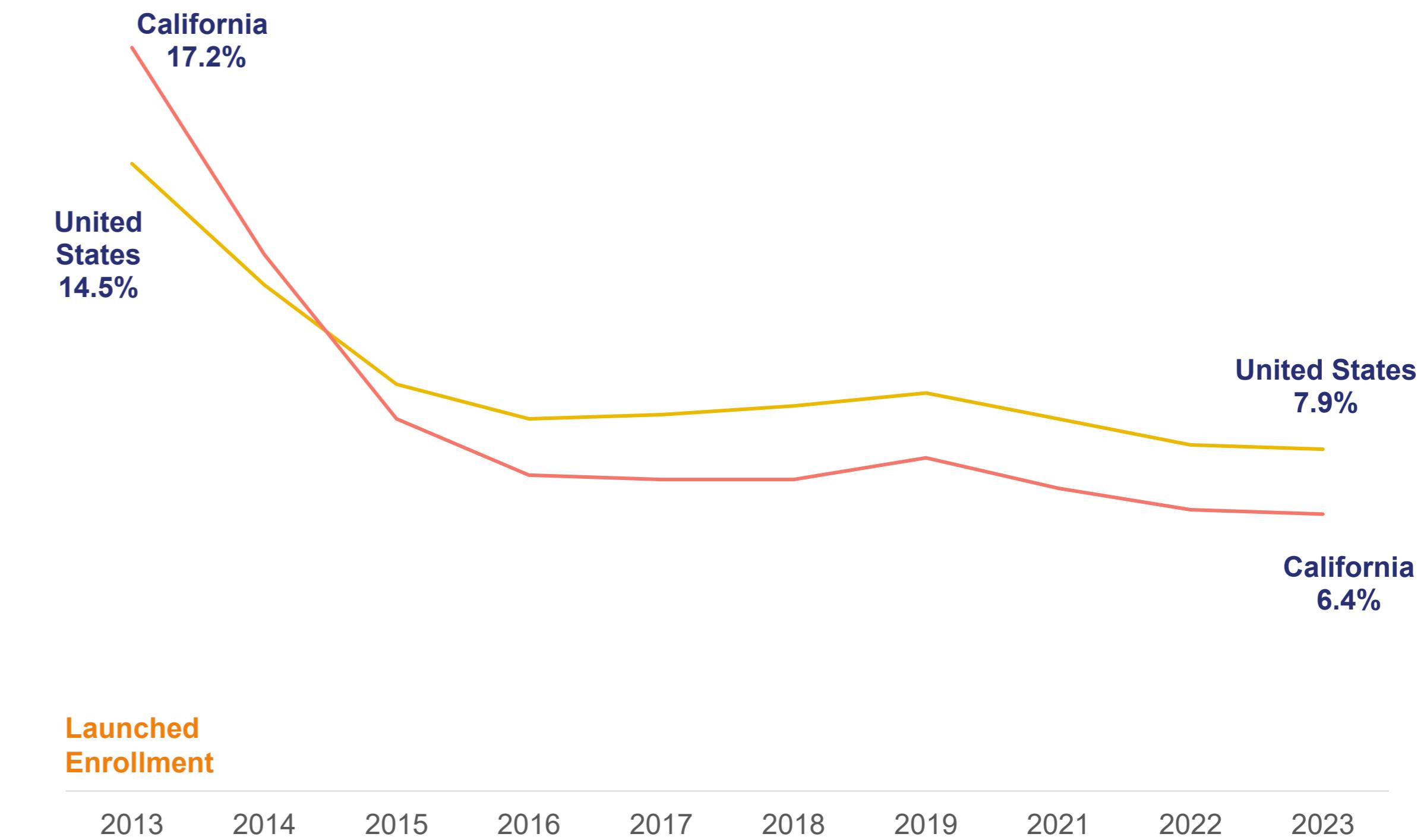
The **only** place where eligible Californians can receive federally-funded financial assistance to help pay for healthcare premiums.

Financial assistance includes tax credits paid in advance to the health plans - also known as **Advanced Premium Tax Credits (APTC)** and cost-sharing reductions.

Connecting Californians with Coverage

- More than 6.3 million, or nearly 1 in 6, Californians have enrolled in marketplace coverage since Covered California launched in 2014.
- This represents the nation's largest drop in the number of remaining uninsured.
- The marketplaces serve many different consumer groups who do not have other sources of affordable coverage, including those losing Medicaid, self-employed individuals without employer coverage, or early retirees not yet eligible for Medicare.

Changes in the Uninsured Rate, 2014-2023



*Source: American Community Survey, 2022: [American Community Survey Accuracy of the Data \(2022\) \(census.gov\)](https://www.census.gov).
The rates for uninsured are shown for populations of all ages.

A woman with dark hair, wearing a light-colored button-down shirt, is smiling broadly. She is carrying two large, yellowish-brown cardboard boxes. The boxes are labeled "HDPE Plastic Bags MADE IN INDIA" and "100 Bags 2.0 MIL 12" x 4+4" x 22" 200/CASE". The background shows a warehouse setting with shelves and lighting fixtures.

Who We Serve: Covered California Consumer Snapshot

An estimated **1 in 6 Californians has, at some point, been covered by a plan purchased through Covered California**. These are small business owners and employees, gig workers, early retirees, and other low- and middle-income Californians from all corners of the state who have no other source of coverage.

2026 Covered California Health Plan Offerings

- Covered California provides quality health coverage from private health insurance companies.
- These **11** companies meet all the state and federal requirements for health plans, plus additional contractual requirements set by Covered California.
- Health companies offer one or more of these products: PPO, HMO, and/or EPO; and a wide variety of doctors and hospitals.

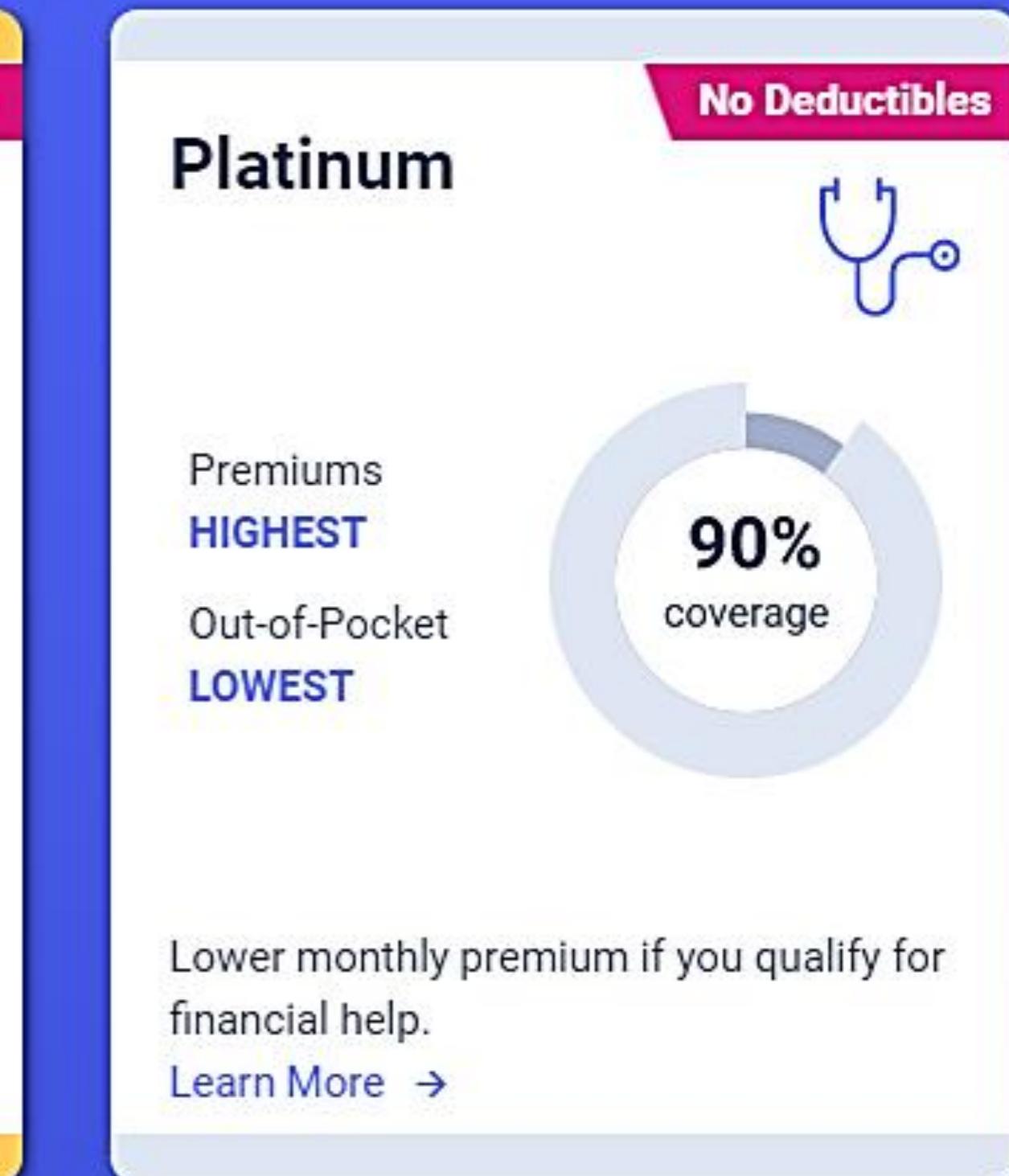
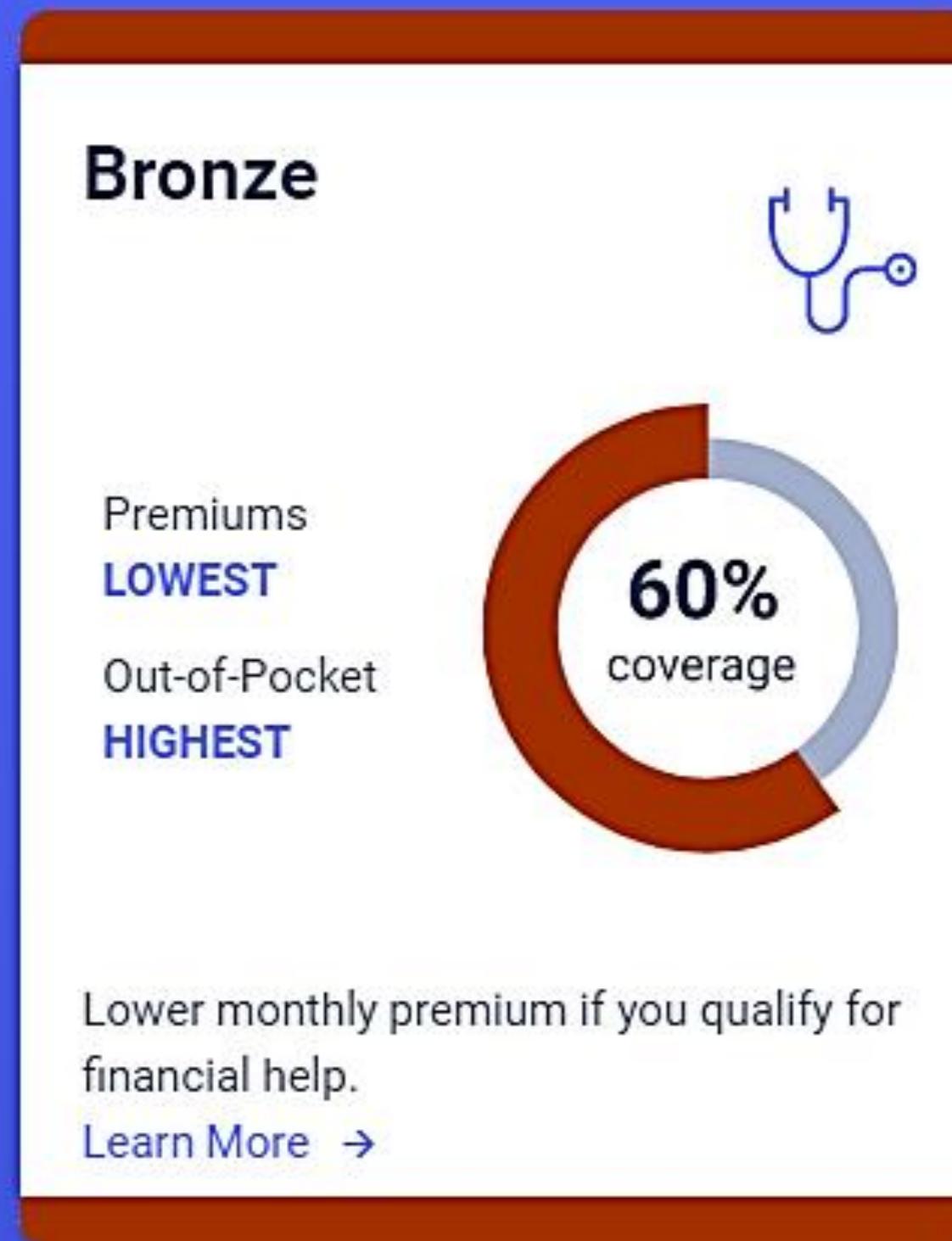


Marketplace Benefits

The Affordable Care Act (ACA) requires that products sold in the individual market cover **10 essential health benefit categories***.



Health Plan Coverage Level: Metal Tiers



- A plan with a lower premium results in a larger copayment with higher deductibles and maximum out-of-pocket expense.
- Minimum coverage plans are also available to people who meet certain requirements, although these plans are not eligible for financial help.

Federal Impacts on Consumer Access and Affordability



Federal Update: Recent Actions Impacting Marketplaces

In late June and early July, Congress and the administration took multiple actions that will have sweeping impacts to Covered California and our enrollees:

- On June 25, the Centers for Medicare & Medicaid Services (CMS) issued the **Marketplace Integrity and Affordability Final Rule**.
*On August 22nd, a district court issued a preliminary injunction on several of the provisions contained in the rule.
- On July 4, President Trump signed the federal reconciliation bill, **H.R. 1 titled the One Big Beautiful Bill Act**, into law.

The combined impact of these policies, alongside the impending expiration of the enhanced premium tax credits at the end of 2025—which neither action addressed—is projected to lead to substantial declines in Marketplace coverage and a rise in the number of uninsured individuals.

MAJOR MARKETPLACE IMPACTS OF H.R.1

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As many as 660,000 Covered California enrollees could go uninsured, all Covered California enrollees will see significantly higher costs, and there will be burdensome red tape making it harder for Californians to get and stay covered.

Limiting Enrollment Opportunities & Imposing New Administrative Requirements

Imposes pre-enrollment verification and ending automatic re-enrollment

Eliminates income-based Special Enrollment Period (SEP)

Restricting Eligibility for Immigrant Groups

Limits Premium Tax Credit (PTC) eligibility to certain immigrant groups

Ends Premium Tax Credit for low-income lawfully present immigrants

Affordability and Coverage Changes

Removes caps on repayment of excess Advance Premium Tax Credit

Denies Advance Premium Tax Credit to consumers who lose Medi-Cal due to work requirements.

Fails to extend the Enhanced Premium Tax Credits: Absent Congressional action, these enhanced tax credits will expire at the end of the year and significantly reduce the affordability of Marketplace coverage.

FEDERAL UPDATE: CMS FINAL RULE

The final rule adopts policy changes CMS believes will strengthen consumer protections, ensure Marketplace integrity, and address improper enrollments. Though several harmful provisions from the proposed rule were modified to allow for delayed implementation, sunsetting timeframes, and increased state flexibility, deeply concerning provisions remain.

Limited Enrollment & Narrow Eligibility

Shortening the open enrollment period to nine weeks, beginning with the 2027 coverage year.

Excluding DACA recipients from Marketplace eligibility, effective 2025.

Eliminating the monthly special enrollment period (SEP) for individuals below 150% of the federal poverty level (FPL), effective 2025.

Prohibiting coverage of gender-affirming care as part of essential health benefits, effective 2026.

Stricter Verification & Reconciliation

 Tightening income verification requirements, effective 2025 and sunsetting after 2026.

Eliminating the automatic 60-day extension for resolving income inconsistencies, effective 2025.

 Reducing the Failure to Reconcile period for advanced premium tax credits (APTC) to one year, effective for 2026 and reverting to two years for 2027.

Reduced Affordability

 Allowing issuers to require consumers pay past-due premiums before enrolling in new coverage, effective 2025.

Requiring consumers to pay at least 95% of premiums owed, effective 2025 and sunsetting after 2026.

 Updating premiums and plan design requirements, effective for 2026.



Indicates implementation of provision was stayed by a federal court on 8/22/25.

Enhanced Premium Tax Credits Expand Affordability and Access to Coverage

The federal enhanced premium tax credit, in place since 2021, has **dramatically increased affordability for marketplace consumers by:**

- **Increasing the amount of financial help** for all consumers eligible to receive the advanced premium tax credit.
- **Providing two free Silver plan options** for consumers with incomes below 150% FPL (\$23,475 for an individual and \$48,225 for a family of four).
- **Eliminating the “cliff” for middle-income consumers** above 400% FPL who were previously ineligible for advance premium tax credits (\$62,600 for an individual and \$128,600 for a family of four).
- The result is record enrollment across the country. In 2025, Covered California **reached an all-time record enrollment of nearly 2 million enrollees and a 6.4% uninsured rate.**

The Enhanced Premium Tax Credit Provides Consumers an Additional \$2.5 Billion in Annual Premium Savings

The enhanced premium tax credit would account for **\$2.5 billion** of potential savings, in addition to the \$10.5 billion that consumers are projected to receive in 2026.

This translates to an average **\$125 per month** in additional premium savings for marketplace enrollees.

The loss of enhanced tax credits will also impact the roughly **1 in 10** Covered California enrollees who do not receive any financial assistance as the result of higher rate increases.

Enrollee Income (by Federal Poverty Level)	Number of Enrollees	Annual Value of Enhanced Premium Tax Credit
0-150% FPL	275,000	\$148 million
150-200% FPL	499,000	\$461 million
200-250% FPL	274,000	\$363 million
250-400% FPL	462,000	\$576 million
>400% FPL	161,000	\$969 million
Total	1,671,000	\$2.5 billion

Source: Snapshot of July 2025 Covered California enrollees receiving monthly APTC. Income levels reflect relevant program FPL cutoffs for the 2026 plan year.

What's at Stake if the Enhanced Premium Tax Credit Expires

Enhanced premium tax credits are set to expire on **December 31, 2025**.

If no action is taken to extend the enhanced premium tax credits, starting in 2026:

- Many enrollees will experience, on average, a **97% increase** in monthly premium costs.
- This translates to, on average, **\$125 more** consumers will pay each month for their coverage.
- Estimates indicate that **400,000 Californians** could drop marketplace coverage due to lack of affordability.

Navigating Uncertainty and Supporting Consumers



State-funded Financial Assistance for Covered California Enrollees in Plan Year 2026

- California is taking steps to protect the most vulnerable enrollees from increased costs. The Governor and Legislature appropriated \$190 million to provide state premium assistance for enrollees earning up to approximately \$26,000 per year.
- While these funds cannot backfill the potential \$2.5 billion loss if enhanced premium tax credits expire, they will provide meaningful support for lower income enrollees.
- **If Congress extends the enhanced premium tax credit, the funds will be used to support the California Enhanced Cost-Sharing Reduction Program which eliminates deductibles and lowers out-of-pocket costs for enrollees who enroll in Silver tier coverage.**

Planning for Expiration and Supporting Consumers

Covered California is taking a comprehensive, enterprise-wide approach to navigate uncertainty surrounding the expiration of enhanced premium tax credits, including:

- **Strategic contingency planning** to prepare our operations to deploy enhanced premium tax credits should they be extended by Congress.
- **Organization-wide retention efforts** designed to inform and support enrollees as they face higher costs in 2026.
- **Direct communications** to keep enrollees informed of potential changes to the amount of financial help they will receive in 2026 and empowering them with information on how they can keep their coverage and seek assistance with questions and concerns.

2026 Renewal and Open Enrollment



Key Dates: Open Enrollment 2026



Action	Important Dates
Open Enrollment Begins	Nov 1
Deadline for Jan 1 Enrollment	Dec 31
Open Enrollment Ends	Jan 31

***2026 Plan Year is not subject to a shortened
Open Enrollment Period.**

Early 2026 Enrollment Numbers

Early 2026 Enrollment Data Indicate Impact of ePTC Expiration - Renewal Numbers Still Pending

With a week left in open enrollment and key steps like premium payments being due, it is too early to see the full effects of the expiration of the enhanced tax credits on enrollment. But, there are some key warning signs we are watching closely:

- New enrollment (consumers who were not enrolled in 2025 coming in to enroll for 2026) is down 32% from the same time last year and at its lowest level in years. As of last week, 190,630 consumers have newly enrolled compared to 278,335 at the same time last year.
- Of these consumers, more than 1 in 3 are opting for a bronze plan with a higher deductible and lower monthly premium, compared to fewer than 1 in 4 new enrollees electing bronze plans at the same time last year.
- Similarly, of renewing enrollees who have come in and actively switched plan tier, the majority (73%) have moved to bronze. This is 117,760 enrollees compared to 21,320 (10%) at the same time last year.
- 12% (239,940) of our renewing enrollees have cancelled their plans. This is up from the same time last year at 10% (175,270). However, among middle income consumers (400% FPL and up) who are losing access to all premium subsidies, we are currently tracking a 2026 termination rate that is nearly double what it was in 2025 (19 percent of all renewals with incomes over 400% of FPL in 2026, compared to 10 percent in 2025).
- Thus far, 379,250 enrollees under 165% FPL are benefitting from the California Premium Tax Credit program.

Enrollment Support

How to Get Help Applying for a Covered California Plan



How to Apply

There are several ways to apply. Each option is free and confidential.

- Consumers can go to CoveredCA.com to Shop and Compare Plans, get a quote, and find information about how plans, financial help, what is needed for enroll in a plan.
- When you apply online, you will be screened for both Covered California and Medi-Cal.

Get a quick quote.

Browse plans and find one that's best for your life and budget.

[Shop and Compare Plans →](#)

New federal rules could affect your coverage.

More details are coming, but here's what we know.

[See What May Change →](#)

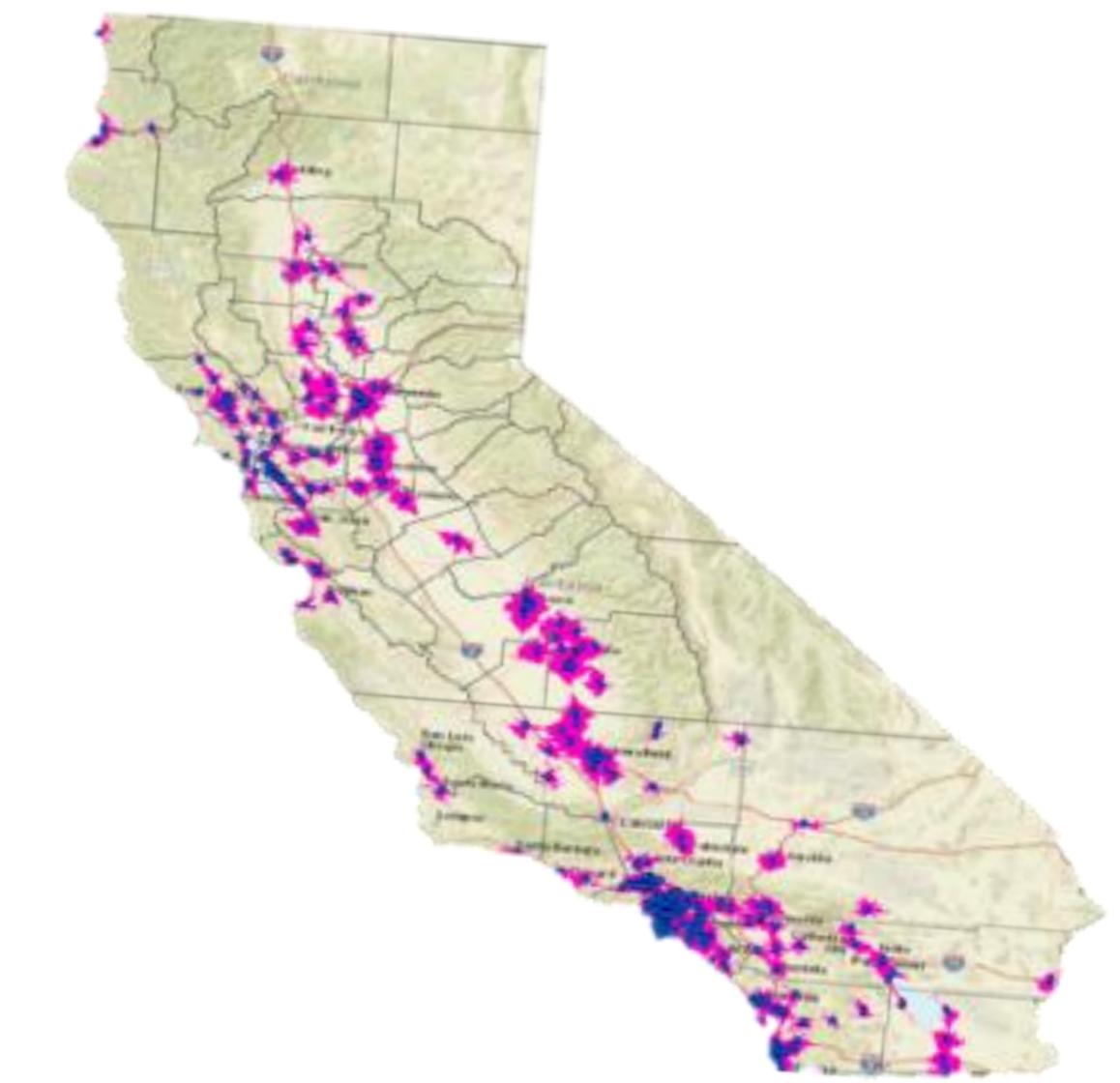
Covered California Enrollment Partners—Agents and Navigators

Agent Channel

- More than 11,000 insurance agents have been trained to sell Covered California products and are consistently the largest channel for enrollment.
- Consumers can get free and confidential enrollment assistance in 16 languages from Covered California licensed insurance agents.
- Consumers can go to [this site](#) to find insurance agents licensed by Covered California.

Navigator Channel

- Covered California's [Navigator Program](#) awards up to \$11.3 million annually to support community organizations who have experience reaching California's diverse populations and have proven success enrolling consumers in health programs.



[Find Help](#) near you - 95% of all Californians are within a 15-minute drive from one of Covered California's [storefront locations](#).

Additional Enrollment Help

Help on Demand

Have a certified enroller call you. Most calls are returned in under 15 minutes.

Local Medi-Cal Offices

For those who want to apply for Medi-Cal health coverage.

Covered California Service Center

Speak with a service center representative during regular business hours.

(800) 300-1506

Questions?

If you have questions about this presentation, how to enroll, or general information about Covered California, please reach out to:

ExternalAffairs@covered.ca.gov

Thank You

