

Health care affordability for California workers, consumers, and employers

Laurel Lucia

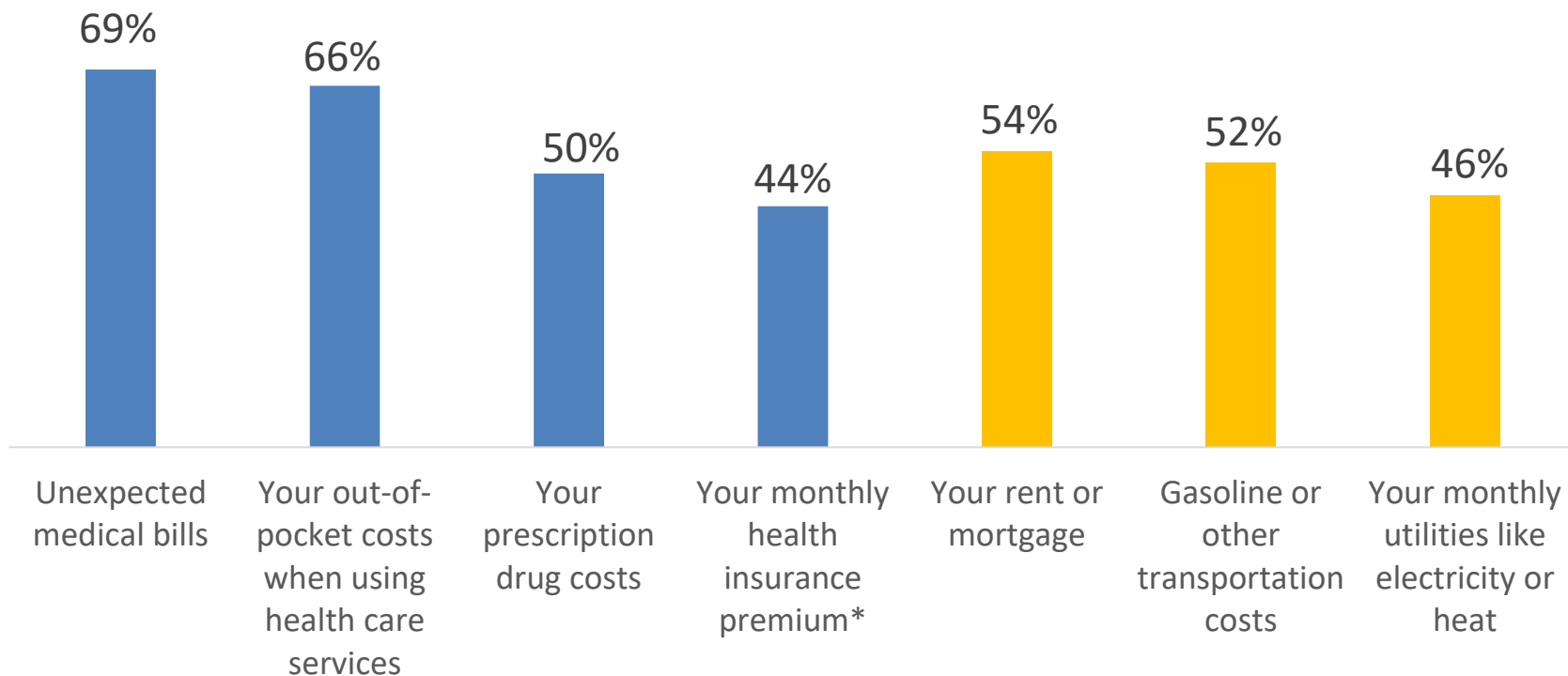
Health Care Program Director

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October 27, 2020

Certain health care affordability concerns more common than housing affordability concerns

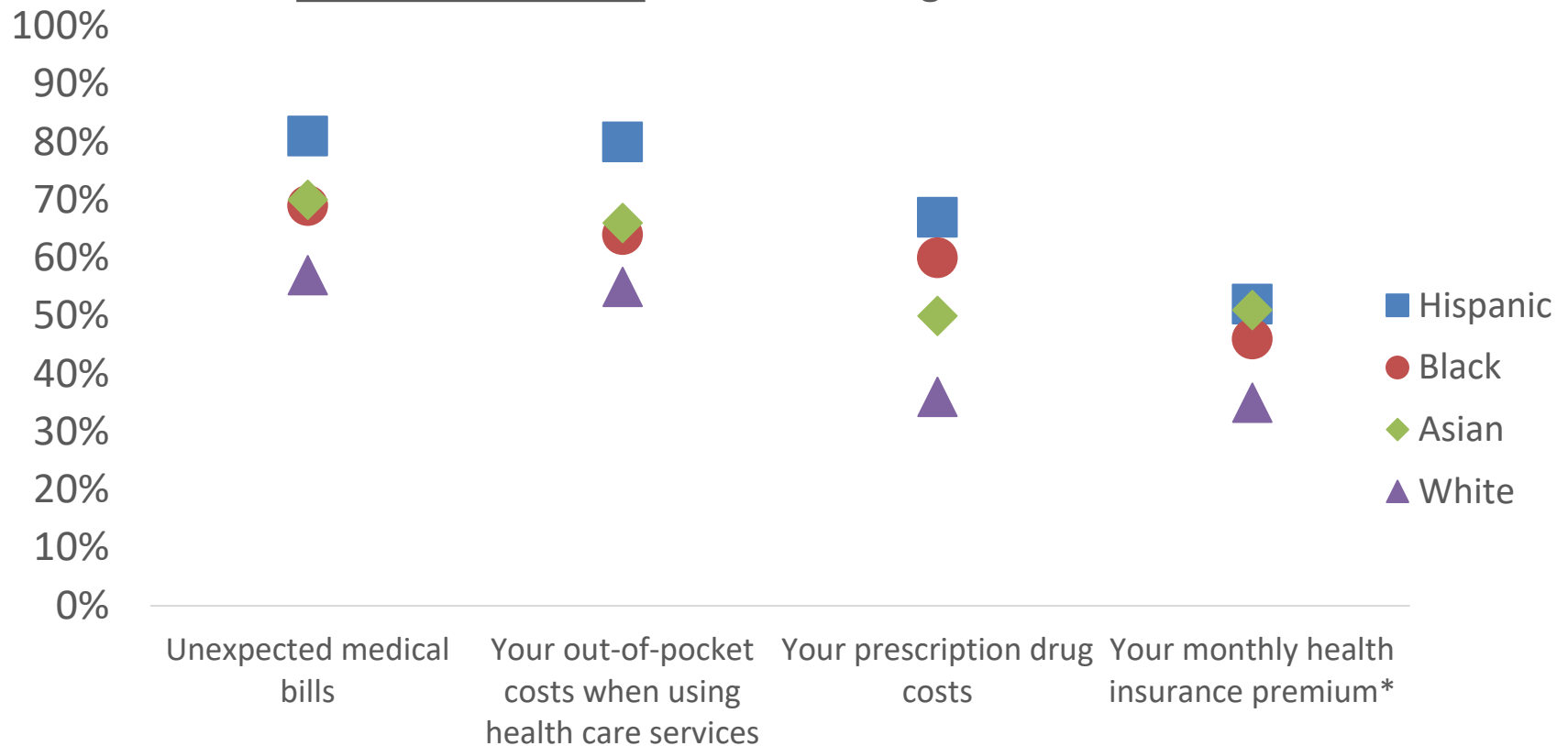
Percentage of California adults ages 18-64 who were very or somewhat worried about affording health care and basic necessities, 2019



* Asked only of those with insurance

Health care affordability concerns more common among CA Hispanic, Black, and Asian adults than white adults

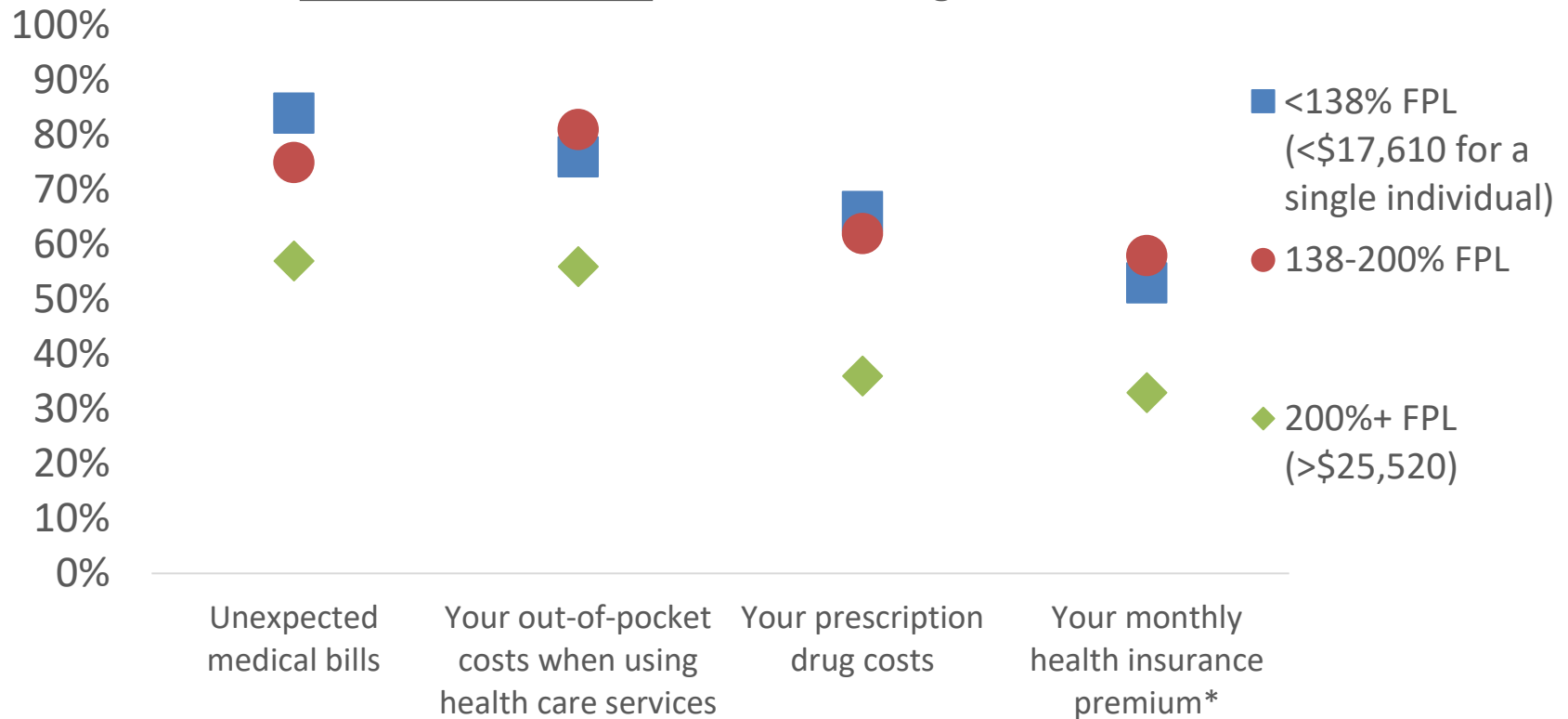
Percentage of California adults ages 18-64 who were very or somewhat worried about affording health care, 2019



* Asked only of those with insurance

Health care affordability concerns more common among CA adults with income at or below two times poverty level

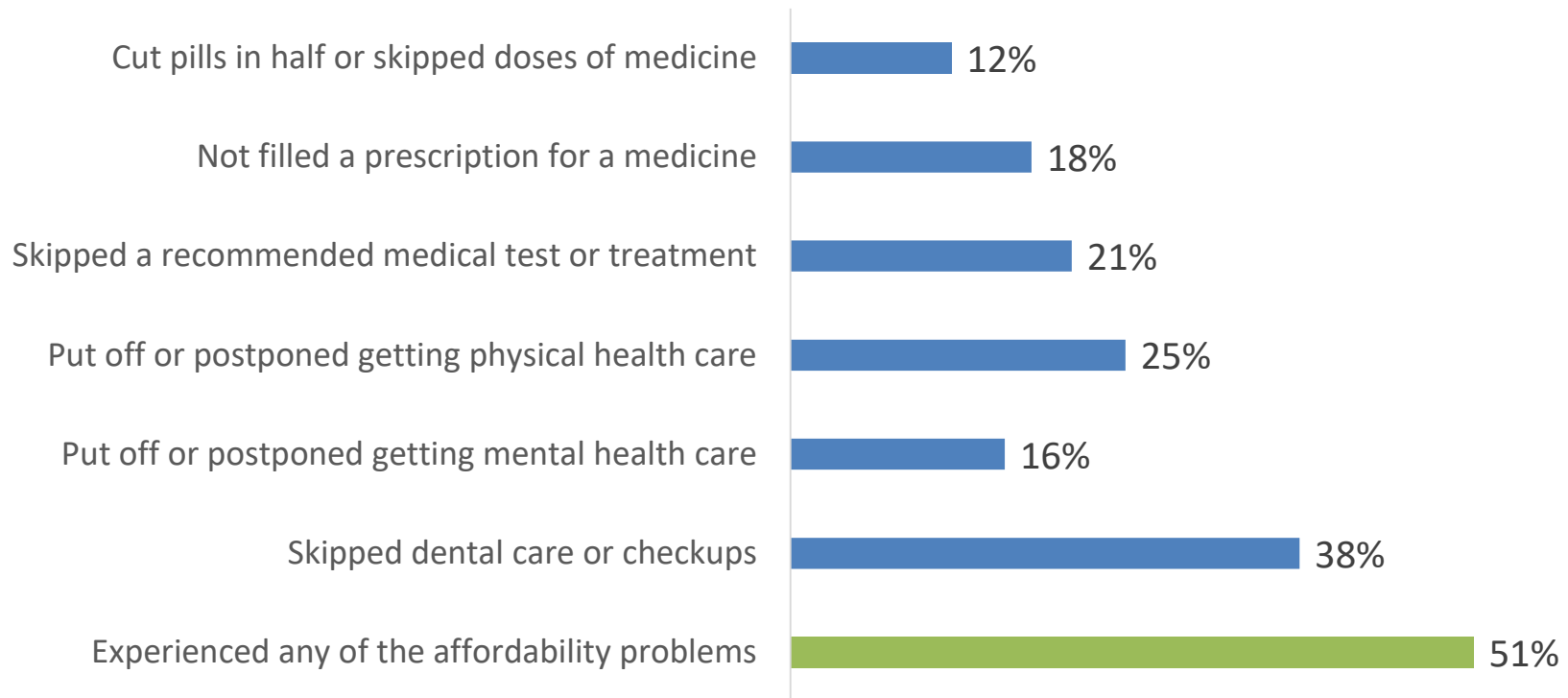
Percentage of California adults ages 18-64 who were very or somewhat worried about affording health care, 2019



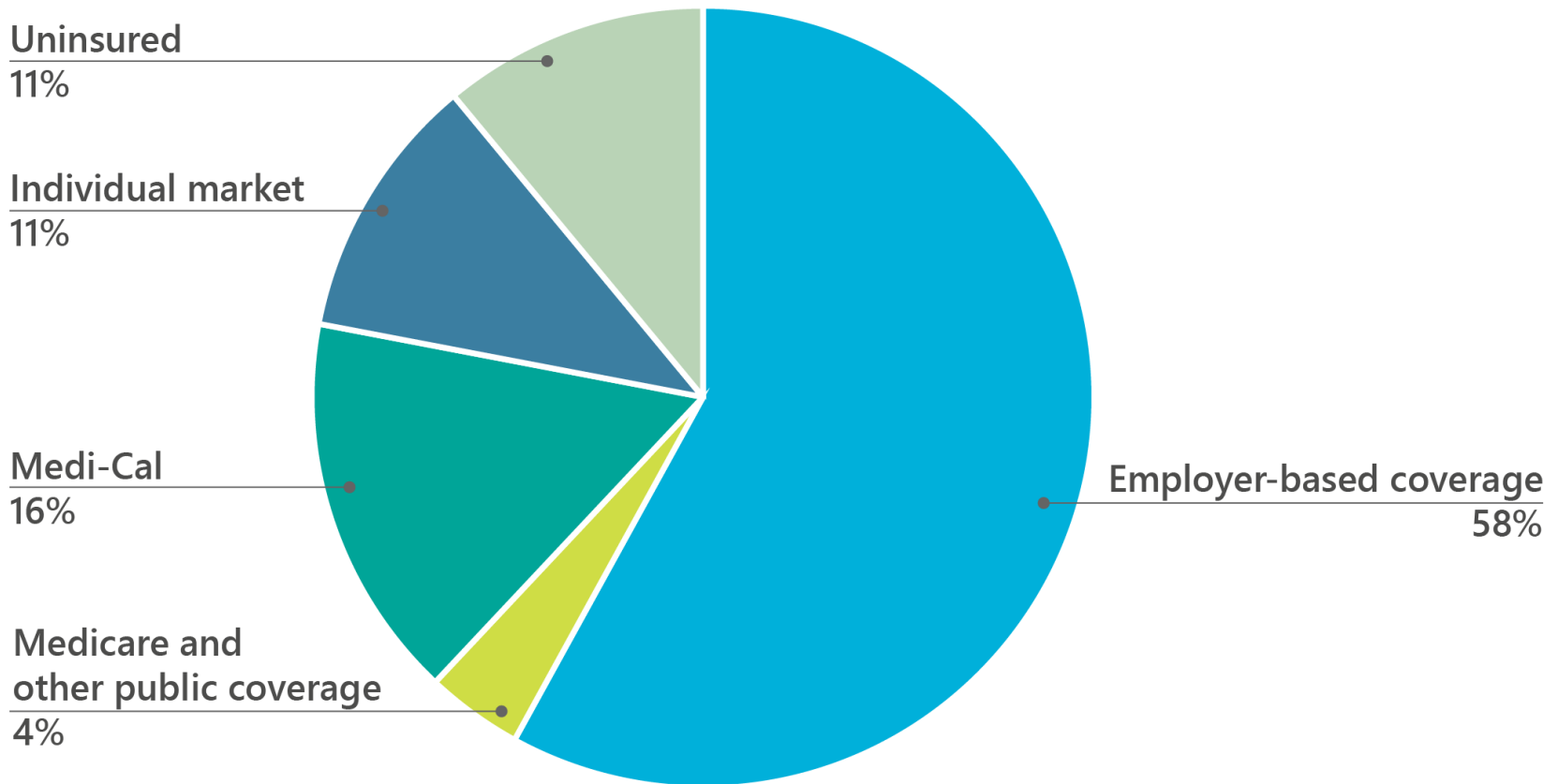
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Affordability concerns hinder access to care for half of California adults

Percentage of California adults ages 18-64 who had problems affording care due to cost, 2019



Health insurance type, California adults ages 19–64, 2018



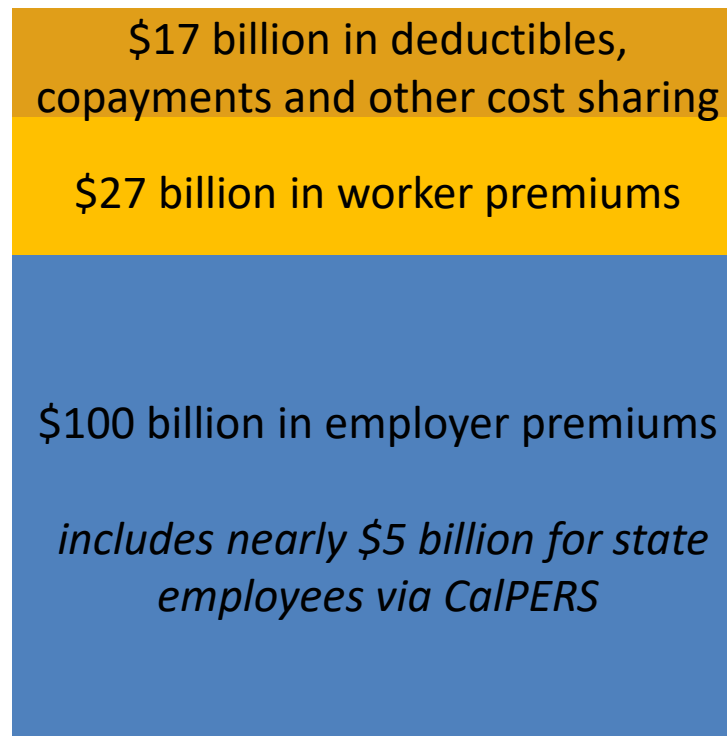
Source: UC Berkeley Labor Center analysis of IPUMS Current Population Survey data 2018.

Note: Californians reporting multiple sources of coverage are sorted into a single category using the following hierarchy: job-based coverage, Medicare and other public coverage, Medi-Cal, and individual market coverage.

JOB-BASED COVERAGE

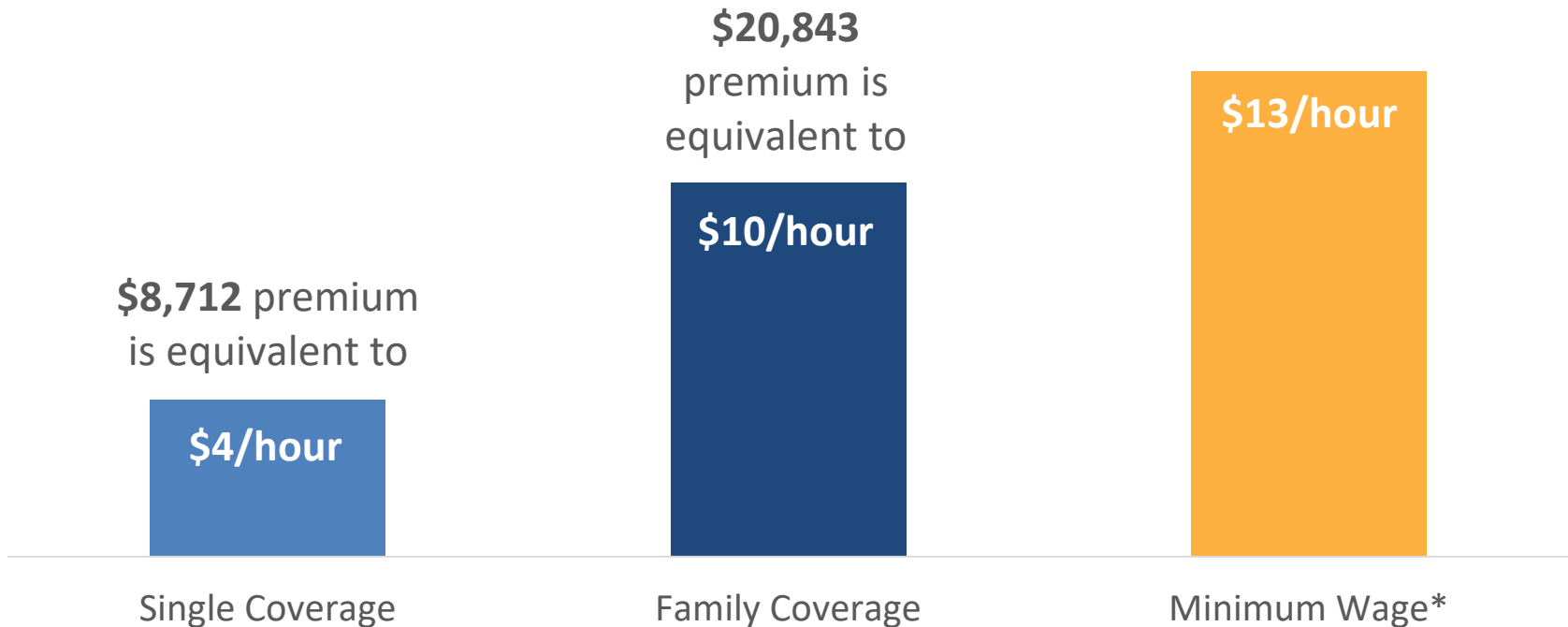
California employers and workers spent \$144 billion on health care in 2019

Spending on covered benefits for job-based coverage,
California, 2019 (\$ billions)



California premiums for family coverage exceeded \$20,000 in 2018

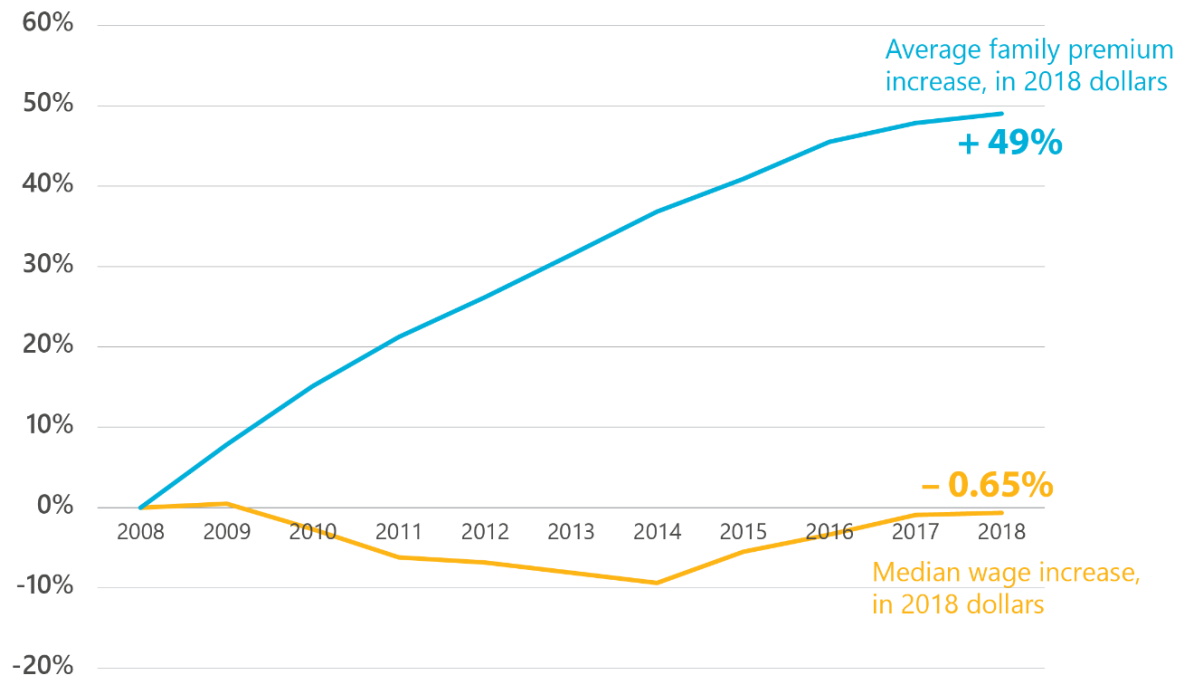
Average premiums for job-based coverage in California, 2018, shown as hourly equivalents for a full-time worker



* California minimum wage for employers with 26 employees or more as of January 1, 2020

Premiums have grown substantially while typical wages have not budged

Premium growth and wage growth, California, 2008–2018

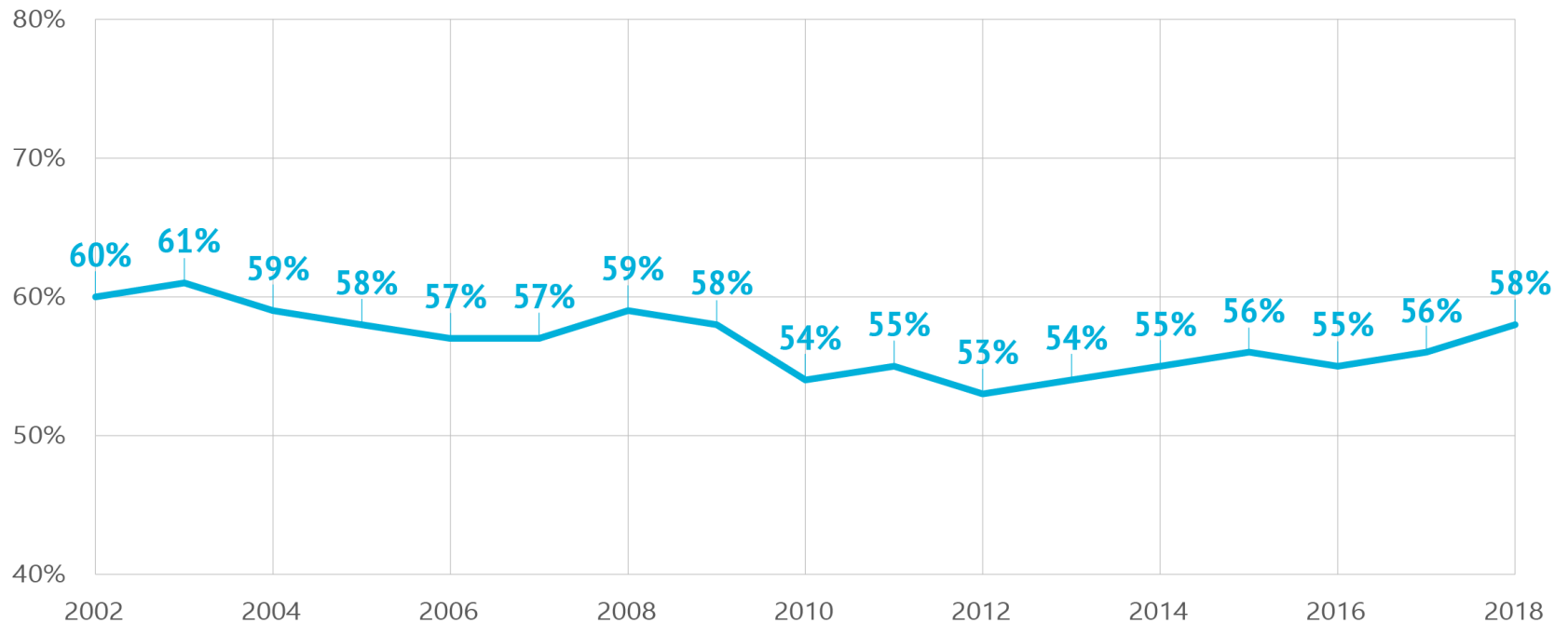


Source: California Employer Health Benefits Survey (premium growth based on fixed enrollment—see definition at <https://www.chcf.org/wp-content/uploads/2018/06/EmployerHealthBenefits2018.pdf>), UC Berkeley Labor Center analysis of EPI Current Population Survey data, 2008–2018. Premium and wage growth adjusted to 2018 dollars based on California CPI.



Share of Californians with job-based coverage relatively flat over time

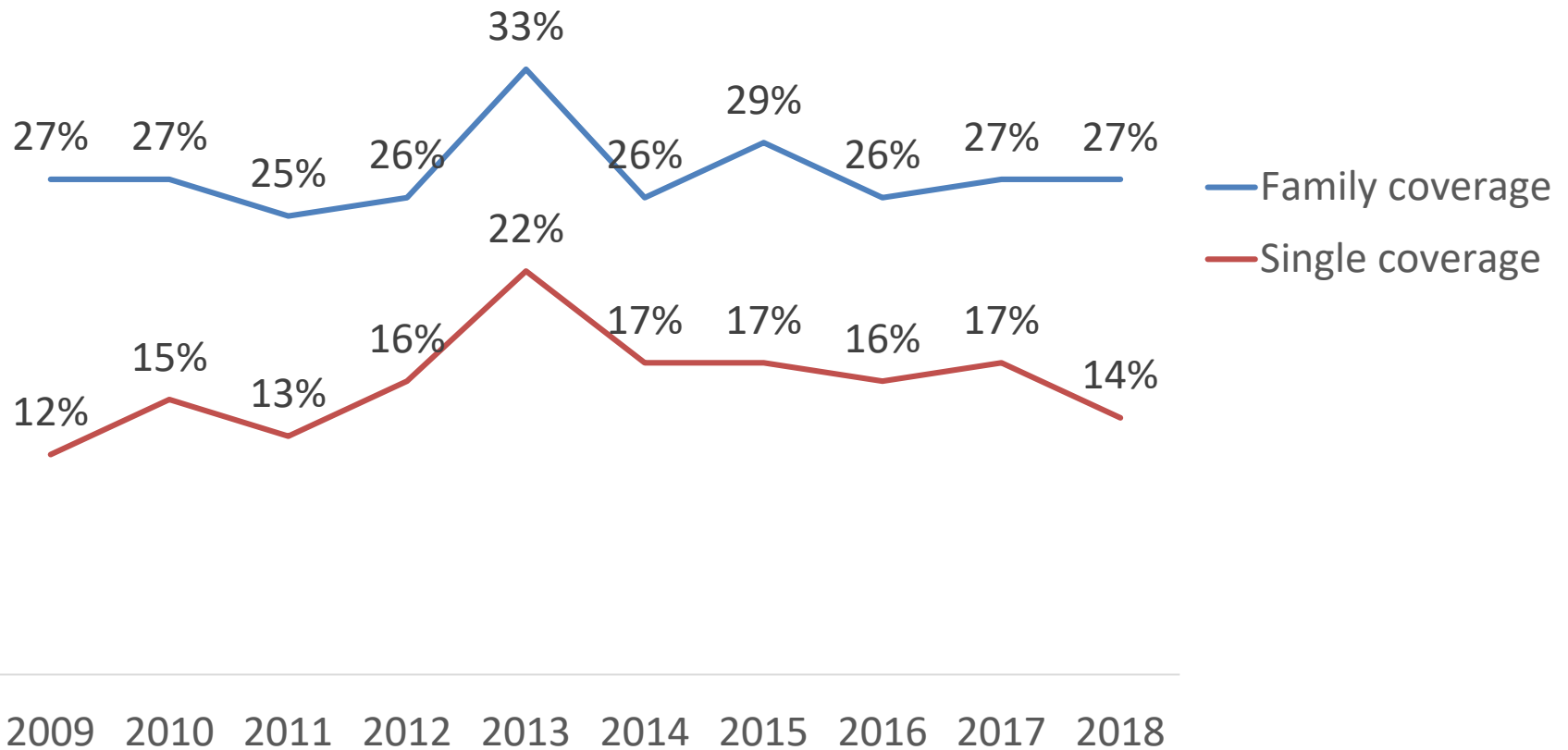
Percentage of Californians ages 19–64 with job-based coverage, 2002–2018



Source: UC Berkeley Labor Center analysis of IPUMS Current Population Survey data 2002-2018.

Worker and employer contributions have both increased, but split remained relatively flat

Worker share of premium, 2009-2018



Rising health care costs reduce wages

Example:

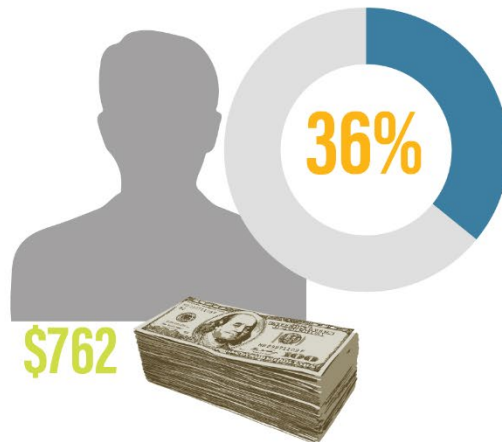
- **National RAND study found that hospital mergers lead to a \$521 increase in hospital prices over the 2010 to 2016 period, a \$579 increase in hospital spending among the privately insured population and a similar, \$638 reduction in wages.**

Share of Californians with deductibles and deductible amounts have grown

California workers with job-based coverage: Percentage with a deductible and average deductible amount, 2008 and 2018

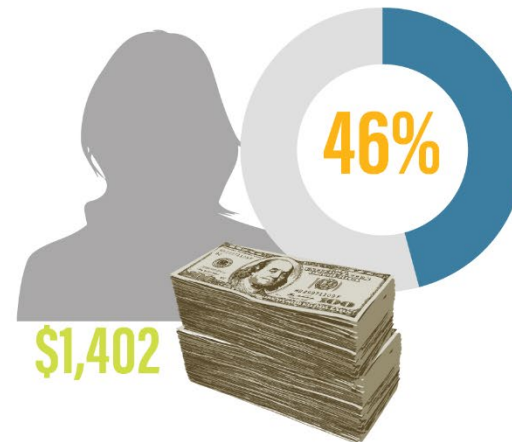
2008

In 2008, 36% of Californians had a deductible. The average deductible for a single enrollee was \$762 in 2018 dollars.



2018

In 2018, 46% of Californians had a deductible. The average deductible for a single enrollee was \$1,402 in 2018 dollars.



Source: UC Berkeley Labor Center analysis of data from CHCF California Employer Health Benefits Survey

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Overturing ACA would make health care more unaffordable for those with job-based coverage

ACA protections and expansions include:

- **Certain preventive services with no cost sharing**
- **Ban on capping annual/ lifetime benefits**
- **Annual out-of-pocket limit**
- **Dependent coverage for young adults under age 26**
- **For those who lose job-based coverage:**
 - Protection against being denied coverage or charged higher premiums based on pre-existing conditions
 - Medi-Cal expansion with no premiums or subsidized insurance through Covered California

**INDIVIDUAL MARKET/
COVERED CALIFORNIA**

Cost growth affects unsubsidized premiums but not premiums paid by subsidized enrollees

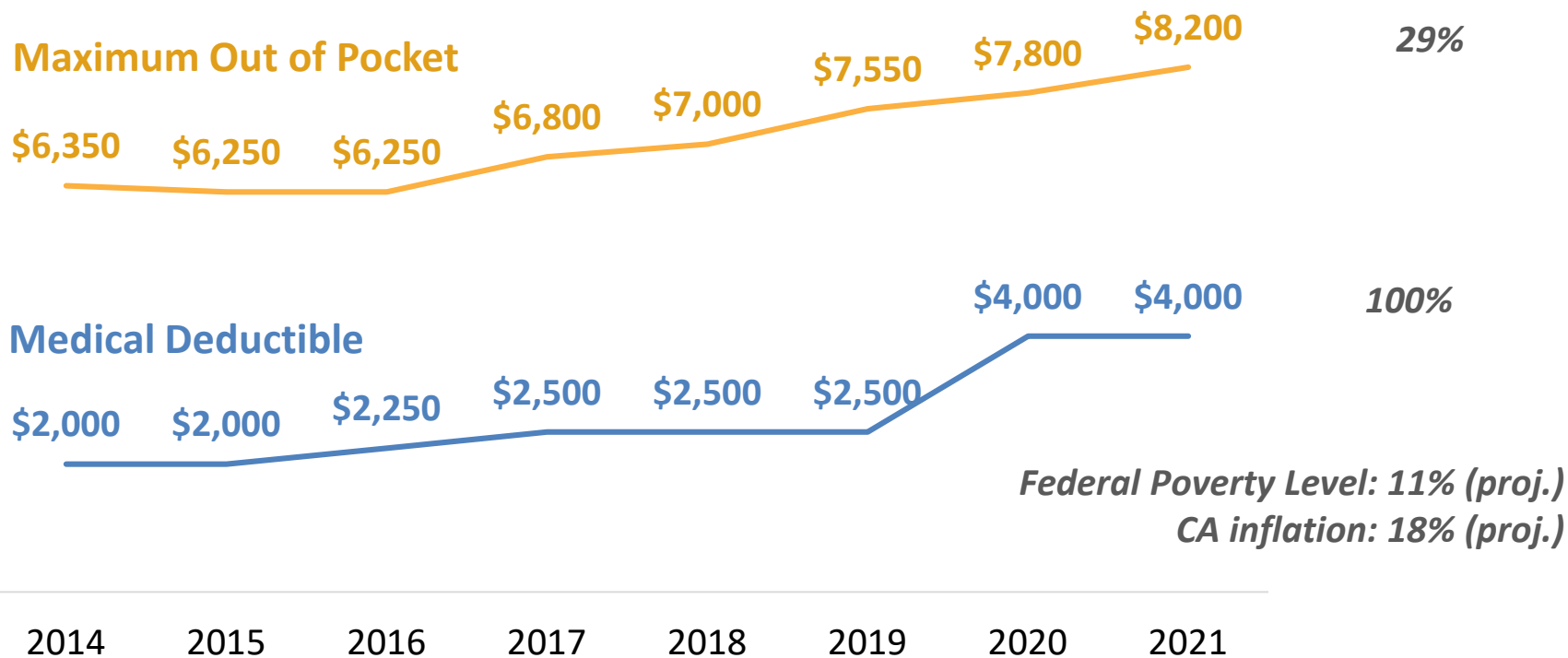
In June 2020:

- **1.35 million with insurance through Covered California with ACA and/or state premium subsidies**
 - Average premium: \$582 per month
 - Net premium after ACA/ state subsidies: \$127 per month
 - Largely protected from market's premium growth trends based on how the ACA/state premium subsidies were structured
- **970,000 Californians without subsidies**
 - Average premium for unsubsidized enrollees in Covered California: \$461 per month
 - Average of 6.3% annual premium growth 2015-2021, compared to 1.5% average inflation

Out-of-pocket costs for *all* individual market enrollees are affected by cost growth

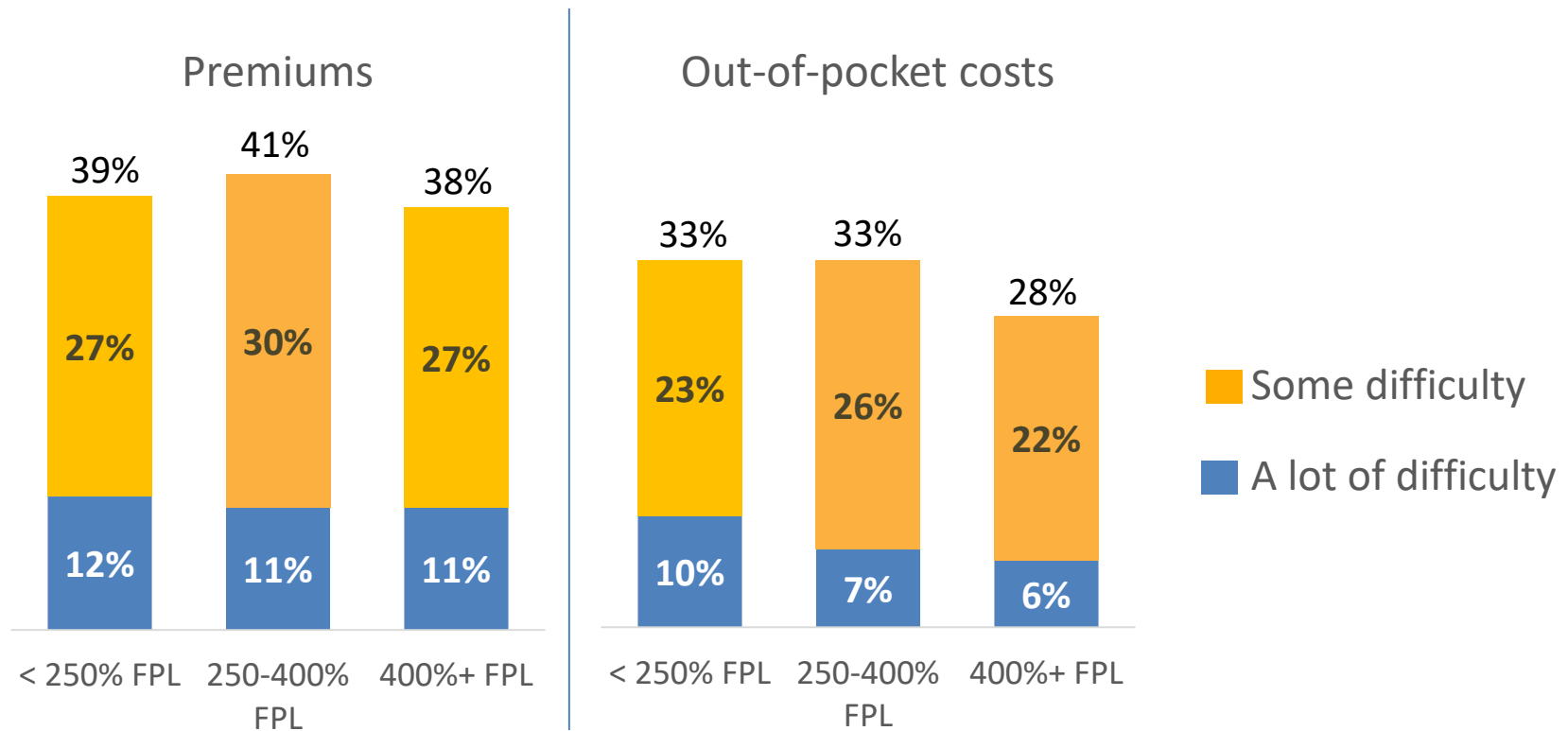
Covered California Silver 70 Plan
Individual Maximum Out of Pocket and Deductible, 2014-2021

Cumulative growth,
2014-2021



Many individual market enrollees report difficulty affording premium and out-of-pocket costs

California individual market enrollees reporting some or a lot of difficulty paying health care costs in 2017



Contact

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