

ITUP

Insure the Uninsured Project

**Assembly Select Committee on Health Delivery
Systems and Universal Coverage**
Overview of Coverage and Care in California

October 23, 2017
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Executive Director

WHO WE ARE

Insure the Uninsured Project (ITUP)



- Nonpartisan, independent 501 (c)(3) organization, founded in 1996
- ITUP's mission is to promote innovative and workable policy solutions that expand health care access and improve the health of Californians
- ITUP implements its mission through policy-focused research and broad-based stakeholder engagement

ITUP Vision--All Californians have the resources they need to preserve and improve health

ITUP seeks a health care system that is:

Universal – All Californians are eligible for comprehensive health coverage and services, including primary and preventive health care services

Accessible – Californians have access to coverage choices and services that are available, timely and appropriate

Affordable – Coverage and care are affordable for public and private purchasers and for consumers at the point of care

Effective – Health care and related support services are cost-effective, coordinated, and high-quality

Equitable – Californians can expect fair access and treatment regardless of health status, age, income, language, race or ethnicity, gender, immigration status, geographic region, and public or private coverage

Presentation Goals

Provide a **high-level** overview of health coverage and care in California

Highlight California's progress under the Affordable Care Act

Set the stage for more detailed presentations to follow

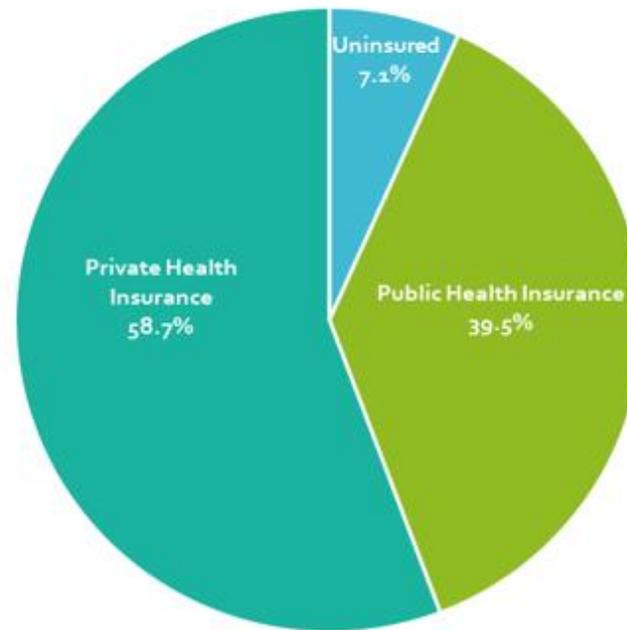
Coverage Landscape

Where are we now?

Coverage Overview

- Private insurance (employer and individual) is the largest source of coverage
- More Californians are enrolled in employer-sponsored coverage followed by Medi-Cal as a source of coverage
- With implementation of the Affordable Care Act and other state efforts, California cut the number of uninsured in half to 7.1%
- Nearly three million Californians remain uninsured

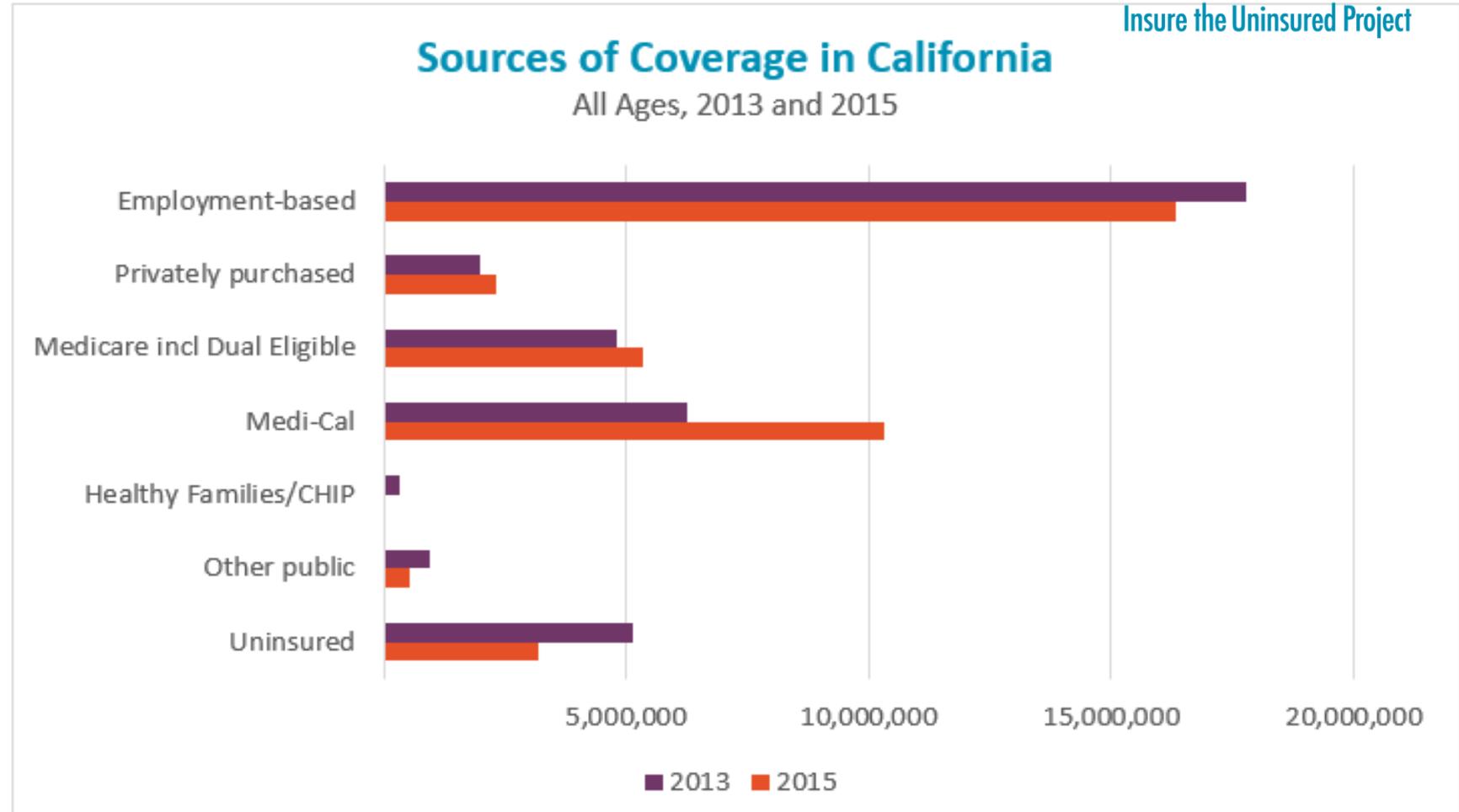
Insurance Coverage in California, 2016 All Ages



Source: Insure the Uninsured Project; Robin A. Cohen, Emily P. Zammitti, and Michael E. Martinez, "Health Insurance Coverage: Early Release of Estimates From the National Health Interview Survey, 2016," May 2017. Includes percentages and relative standard error.

Largest source of coverage continues to be private health insurance

Employer-sponsored coverage insures nearly 43 percent of Californians, followed by Medi-Cal at 30 percent

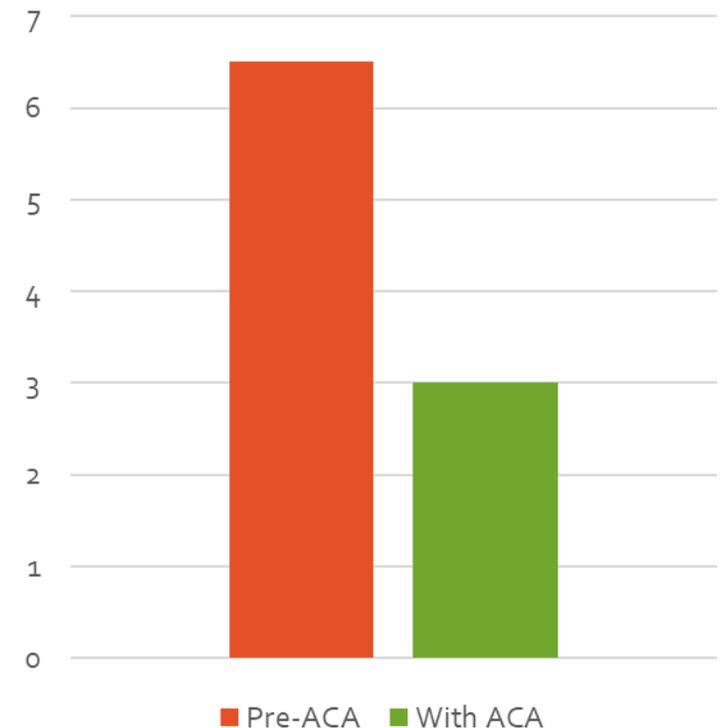


Source: Insure the Uninsured Project; 2013 and 2015 California Health Interview Survey

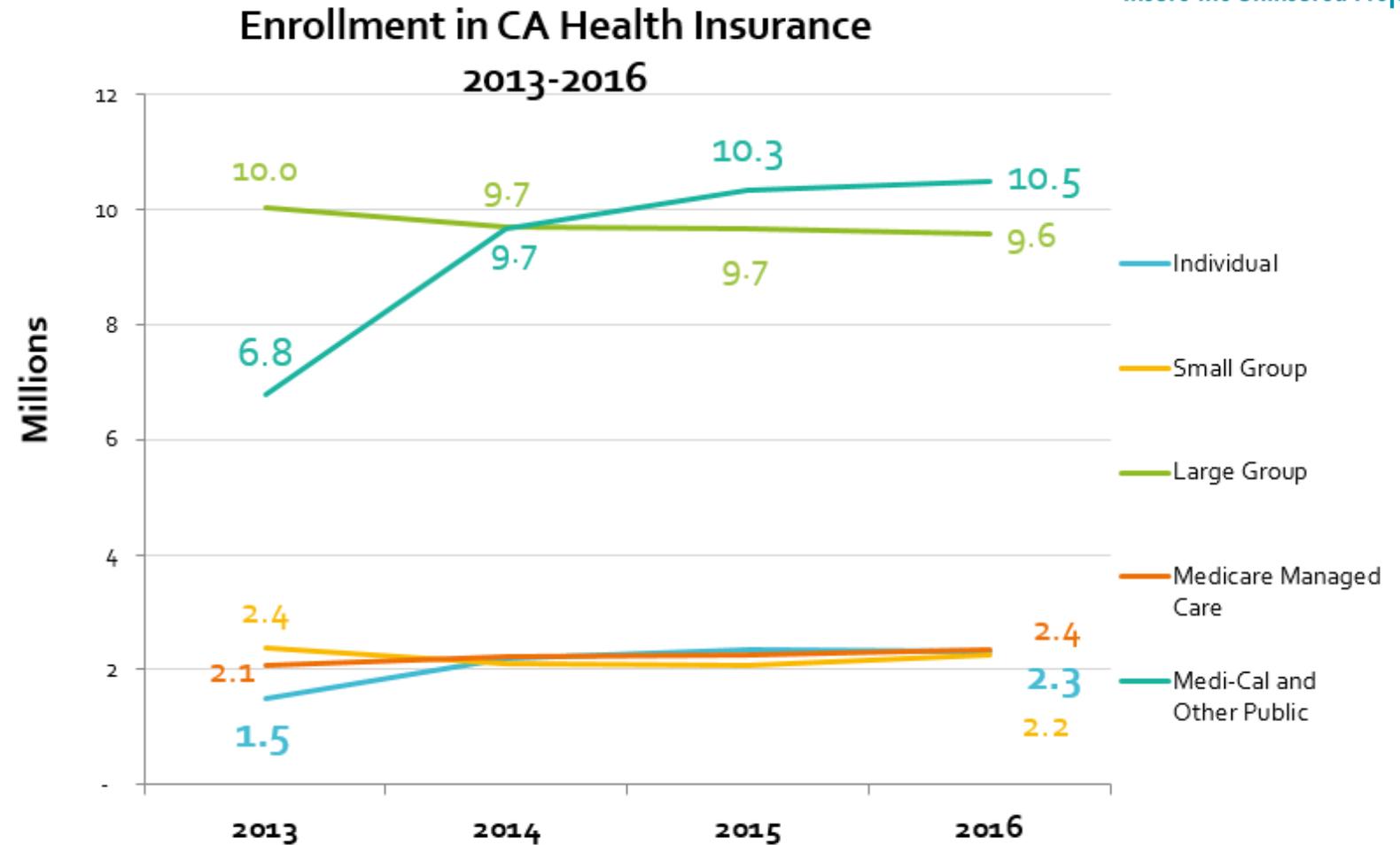
With ACA and state action, California has dramatically reduced the number of uninsured

- **The largest reduction in the uninsured of any state**
- Pre-ACA (2013) – 6.5 - 7 million uninsured
- With ACA (2016) – under 3 million uninsured (7.1%)
- Medi-Cal enrollment increased from 8.6 million pre-ACA to 14 million
- The ACA coverage expansion added 4.9 million beneficiaries
- Covered California enrolled 1.4 million

The Number of People Uninsured in California (in millions)



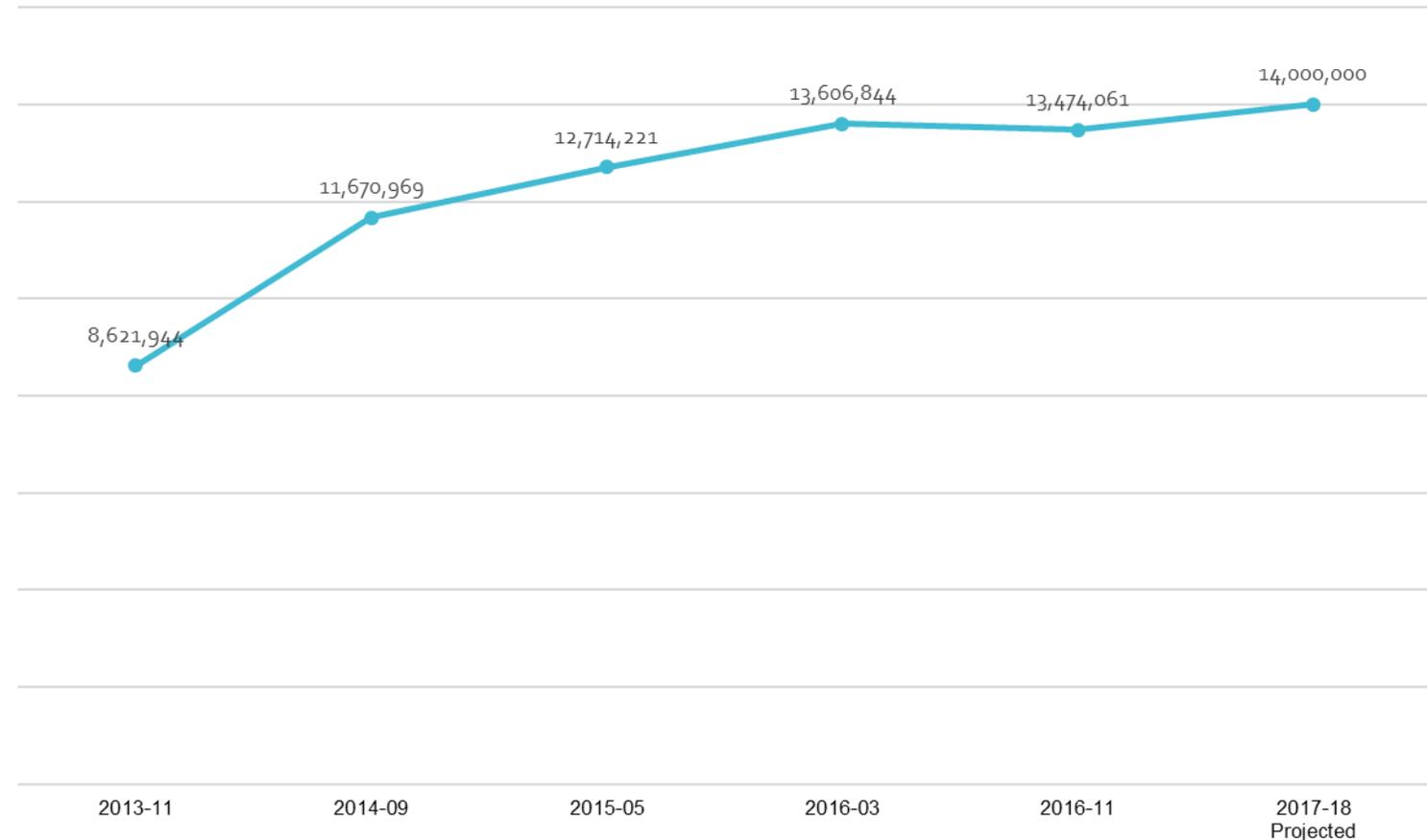
The largest coverage increases have come in Medi-Cal and regulated individual coverage



California Department of Managed Health Care, "Enrollment Summary Report," 2013-2016
California Department of Insurance, "Health Insurance Covered Lives Report", 2013-2016

Medi-Cal is the fastest growing source of coverage

Medi-Cal Enrollment Growth, 2013-2017



Source: Medi-Cal Monthly Enrollment Fast Facts, Department of Health Care Services, Research and Analytic Studies Division, November 2016.

California has been able to close gaps in coverage

PROGRAM ELIGIBILITY BY FEDERAL POVERTY LEVEL
PLAN YEAR 2017

You may qualify for a Covered California plan with financial assistance, or free or low-cost Medi-Cal, depending on your household income and family size.

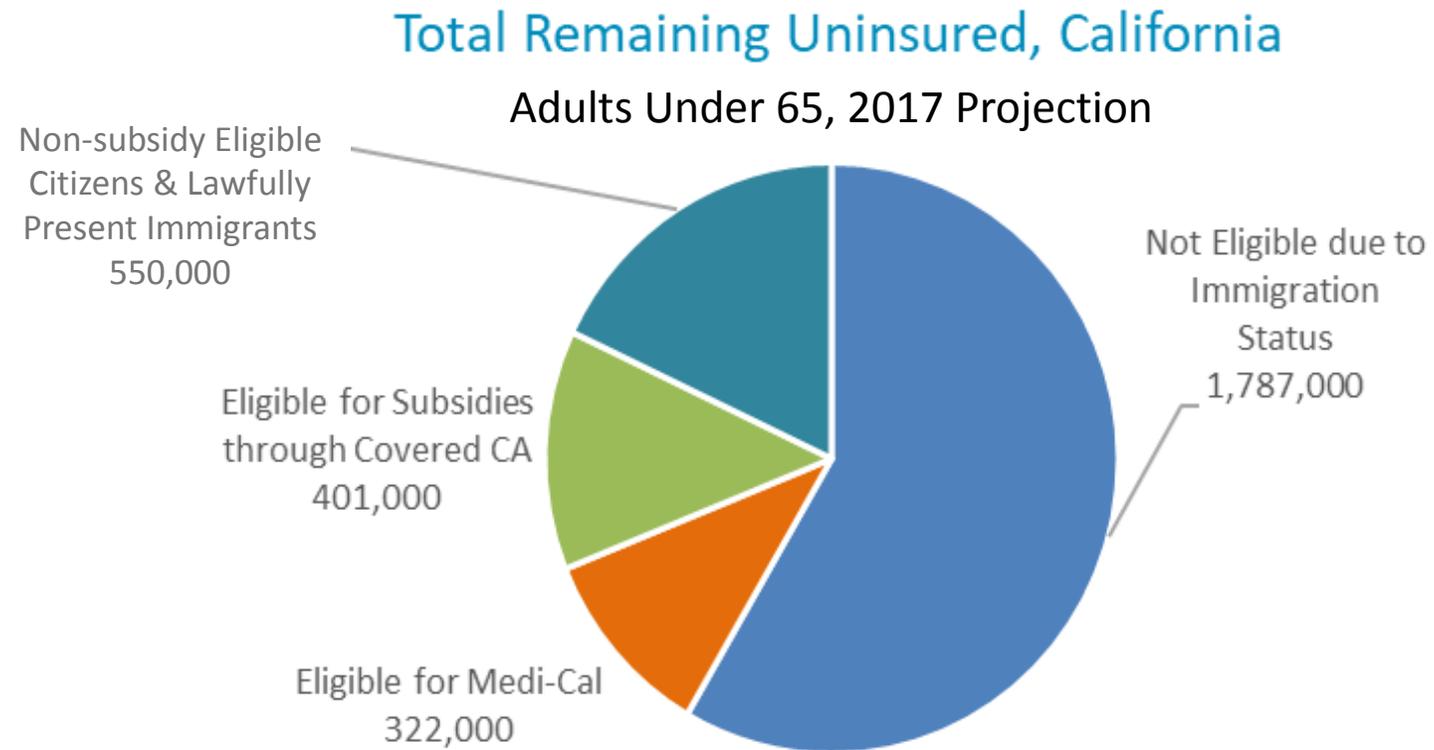
|  | | PREMIUM ASSISTANCE | | | | | | | | | | | |
|---|-----------------------------|---------------------------------------|----------|----------|-----------------------|----------|------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| | | AMERICAN INDIAN / ALASKA NATIVE PLANS | | | | | | | | | | | |
| | | ENHANCED SILVER PLANS (100%-250%) | | | | | | | | | | | |
| | | SILVER 94 (100%-150%) | | | SILVER 87 (150%-200%) | | SILVER 73 (>200%-250%) | | | | | | |
| % OF FPL | 100% | ± 138% | > 138% | 150% | 200% | > 213% | 250% | ± 266% | > 266% | 300% | ± 322% | 400% | |
| HOUSEHOLD SIZE | 1 | \$11,880 | \$16,643 | \$16,644 | \$17,820 | \$23,760 | \$25,688 | \$29,700 | \$32,080 | \$32,081 | \$35,640 | \$38,834 | \$47,520 |
| | 2 | \$16,020 | \$22,412 | \$22,413 | \$24,030 | \$32,040 | \$34,592 | \$40,050 | \$43,199 | \$43,200 | \$48,060 | \$52,293 | \$64,080 |
| | 3 | \$20,160 | \$28,180 | \$28,181 | \$30,240 | \$40,320 | \$43,495 | \$50,400 | \$54,318 | \$54,319 | \$60,480 | \$65,753 | \$80,640 |
| | 4 | \$24,300 | \$33,948 | \$33,949 | \$36,450 | \$48,600 | \$52,398 | \$60,750 | \$65,436 | \$65,437 | \$72,900 | \$79,212 | \$97,200 |
| | 5 | \$28,440 | \$39,717 | \$39,718 | \$42,660 | \$56,880 | \$61,302 | \$71,100 | \$76,555 | \$76,556 | \$85,320 | \$92,672 | \$113,760 |
| | 6 | \$32,580 | \$45,485 | \$45,486 | \$48,870 | \$65,160 | \$70,205 | \$81,450 | \$87,674 | \$87,675 | \$97,740 | \$106,132 | \$130,320 |
| | 7 | \$36,730 | \$51,254 | \$51,255 | \$55,095 | \$73,460 | \$79,109 | \$91,825 | \$98,793 | \$98,794 | \$110,190 | \$119,591 | \$146,920 |
| | 8 | \$40,890 | \$57,022 | \$57,023 | \$61,335 | \$81,780 | \$88,012 | \$102,225 | \$109,912 | \$109,913 | \$122,670 | \$133,051 | \$163,560 |
| | each additional person, add | \$4,160 | \$5,769 | \$5,770 | \$6,240 | \$8,320 | \$8,904 | \$10,400 | \$11,119 | \$11,120 | \$12,480 | \$13,460 | \$16,640 |

|  | | MEDI-CAL FOR ADULTS | MEDI-CAL ACCESS PROGRAM (FOR PREGNANT WOMEN) |
|---|--|-------------------------------|--|
| | | MEDI-CAL FOR KIDS (0-18 yrs.) | |

3/2017

Source: Covered California

The majority of the remaining uninsured, **58 percent**, are individuals not eligible for existing coverage because of immigration status



Source: Insure the Uninsured Project; Miranda Dietz, Dave Graham-Squire, Tara Becker, Xiao Chen, Laurel Lucia, and Ken Jacobs, "Preliminary CalSIM v 2.0 Regional Remaining Uninsured Projections," August 2016

Rate of uninsured declined in all California counties but still differs by region

| County | 2013 Uninsured Rate | 2016 Uninsured Rate |
|----------------------|---------------------|---------------------|
| Imperial County | 28.0% | 12.0% |
| Fresno County | 23.0% | 9.0% |
| Mendocino County | 21.0% | 9.0% |
| Humboldt County | 22.0% | 7.0% |
| Los Angeles County | 21.0% | 7.0% |
| San Diego County | 17.0% | 5.0% |
| San Francisco County | 12.0% | 5.0% |
| Sonoma County | 14.0% | 5.0% |
| Marin County | 9.0% | 3.0% |
| Placer County | 10.0% | 3.0% |

Source: Insure the Uninsured Project
Enroll America: "Uninsured rates: All Counties in California, 2013-2016"

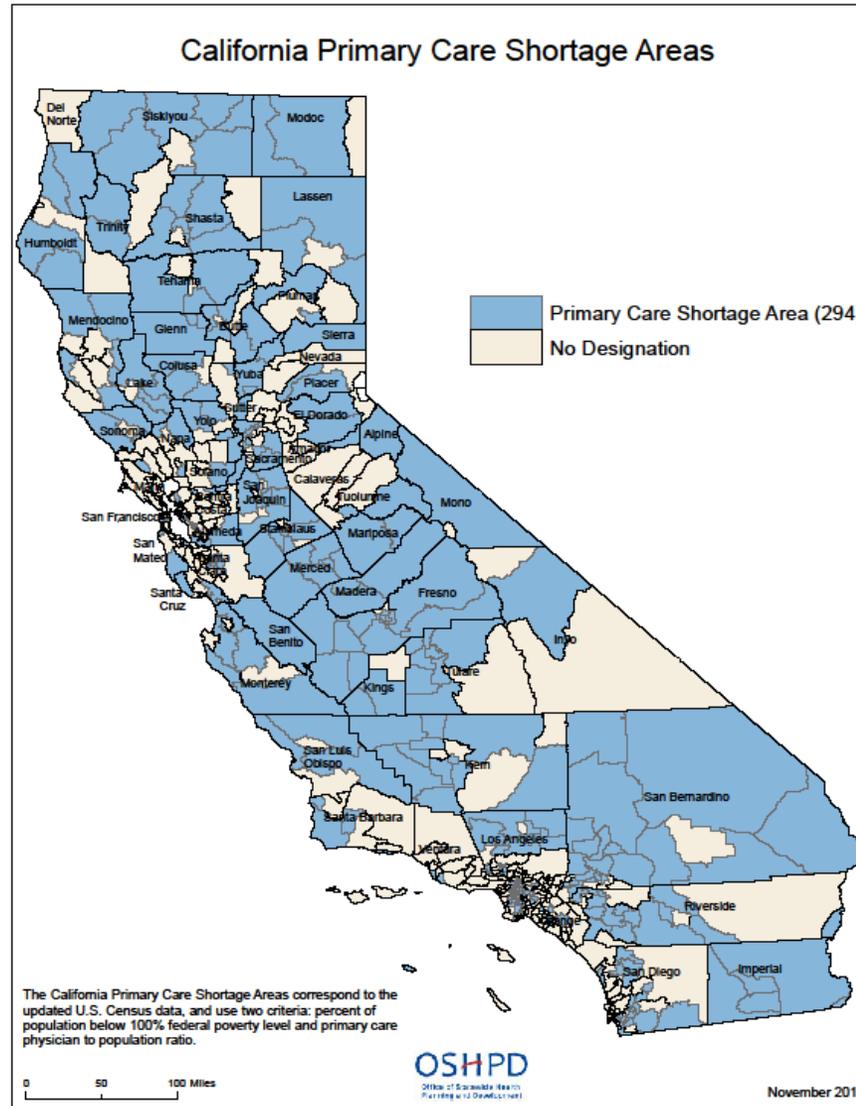
Delivery System Landscape

Characteristics of Health Care in California

Delivery System Overview

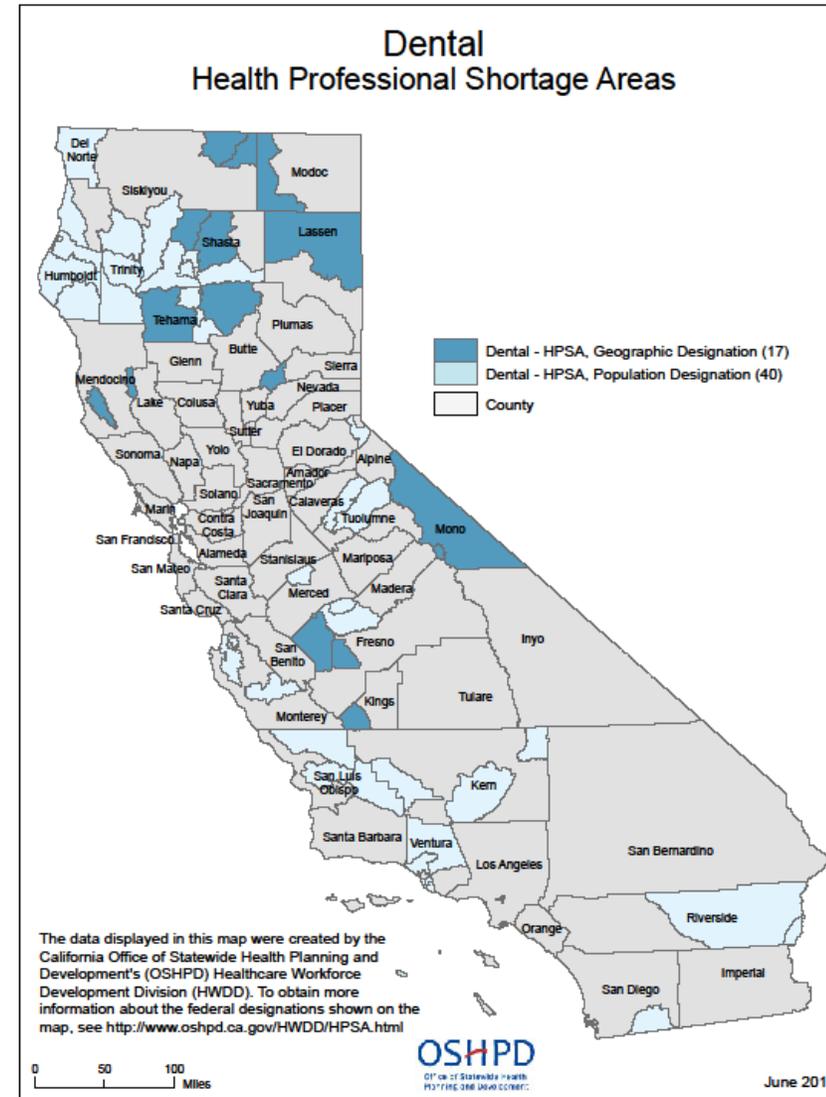
- Differs by county and **regional health care market** with locally-developed delivery systems: rural-urban, North-South, coastal-inland, densely populated-sparsely populated, multi-county markets (e.g. Bay Area)
- California has the highest use of **managed care** (known as “penetration”) of any state with specific impacts for cost and delivery systems
- **Strong state laws** (pre- and post-ACA), including many consumer protections that exceed federal law. Means California must reconcile with new federal laws to ensure California retains protections in state law

Most areas of California are experiencing provider shortages, both primary care and specialty care, but the severity of the shortage varies by region



Source: Office of Statewide Health Planning and Development, October 2013
 U.S. Census Bureau Data

Many areas of California are also designated as dental shortage areas



Source: Office of Statewide Health Planning and Development, October 2013
U.S. Census Bureau Data

Physician supply differs by region

Primary Care Physicians Number per 100,000 Population

Recommended Supply:

- 60 to 80 per 100,000

CA Statewide Average:

- 50 per 100,000

CA Select Regions:

- Inland Empire – 35 (Low)
- Greater Bay Area – 64 (High)
- San Joaquin Valley – 39
- Northern Sierra – 47
- Los Angeles County – 48

Specialty Physicians Number per 100,000 Population

Recommended Supply:

- 85 to 105 per 100,000

CA Statewide Average:

- 104 per 100,000

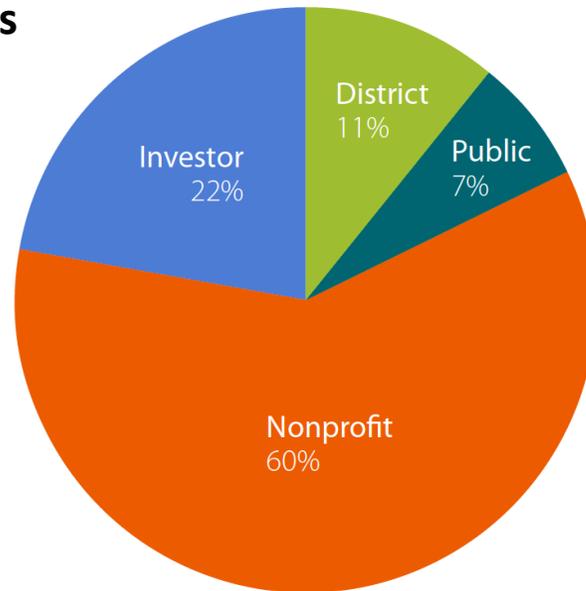
CA Select Regions:

- Inland Empire – 64 (Low)
- Greater Bay Area – 138 (High)
- San Joaquin Valley – 65
- Northern Sierra – 76
- Los Angeles County – 110

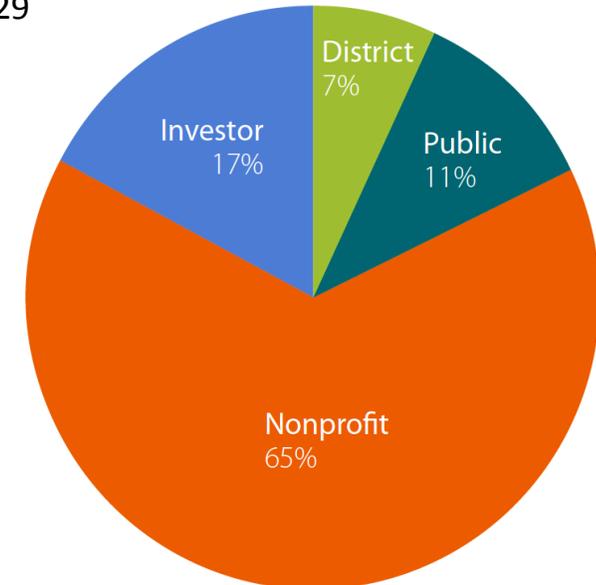
Source: California Health Care Foundation
Quick Reference Guide: California Physicians August 2017 (2015 data)

Profile of California Hospitals

**General Acute
Care Hospitals**
n=384



Licensed Beds
n=81,729



Average occupancy rate 53%
Total outpatient visits 43.9 million
Total ED visits 11.4 million
Annual discharges 3.3 million

Source: California Health Care Foundation
California Hospitals Quick Reference Guide, 2015 (2013 Data)

California was at the forefront in the early development of managed care and continues to experiment and innovate

Managed care generally means a coverage model with incentives and/or restrictions to use a defined network of affiliated or contracted providers and at least some management of costs and utilization

- Health Maintenance Organizations (HMOs)
- Preferred Provider Organizations (PPOs)
- Exclusive Provider Organizations (EPOs)
- Accountable Care Organizations (ACOs)

- Managed care dominates private and Medi-Cal coverage in all regions
- Slow to reach rural areas, primarily because of the challenges in the supply of providers for an adequate network
- Medi-Cal managed care expansion and the state exchange, Covered California, helped to extend coverage and managed care to remote, rural areas
- Managed care in California is always evolving in terms of network model, provider payment methods, and degree of emphasis on managing costs and coordinating care

Despite enrollment declines in recent years, HMO penetration in California remains high relative to other states

Rates for Selected states

| State | HMO Penetration Rate |
|----------------------------|----------------------|
| California | 59.2% |
| Hawaii | 58.2% |
| New Mexico | 45.2% |
| Oregon | 40.2% |
| New York | 35.6% |
| Massachusetts | 34.2% |
| <i>U.S. Average</i> | <i>31.6%</i> |
| Arkansas | 14.2% |
| Vermont | 2.8% |
| Alaska | 0.2% |

Kaiser Family Foundation
State Health Facts: State HMO Penetration Rate, January 2016

Medi-Cal managed care models

| Medi-Cal Managed Care Models | | |
|--|--|--------------------------------|
| Model | Description | Enrollment (September 2017) |
| Two-Plan (14 counties) | One county-developed local initiative health plan and a commercial health plan | 7 million |
| County-Organized Health System (COHS) (6 plans, 22 counties) | One county-wide health plan originally organized by a county. Three of the six COHSs serve multiple counties | 2.2 million |
| Geographic Managed Care (Sacramento and San Diego) | Multiple commercial health plans | 1.7 million |
| Regional and County- Specific (20 primarily rural counties) | At least two commercial plans in 20 primarily rural counties, except for Imperial which has one plan | 385,435 |

Source: Insure the Uninsured Project
Department of Health Care Services, September 2017 monthly enrollment report

Medicare Enrollees can Choose to enroll in a managed care plan

- In 2017, **41 percent** of Medicare beneficiaries in California are voluntarily enrolled in Medicare Advantage managed care plans
 - 6 million Medicare beneficiaries in California, 2.5 million enrolled in Medicare Advantage
 - Penetration ranges from a high of 57% in San Bernardino to less than 2% in Shasta County
- The national average for Medicare Advantage enrollment is 33%
- Medicare Advantage plans typically reduce out-of-pocket costs at the point of care and may cover additional benefits such as dental or vision

Source: Centers for Medicare and Medicaid Services

California veterans of the U.S. military may also be eligible for health care through the Veterans Administration

- **Veterans Health Administration (VHA)**

The Veterans Health Administration (VHA) is the largest integrated health care system in the United States, providing care at 1,243 health care facilities, including 170 VHA Medical Centers and 1,063 outpatient sites, serving more than 9 million enrolled veterans each year.

- **Eligibility for VHA services**

Most veterans who enlisted after September 7, 1980, or who entered active duty after October 16, 1981 and who served at least 24 continuous months or the full term of enlistment, subject to annual income limits. The VA maintains a priority system, with most benefits going to those with the greatest health or financial need.

- **Basic VHA services covered for enrolled veterans**

Preventive, primary and specialty care

Diagnostic, inpatient and outpatient services

- **California VHA Facilities**

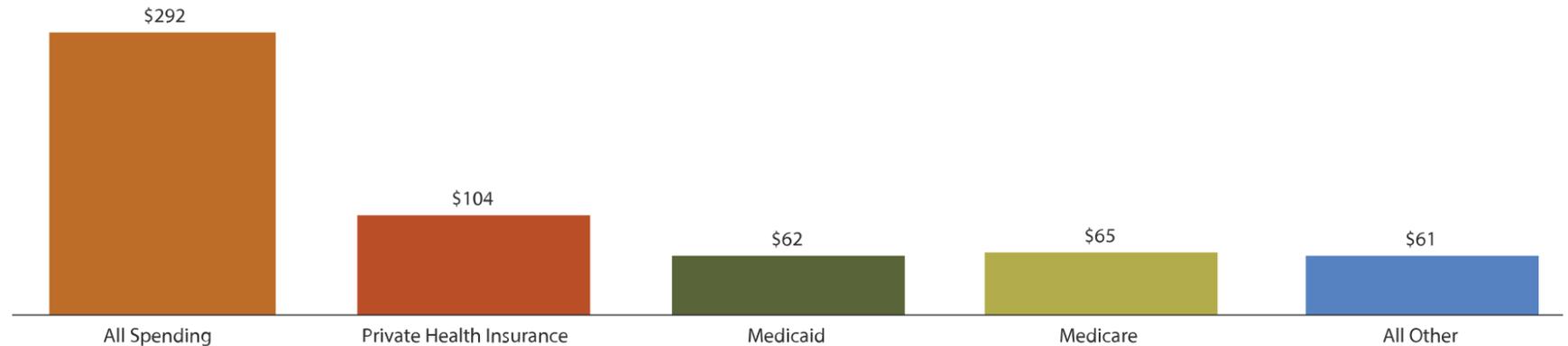
There are 136 VHA hospitals and clinics located in California

Health spending
in California in
2014 totaled
\$292 billion

12.6% of the state's
economy

\$7,549 per person

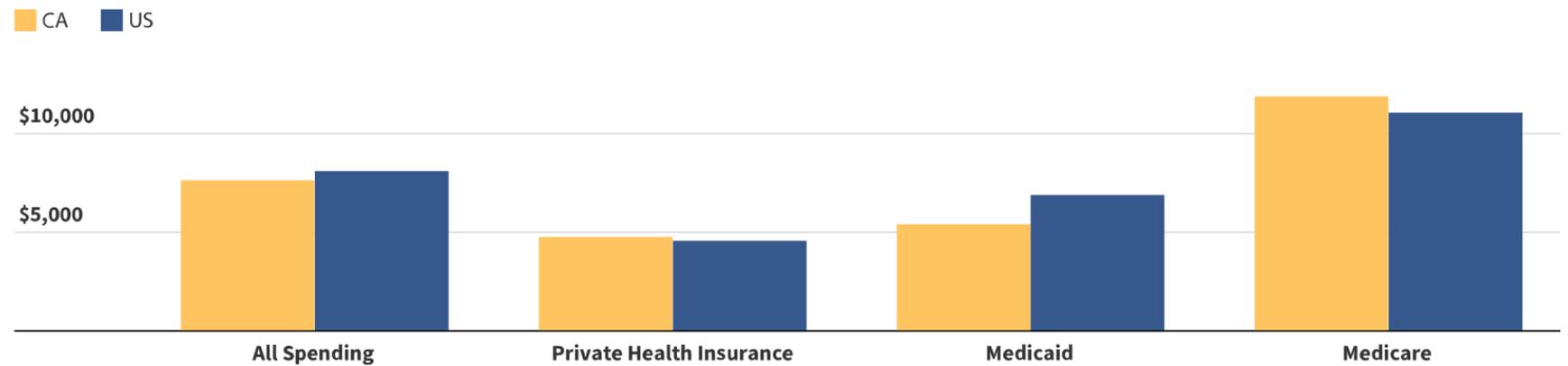
Health Care Spending in California, 2014
Aggregate totals in billions, by Payer Source



Source: California Health Care Foundation
Centers for Medicare and Medicaid Services
Health Spending by State of Residence, 1991-2014

Overall per capita and Medicaid per enrollee spending is lower in CA than the US

Per Capita Spending in California By Payer Source, 2014



Source: California Health Care Foundation
Centers for Medicare and Medicaid Services
Health Spending by State of Residence, 1991-2014

Total Medicaid (Medi-Cal) spending surged in 2014 as millions gained coverage

However, the next slide reveals that **per enrollee** spending in Medi-Cal fell in 2014, with the influx of a younger, healthier population

Annual Spending Growth in California By Payer Source

Spending Growth, Aggregate and per Capita/Enrollee, California

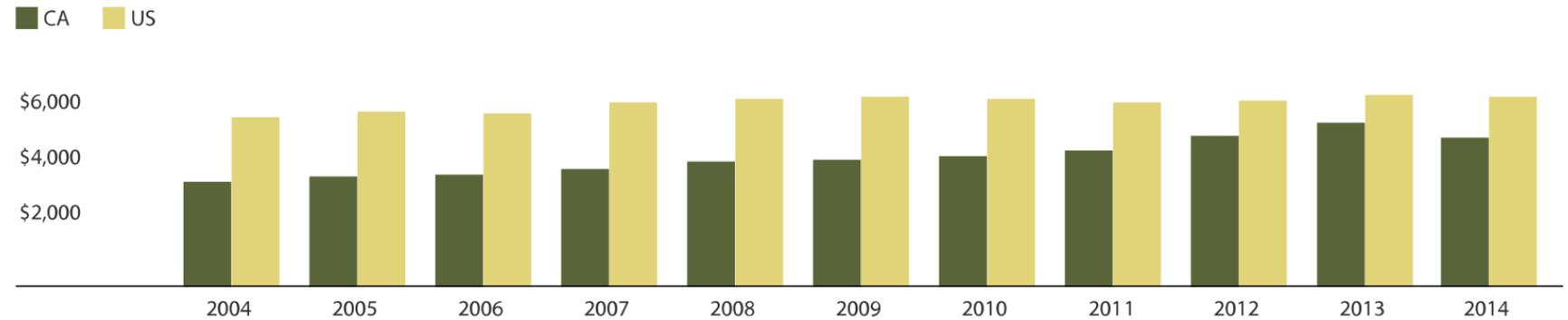


Source: California Health Care Foundation
Centers for Medicare and Medicaid Services
Health Spending by State of Residence, 1991-2014

ACA Medicaid expansion brought a decline in per enrollee spending in 2014

CA and US

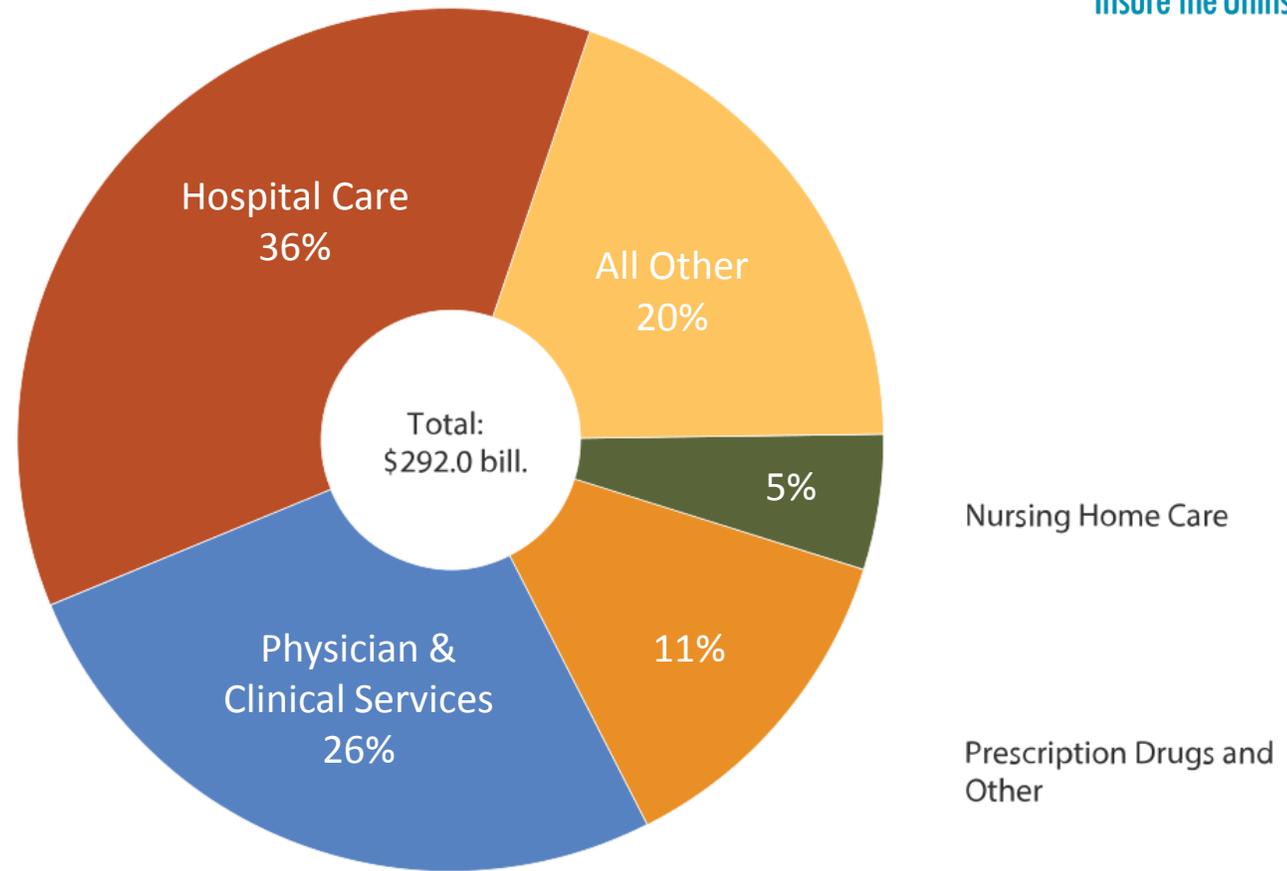
Medicaid Spending* per Enrollee, CA vs. US, 2004-2014



Source: California Health Care Foundation
Centers for Medicare and Medicaid Services
Health Spending by State of Residence, 1991-2014

On what is the money spent?

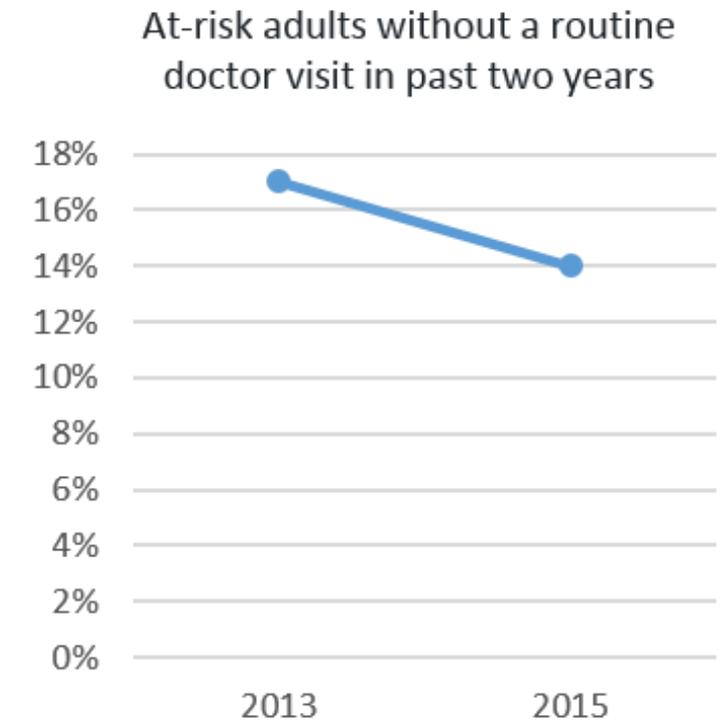
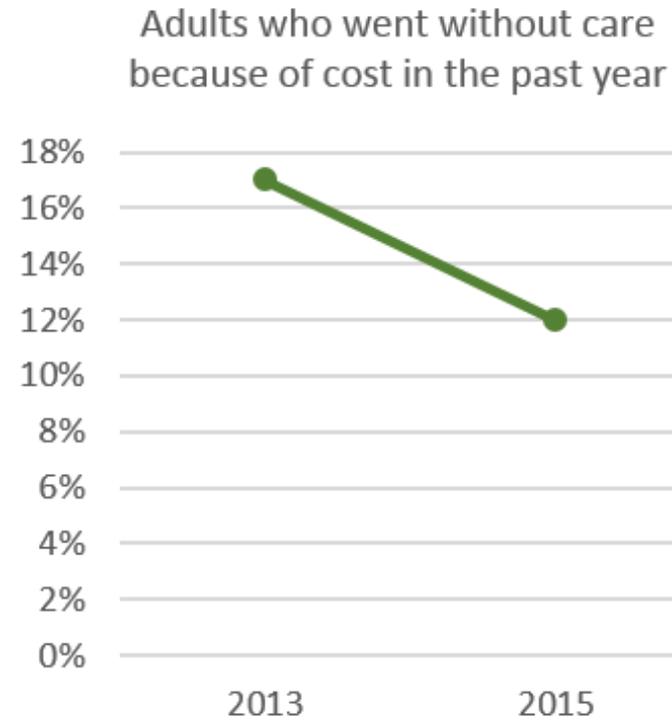
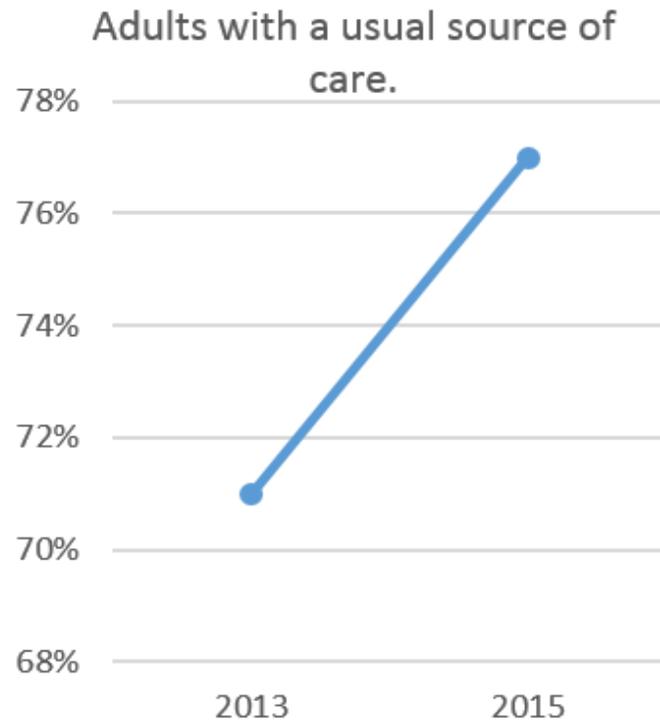
All Payers



Source: California Health Care Foundation
Centers for Medicare and Medicaid Services
Health Spending by State of Residence, 1991-2014

Commonwealth State Scorecard reveals California progress 2013-2015

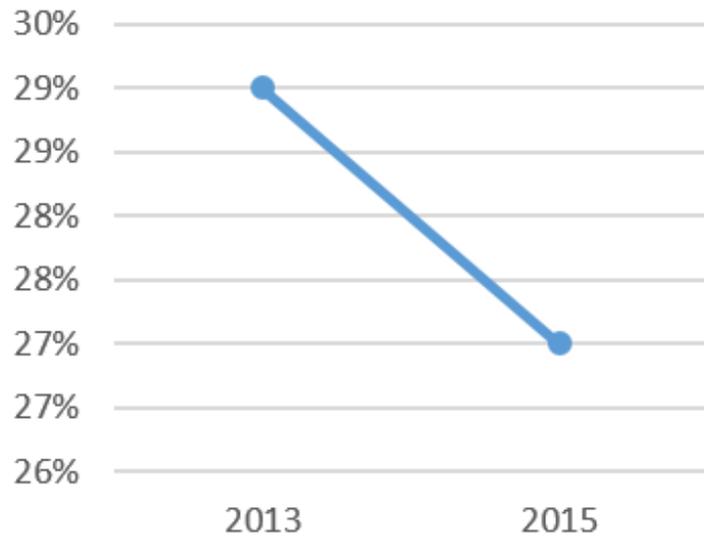
California moves from 26th among states to 14th



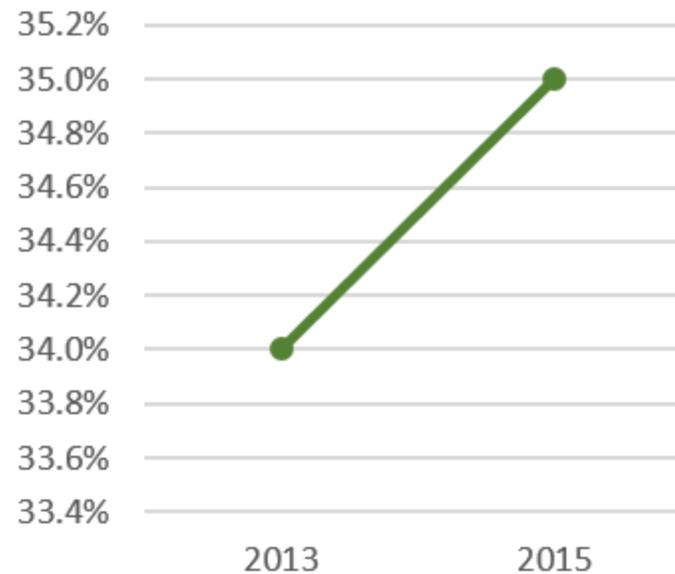
Source: Commonwealth Fund
State Scorecard on Health System Performance, June 2017

Commonwealth State Scorecard reveals California progress 2013-2015

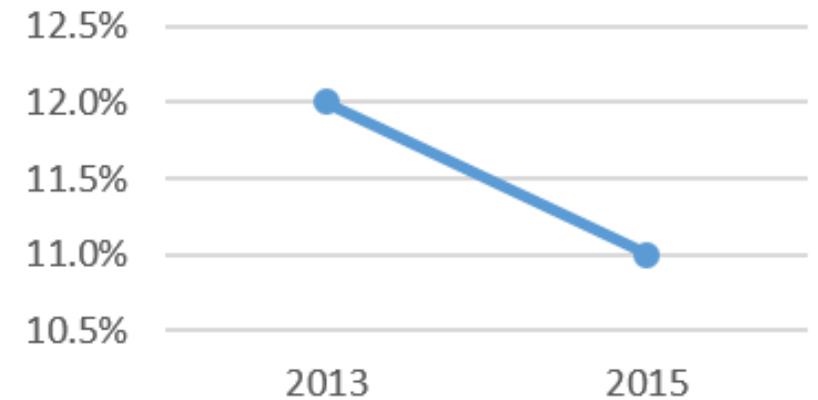
Adults who report fair/poor health because of physical, mental, or emotional problems



Adults with age-appropriate vaccines



Adults who smoke



Source: Commonwealth Fund
State Scorecard on Health System Performance, June 2017



QUESTIONS?