Individual Market Affordability: Progress under ACA and Remaining Challenges

Laurel Lucia
Director, Health Care Program
UC Berkeley Labor Center

California Senate and Assembly Informational Hearing

February 12, 2019
Substantial gains in individual market enrollment and affordability under ACA

California individual market enrollment

- Subsidies were a very or extremely important enrollment decision factor for 70% of subsidized Covered California enrollees (2015)

- Other contributing factors: individual mandate, guaranteed issue, strong outreach & enrollment, etc.

Sources: Wilson K, State Releases Data on California 2017 Health Insurance Enrollment, California Health Care Foundation Blog, August 1, 2018. NORC at the University of Chicago, Covered California Overview of Findings from the Third California Affordable Care Act Consumer Tracking Survey, October 22, 2015.
### 1.2 million enrolled in Covered California with subsidies

<table>
<thead>
<tr>
<th>Premium subsidies (Advance Premium Tax Credits or APTCs) 1.2 million enrollees</th>
<th>Income eligibility</th>
<th>Average subsidy per member per month, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>At or below 400% of the Federal Poverty Level (FPL), or $48,240 single/$98,400 for a family of 4</td>
<td>$444</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial assistance with deductibles, copayments, etc. (Cost Sharing Reductions or CSRs) 600,000 enrollees</th>
<th>Income eligibility</th>
<th>Average subsidy per member per month, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>At or below 250% FPL, or $30,150 single/$61,500 family of 4</td>
<td>$131</td>
<td></td>
</tr>
</tbody>
</table>

Source: Covered California, [Active Member Profile: June 2018](https://www.coveredca.com/).
Subsidy-eligible individuals’ monthly premium contributions

Per member per month premium, second lowest cost Silver plan, 2018

Unsubsidized premium range for ages 21-64 across regions

$254 - $1,357

Average net premium with subsidies

$115

Sources: Covered California 2018 rates. Covered California, Options to Improve Affordability in California’s Individual Health Insurance Market, February 1, 2019.
Without further state action, the uninsurance rate will rise.

Uninsurance rate ages 0-64

- 2012: 17.6%
- 2016: 10.4%
- 2020: 11.7%
- 2023: 12.9%

Source: UC Berkeley UCLA CalSIM version 2.2
Over 1 million uninsured projected to be eligible for Covered California

Uninsured by eligibility category, age 0-64

Source: UC Berkeley UCLA CalSIM version 2.2
Those eligible for Covered CA but uninsured have a range of income levels

California non-elderly uninsured by eligibility category and income, 2020

<table>
<thead>
<tr>
<th>Eligible for subsidies</th>
<th>Not eligible for subsidies due to income</th>
</tr>
</thead>
<tbody>
<tr>
<td>601+% FPL</td>
<td>280,000 (55%)</td>
</tr>
<tr>
<td>401-600% FPL</td>
<td>220,000 (45%)</td>
</tr>
<tr>
<td>201-400% FPL</td>
<td>370,000 (70%)</td>
</tr>
<tr>
<td>200% FPL or less</td>
<td>160,000 (30%)</td>
</tr>
</tbody>
</table>

Notes: Uninsured estimates rounded to the nearest 10,000 individuals. Excludes undocumented immigrants who are not eligible for subsidies or to purchase coverage through Covered California, and uninsured individuals eligible for Medi-Cal.

Source: UC Berkeley UCLA CalSIM version 2.2
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

<table>
<thead>
<tr>
<th>Premiums</th>
<th>&lt; 250% FPL</th>
<th>250-400% FPL</th>
<th>400%+ FPL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Some difficulty</td>
<td>39%</td>
<td>41%</td>
<td>38%</td>
</tr>
<tr>
<td>A lot of difficulty</td>
<td>12%</td>
<td>11%</td>
<td>11%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Out-of-pocket costs</th>
<th>&lt; 250% FPL</th>
<th>250-400% FPL</th>
<th>400%+ FPL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Some difficulty</td>
<td>33%</td>
<td>33%</td>
<td>28%</td>
</tr>
<tr>
<td>A lot of difficulty</td>
<td>23%</td>
<td>26%</td>
<td>22%</td>
</tr>
</tbody>
</table>

Some individual market enrollee report delaying care and financial stress due to the cost of care

California individual market enrollees in 2017

Of enrollees who needed care, percentage who delayed or did not get care due to cost

Percentage who reported financial stress due to the amount they had to pay for care

- Cut necessities and borrowed money, 13%
- Cut necessities, 10%
- Borrowed money, 9%

32%

Affordability examples: eligible for ACA subsidies

Annual family income and net monthly premium after subsidies for 2nd lowest cost silver plan:

- Single $30k - $206/mo.
- Family of 4 $86k - $707/mo.
- Single $42k - $345/mo.

Income as percentage of federal poverty level:

- Single $30k - $206/mo.
- Family of 4 $86k - $707/mo.
- Single $42k - $345/mo.

ACA’s maximum premium contribution as % of income:

- 0%
- 1%
- 2%
- 3%
- 4%
- 5%
- 6%
- 7%
- 8%
- 9%
- 10%
Affordability example: married couple with income equivalent to 450% FPL

- Married couple, both age 55 and self-employed, living in San Mateo, and earning $74,070 annually
- $1,362 per month total for the lowest cost Bronze plan offered, or 22% of income
- Plus pay full cost for any health care costs beyond first three outpatient visits under the plan’s $6,300 deductible

Photo credit: Transient musket (CC BY-NC-ND 2.0)
California’s high cost of living adds to affordability challenges

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

Income limit for ACA premium assistance is 4 times the federal poverty level & does not take into account cost of living.

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

- Substantial gains in individual market enrollment and affordability under ACA in California
- But affordability challenges remain for:

<table>
<thead>
<tr>
<th>Uninsured</th>
<th>Insured in individual market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individuals already eligible for ACA subsidies</td>
<td>Middle-class consumers not eligible due to income, especially older individuals</td>
</tr>
<tr>
<td>Premium affordability</td>
<td>Out-of-pocket affordability</td>
</tr>
</tbody>
</table>
UC Berkeley Labor Center research

- Towards Universal Health Coverage: California Policy Options for Improving Individual Market Affordability and Enrollment
  [http://laborcenter.berkeley.edu/ca-policy-options-individual-market-affordability/](http://laborcenter.berkeley.edu/ca-policy-options-individual-market-affordability/)

- California’s Health Coverage Gains to Erode Without Further State Action (with UCLA Center for Health Policy Research)
  [http://laborcenter.berkeley.edu/ca-coverage-gains-to-erode-without-further-state-action/](http://laborcenter.berkeley.edu/ca-coverage-gains-to-erode-without-further-state-action/)

- Balancing the Books: How Affordable Is Health Insurance Through Covered California When Local Cost of Living Is Taken Into Account?

- Older Californians Struggle to Afford Lowest-Cost Plans on Covered California
Contact

Laurel Lucia, Health Care Program Director, UC Berkeley Labor Center, Laurel.Lucia@Berkeley.edu

http://laborcenter.berkeley.edu

Follow: @UCBLaborCenter