Presentation Goals

• Establish a shared understanding of the California health care landscape

• Focus on the Commission’s core values: accessible, affordable, equitable, high quality, universal

• Begin work of environmental scan report that Commission will provide to Governor and Legislature by July 1, 2020

• Seek Commission input on what would be useful for deliberations and environmental scan report
ACA Impact in California

- The largest reduction in uninsured of any state
- Pre-ACA (2013): 6.5-7 million uninsured
- Post-ACA (2016): 3 million uninsured (7.1%)
- Medi-Cal enrollment increased from 8.6 million pre-ACA to over 13 million post-ACA
- Covered California enrolled 1.4 million
Over 90% of Californians Now Have Insurance

Projected coverage source for Californians, 2020

- Job-based coverage: 46%
- Medi-Cal: 23%
- Medicare/other public: 17%
- Individual market/Covered California: 5%
- Uninsured: 9%

Source: UCLA-UC Berkeley CalSIM 2.7 and California Health Interview Survey.

Note: Coverage types are mutually exclusive and hierarchical for those with more than one type of coverage: Medicare, Medi-Cal, job-based coverage, individual market, and other public besides Medicare.
11 Million Californians with Insurance Churn Over 2-Year Period

4.2 million
Employer-Based Coverage

4.1 million
Medi-Cal

800,000
Covered California

1.8 million
Uninsured

Graves, John, Testimony before the Assembly Select Committee on Health Care Delivery and Universal Coverage, January 17, 2018
California HMO Enrollment is High and Varies by Market Segments: 2016

- All Insured Californians: 62%
- Individual Market: 39%
- Medicare: 43%
- Employer Sponsored: 51%
- Medi-Cal: 80%

Source: CHCF statewide CA Health Insurers Enrollment Database, combines figures from DMHC Enrollment Summary Reports and CDI Covered Lives Reports.
Enrollment, by Insurer and Market
California, 2018 (In Millions)

California Health Care Foundation. *California Health Insurers and Enrollment – Almanac Collection*
Available at www.chcf.org.
3.5 Million Californians are Projected to be Uninsured in 2022

<table>
<thead>
<tr>
<th>Category</th>
<th>Estimated Count</th>
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<tbody>
<tr>
<td>Eligible for Employer Coverage</td>
<td>550,000</td>
</tr>
<tr>
<td>Eligible for Covered CA, over 400% FPL</td>
<td>370,000</td>
</tr>
<tr>
<td>Eligible for Covered CA, under 400% FPL</td>
<td>610,000</td>
</tr>
<tr>
<td>Eligible for Medi-Cal</td>
<td>660,000</td>
</tr>
<tr>
<td>Eligible for Medi-Cal</td>
<td>1,340,000</td>
</tr>
<tr>
<td>* Undocumented</td>
<td></td>
</tr>
</tbody>
</table>

Total Uninsured Californians age 0-64: 1,340,000

Source: CalSIM version 2.7
State Actions Have Protected ACA Gains

Number of uninsured (in millions) and uninsured rate among Californians age 0-64

If no action had been taken:
- 4.27m (12.9%)
- 770,000

Under CA policy:
- 3.52m (10.5%)

Source: CalSIM version 2.7
Uninsured Disproportionately Latino, Low-income: Projections for 2022

Race/ethnicity of the uninsured and all Californians age 0-64

- Latino
- White, not Latino
- Asian, not Latino
- African American, not Latino
- Other, multiracial, not Latino

Uninsured Californians age 0-64: 66% Latino, 23% White, not Latino, 7% Asian, not Latino, 3% African American, not Latino, 3% Other, multiracial, not Latino

All Californians age 0-64: 40% Latino, 40% White, not Latino, 13% Asian, not Latino, 6% African American, not Latino, 3% Other, multiracial, not Latino

Household income of the uninsured and all Californians age 0-64

- At or below 200% FPL
- 200-400% FPL
- 400-600% FPL
- 600%+ FPL

Uninsured Californians age 0-64:
- 0.55 At or below 200% FPL
- 0.25 200-400% FPL
- 0.11 400-600% FPL
- 0.1 600%+ FPL

All Californians age 0-64:
- 0.4 At or below 200% FPL
- 0.25 200-400% FPL
- 0.16 400-600% FPL
- 0.19 600%+ FPL

Latinos and Blacks Report Worse Health Status Than Asians and Whites: California 2017

<table>
<thead>
<tr>
<th></th>
<th>Poor</th>
<th>Fair</th>
<th>Good</th>
<th>Very Good</th>
<th>Excellent</th>
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<tbody>
<tr>
<td>Latino</td>
<td>4%</td>
<td>18%</td>
<td>31%</td>
<td>24%</td>
<td>23%</td>
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<tr>
<td>Black</td>
<td>4%</td>
<td>15%</td>
<td>32%</td>
<td>30%</td>
<td>19%</td>
</tr>
<tr>
<td>Asian</td>
<td>3%</td>
<td>9%</td>
<td>26%</td>
<td>37%</td>
<td>25%</td>
</tr>
<tr>
<td>White</td>
<td>3%</td>
<td>9%</td>
<td>26%</td>
<td>35%</td>
<td>27%</td>
</tr>
<tr>
<td>California</td>
<td>4%</td>
<td>13%</td>
<td>28%</td>
<td>31%</td>
<td>25%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ethnicity</th>
<th>Doctor's Office/HMO/Kaiser</th>
<th>Community Clinic/government clinic/community hospital</th>
<th>Emergency room/urgent care</th>
<th>No usual source of care</th>
<th>Some other place/no one place</th>
</tr>
</thead>
<tbody>
<tr>
<td>Latino</td>
<td>43%</td>
<td>35%</td>
<td>4%</td>
<td>19%</td>
<td>&lt;1%*</td>
</tr>
<tr>
<td>Pacific Islander</td>
<td>46%</td>
<td>40%</td>
<td>4%</td>
<td>13%</td>
<td>&lt;1%*</td>
</tr>
<tr>
<td>Native American</td>
<td>56%</td>
<td>34%</td>
<td>5%</td>
<td>7%</td>
<td>&lt;1%* &lt;1%*</td>
</tr>
<tr>
<td>Asian</td>
<td>63%</td>
<td>24%</td>
<td>3%</td>
<td>12%</td>
<td>3%* &lt;1%*</td>
</tr>
<tr>
<td>Black</td>
<td>64%</td>
<td>24%</td>
<td>8%</td>
<td>8%</td>
<td>1% 1%*</td>
</tr>
<tr>
<td>Multiracial</td>
<td>69%</td>
<td>23%</td>
<td>7%</td>
<td>7%</td>
<td>1%* 1%*</td>
</tr>
<tr>
<td>White</td>
<td>74%</td>
<td>16%</td>
<td>8%</td>
<td>8%</td>
<td>1%* 1%*</td>
</tr>
</tbody>
</table>

Primary Care Physicians per 100,000 Residents, by County, 2015

California Health Care Foundation:
https://www.chcf.org/publication/californias-physicians-headed-drought/
Medi-Cal Enrollee Access is Generally Comparable to Individual Market and Better than Uninsured

Source: California Health Interview Survey (CHIS), 2016. Those answering yes to either of the following questions were categorized as having difficulty finding care: During the past 12 months, did you have any trouble finding a general doctor (or medical specialist) who would see you? During the past 12 months, did a doctor’s (or medical specialist’s) office tell you that they would not take you as a new patient?
CA Health Care Expenditures By Payer
2017-2018

Employer-sponsored insurance

Medi-Cal

Medicare

Private premium expenditures
Federal premium subsidies
Out-of-pocket spending
Other

Billions of dollars

Legislative Analysts Office: Financing Considerations for Potential State Healthcare Policy Changes
https://healthcare.assembly.ca.gov/sites/healthcare.assembly.ca.gov/files/FINAL%20LAO.pdf
>$20 Billion of Annual General Fund in Medi-Cal

Average Job-based Family Premiums Exceed $20,000 per Year

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

- **Single Coverage**: $8,712, equivalent to $4/hour.
- **Family Coverage**: $20,843, equivalent to $10/hour.
- **Minimum Wage**: $12/hour.

Health Care Affordability is a Big Concern for Californians with Insurance

<table>
<thead>
<tr>
<th>Cost Type</th>
<th>Very worried</th>
<th>Somewhat worried</th>
<th>Not too worried</th>
<th>Not at all worried</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unexpected medical bills</td>
<td>38%</td>
<td>25%</td>
<td>16%</td>
<td>20%</td>
</tr>
<tr>
<td>Out-of-pocket costs for health care services</td>
<td>30%</td>
<td>25%</td>
<td>17%</td>
<td>26%</td>
</tr>
<tr>
<td>Gasoline or other transportation costs</td>
<td>27%</td>
<td>26%</td>
<td>20%</td>
<td>26%</td>
</tr>
<tr>
<td>Rent or mortgage</td>
<td>31%</td>
<td>21%</td>
<td>17%</td>
<td>29%</td>
</tr>
<tr>
<td>Monthly utilities like electricity or heat</td>
<td>22%</td>
<td>24%</td>
<td>21%</td>
<td>32%</td>
</tr>
<tr>
<td>Prescription drug costs</td>
<td>22%</td>
<td>20%</td>
<td>22%</td>
<td>35%</td>
</tr>
<tr>
<td>Your monthly health insurance premium*</td>
<td>17%</td>
<td>22%</td>
<td>22%</td>
<td>37%</td>
</tr>
</tbody>
</table>

Job-based Premiums Have Grown Rapidly While Wages Have Not Budged

Premium growth and wage growth, California, 2008–2018

# US Health Care Cost Drivers: Annual Growth 2018

<table>
<thead>
<tr>
<th>Health Care Prices</th>
<th>53%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Care Utilization</td>
<td>33%</td>
</tr>
<tr>
<td>Population Growth/Aging</td>
<td>13%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Medical Care Prices Are Higher in US


- Australia
- New Zealand
- U.K.
- Netherlands
- Switzerland
- South Africa
- U.A.E.
- U.S.

- Bypass surgery ($78k)
- Hip replacement ($33k)
- Angioplasty ($32k)
- Knee replacement ($30k)
- Appendectomy ($15k)
- C-section ($15k)
- Normal delivery ($11k)

Source: International Federation of Health Plans • By The New York Times
California Hospital Reports of Proportion of Costs Reimbursed By Payer: 2015/2016

Administrative Costs

From Kahn, Kronick et al Health Affairs (2005):

**California Hospitals**
Total administrative costs as % of revenue: **20.9%**
Billing and insurance-related costs as % of revenue: **6.6-10.8%**

**California Physicians**
Total administrative costs as % of revenue: **26.7%**
Billing and insurance-related costs as % of revenue: **13.9%**
Share Of Health Spending For Health Insurance Administrative Expenses Over Time

Net cost of health insurance and administration, as a share of total health expenditures, 1970-2015

Source: Kaiser Family Foundation analysis of National Health Expenditure (NHE) data from Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group

Peterson-Kaiser Health System Tracker
Questions For Commissioners to Consider

• Are these data appropriate for inclusion in the environmental scan the Commission is required to submit to the Governor and Legislature by July 1, 2020?

• What additional data would help you to better understand the current California health care landscape?