Health coverage gaps in California

Testimony to the Assembly Select Committee on Health Care Delivery Systems and Universal Coverage

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UC Berkeley Labor Center
1) Uninsurance fell dramatically in California under ACA, but 3 million remain uninsured
Historic drop in uninsurance under ACA

Percentage of Californians lacking health insurance

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>17.2%</td>
</tr>
<tr>
<td>2013</td>
<td>17.0%</td>
</tr>
<tr>
<td>2014</td>
<td>12.0%</td>
</tr>
<tr>
<td>2015</td>
<td>8.1%</td>
</tr>
<tr>
<td>2016</td>
<td>7.1%</td>
</tr>
</tbody>
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Source: Centers for Disease Control and Prevention (CDC), National Health Interview Survey
3 million Californians remain uninsured under ACA

2) ACA has reduced differences in coverage rates by income, race/ethnicity, and age, but some groups remain more likely than others to be uninsured.
Low-income still more likely to lack insurance after big coverage gains

Percentage of Californians ages 0-64 lacking insurance by income, 2013 and 2015

<table>
<thead>
<tr>
<th>Income Level</th>
<th>2013 Percentage</th>
<th>2015 Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>138% of Federal Poverty Level (FPL) and below</td>
<td>25.0%</td>
<td>14.8%</td>
</tr>
<tr>
<td>139-250% FPL</td>
<td>20.9%</td>
<td>13.4%</td>
</tr>
<tr>
<td>251-400% FPL</td>
<td>13.2%</td>
<td>9.0%</td>
</tr>
<tr>
<td>401%+ FPL</td>
<td>6.7%</td>
<td>3.4%</td>
</tr>
</tbody>
</table>

Note: For a single individual, 138% FPL is equivalent to $16,240 and 401% FPL is $47,200.
Source: California Health Interview Surveys 2013 and 2015
People of color still more likely to lack insurance after big coverage gains

Percentage of Californians ages 0-64 lacking insurance by race/ethnicity, 2013 and 2015

- Latino: 21.4% (2013), 15.0% (2015)
- Other (non-Latino)*: 9.1% (2013), 6.8% (2015)
- White (non-Latino): 10.3% (2013), 4.9% (2015)

* Other (non-Latino) includes American-Indian/Alaska Native, Native Hawaiian/Pacific Islander, and Two or More Races

Source: California Health Interview Survey 2015
Adults ages 19-35 still most likely to be uninsured after big coverage gains

Percentage of Californians lacking insurance by age group, 2011 and 2015

<table>
<thead>
<tr>
<th>Age Group</th>
<th>2011</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ages 0-18</td>
<td>~1%</td>
<td>4.9%</td>
</tr>
<tr>
<td>19-25</td>
<td>27.7%</td>
<td>13.6%</td>
</tr>
<tr>
<td>26-35</td>
<td>23.2%</td>
<td>14.7%</td>
</tr>
<tr>
<td>36-49</td>
<td>21.2%</td>
<td>11.6%</td>
</tr>
<tr>
<td>50-64</td>
<td>16.3%</td>
<td>9.1%</td>
</tr>
<tr>
<td>65+</td>
<td>~1%</td>
<td>3.8%</td>
</tr>
</tbody>
</table>

Source: California Health Interview Surveys 2013 and 2015
1 in 2 uninsured Californians is self-employed or a small business employee

Uninsured Californians ages 19-64 by employment type and firm size, 2015

- Self-employed: 475,000 (17%)
- Small firm (50 or fewer employees): 968,000 (34%)
- Large firm (51+ employees): 680,000 (24%)
- Not working: 695,000 (25%)

Source: California Health Interview Survey 2015
3) Ineligibility for coverage due to immigration status is the biggest reason for uninsurance in California.
Most undocumented and uninsured Californians are low-income.

Undocumented Californians ages 0-64 by income, 2015

- Income at or below 138% of the Federal Poverty Level (FPL)
  - 1,092,000
  - 23%
- 139-200% FPL
  - 275,000
  - 15%
- 201%+ FPL
  - 402,000
  - 23%

Note: For a single individual, 138% FPL is equivalent to $16,240 and 201% FPL is $23,660.
Source: Analysis of data from California Health Interview Survey 2015 by Miranda Dietz, UC Berkeley Labor Center, and Nadereh Pourat, UCLA Center for Health Policy Research.
Vast majority of uninsured non-citizens lacked coverage all year

Duration of uninsurance over last 12 months among California non-citizens ages 0-64 uninsured at time of survey, 2015

Uninsured full year, 87%

Uninsured part year, 13%

Note: Some non-citizens, including Lawful Permanent Residents and other immigrants as specified by federal and state law, are eligible for Medi-Cal and/or Covered California
Source: California Health Interview Survey 2015
4) Affordability concerns among those eligible for Covered California are the second biggest reason for uninsurance
Nearly 1 million uninsured are eligible to enroll in Covered California

Approximately one-third (31%) of uninsured Californians ages 0-64 are eligible to enroll through Covered California

- **401,000 eligible for premium subsidies**
  all have income at or below 400% FPL

- **550,000 non-subsidy eligible**
  with income both above and below 400% FPL

Affordability is main reason for eligible individuals lacking insurance

- The top reason for lacking insurance among ACA-eligible Californians ages 19-64 in 2014 was that they can’t afford it or it was too expensive.
- Among uninsured Californians who tried to purchase insurance through Covered California in 2015, more than three-quarters (77%) found it very or somewhat difficult to find an affordable plan.

Limited awareness of subsidies is one barrier to enrollment

• Nearly three-quarters of uninsured subsidy-eligible Californians surveyed in June 2017 were not sure if they were eligible for subsidies (54%) or wrongly believed they were not eligible even though they were (19%)

• Those who expected to be eligible for subsidies were twice as likely to plan to enroll

Other affordability barriers for Covered California eligible individuals

Include but are not limited to:

• Premium subsidies are tied to the cost of the premium, but not to cost of living

• Affordability is a challenge for those with income just above 400% of Federal Poverty Level, especially older individuals who face higher premiums

• ‘Family glitch’ affects children & spouses offered unaffordable employer-sponsored family coverage
Nearly half of uninsured citizens are transitionally uninsured

Duration of uninsurance over last 12 months among California citizens ages 0-64 uninsured at time of survey, income at or above 139% of Federal Poverty Level ($16,360 single individual), 2015

Uninsured part year, 47%

Uninsured full year, 53%

Note: Some non-citizens, including Lawful Permanent Residents and other immigrants as specified by federal and state law, are eligible for Medi-Cal and/or Covered California
Source: California Health Interview Survey 2015
5) Some Californians with insurance face high out-of-pocket costs
Underinsurance is a measure of how well insurance protects people from medical costs

Commonwealth Fund measure of underinsurance:

Out-of-pocket costs (amount actually spent) excluding premiums are at least 5% of household income under 200% FPL or 10% for those over 200% FPL

*OR*

Deductible is at least 5% of household income (regardless of amount actually spent)

Source: Commonwealth Fund Biennial Health Insurance Survey
Lower rate of underinsurance in California than in U.S., but problem has grown

Adults ages 19-64 insured all year, 2016

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<thead>
<tr>
<th></th>
<th>California</th>
<th>U.S.</th>
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<tbody>
<tr>
<td>Underinsurance rate</td>
<td>21%</td>
<td>28%</td>
</tr>
<tr>
<td>At least one-cost related access problem</td>
<td>24%</td>
<td>29%</td>
</tr>
<tr>
<td>At least one medical bill problem or debt</td>
<td>25%</td>
<td>33%</td>
</tr>
</tbody>
</table>

Nationally, highest underinsurance rates are in Medicare and individual market

Percent underinsured by insurance source at time of survey among U.S. adults ages 19-64 insured all year, 2016

- Medicare: 47%
- Individual market: 44%
- Medicaid: 26%
- Employer-sponsored insurance: 24%

Surveys confirm underinsurance challenges in California individual market

For example, among adults newly insured through Covered California and surveyed in 2014:

• 36% reported that they were not confident they can afford usual medical costs
• 53% were not confident they can afford major medical costs

Review of key takeaways on California coverage gaps post-ACA:

1) Big coverage gains, but 3 million remain uninsured
2) Differences in coverage rates narrowed, but gaps remain by income, race/ethnicity, & age, and for self-employed & small business employees
3) 6 in 10 uninsured Californians are undocumented
4) Many uninsured who are eligible for Covered California face affordability challenges
5) 1 in 5 Californians with coverage is underinsured; most common in Medicare and individual market
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