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.

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

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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.

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
## CalSIM: Factors influencing behavior

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

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

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

CEHBS/EDD

Assign Firms

MEPS
CalSIM Data

CEHBS/EDD

Assign Firms

MEPS

Individuals
CalSIM Data

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

MEPS ➔ Assign Firms ➔ Individuals ➔ CHIS

CEHBS/EDD ➔ Undoc & Reweight ➔ Individuals

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CalSIM Data II

Individuals
CalSIM Data II

Create Synthetic Firms

Individuals → Synthetic Firms
CalSIM Data II

Individuals → Create Synthetic Firms

Synthetic Firms → Firm Behavior

Firm Behavior → Synthetic Firms

Offers ESI

No ESI

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CalSIM Data II

Individuals

→

Individual Behavior

→

Create Synthetic Firms

→

Synthetic Firms

→

Firm Behavior

→

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CalSIM Data II

Individuals

Individual Behavior

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Synthetic Firms

Firm Behavior

ESI
Medi-Cal
Exchange
Uninsured

Offers ESI
No ESI

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CalSIM Data II

Individuals

Create Synthetic Firms

Synthetic Firms

Individual Behavior

Firm Behavior

ESI

Medi-Cal

Exchange

Uninsured

Offers ESI

No ESI
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

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

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

- Exempt due to no affordable coverage: 20%
- Exempt due to low income: 25%
- Subject to penalty: 28%
- Exempt due to immigration status: 27%

3% of all Californians

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

- Latino, 2,660,000, 66%
- Asian, 450,000, 11%
- African American, 110,000, 3%
- Other, multiracial, 60,000, 1%
- White, 730,000, 18%

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

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 ≤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

<table>
<thead>
<tr>
<th>LIHP Program</th>
<th>Income Threshold (Percent FPL)</th>
<th>Current Enrollment (July 2013)</th>
<th>Currently Uninsured up to 138% FPL (CHIS 2011-12)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alameda</td>
<td>133</td>
<td>41,433</td>
<td>55,000</td>
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<tr>
<td>CMSP</td>
<td>100</td>
<td>62,571</td>
<td>149,000</td>
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<tr>
<td>Los Angeles</td>
<td>133</td>
<td>281,916</td>
<td>553,000</td>
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<tr>
<td>Monterey</td>
<td>100</td>
<td>1,092</td>
<td>18,000</td>
</tr>
<tr>
<td>Orange</td>
<td>133</td>
<td>34,360</td>
<td>151,000</td>
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<tr>
<td>Sacramento</td>
<td>67</td>
<td>12,320</td>
<td>111,000</td>
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<tr>
<td>San Francisco</td>
<td>133</td>
<td>9,226</td>
<td>19,000</td>
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<tr>
<td>San Joaquin</td>
<td>80</td>
<td>3,164</td>
<td>54,000</td>
</tr>
<tr>
<td>San Mateo</td>
<td>133</td>
<td>9,090</td>
<td>12,000</td>
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<tr>
<td>Tulare</td>
<td>75</td>
<td>3,530</td>
<td>44,000</td>
</tr>
</tbody>
</table>
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 LIHPs in reaching for “enhanced scenario” early
Thank you!

I am happy to take your questions

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