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

October 23, 2017
Deborah Kelch
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
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.
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 largest coverage increases have come in Medi-Cal and regulated individual coverage.
Medi-Cal is the fastest growing source of coverage.

California has been able to close gaps in coverage

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

<table>
<thead>
<tr>
<th>County</th>
<th>2013 Uninsured Rate</th>
<th>2016 Uninsured Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Imperial County</td>
<td>28.0%</td>
<td>12.0%</td>
</tr>
<tr>
<td>Fresno County</td>
<td>23.0%</td>
<td>9.0%</td>
</tr>
<tr>
<td>Mendocino County</td>
<td>21.0%</td>
<td>9.0%</td>
</tr>
<tr>
<td>Humboldt County</td>
<td>22.0%</td>
<td>7.0%</td>
</tr>
<tr>
<td>Los Angeles County</td>
<td>21.0%</td>
<td>7.0%</td>
</tr>
<tr>
<td>San Diego County</td>
<td>17.0%</td>
<td>5.0%</td>
</tr>
<tr>
<td>San Francisco County</td>
<td>12.0%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Sonoma County</td>
<td>14.0%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Marin County</td>
<td>9.0%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Placer County</td>
<td>10.0%</td>
<td>3.0%</td>
</tr>
</tbody>
</table>

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
California has both large, urban metropolitan areas, often with public hospital systems and many private providers, and remote rural and frontier areas with extreme provider shortages.

MSSAs are composed of one or more complete census tracts that do not cross county lines.

**Frontier MSSA**
Population density of less than 11 persons per square mile (pps m)

**Rural MSSA**
Population of less than 250 ppsm and no population center over 50,000

**Urban MSSA**
Population range of 75,000 to 125,000

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

<table>
<thead>
<tr>
<th>Primary Care Physicians</th>
<th>Specialty Physicians</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number per 100,000 Population</strong></td>
<td><strong>Number per 100,000 Population</strong></td>
</tr>
<tr>
<td><strong>Recommended Supply:</strong></td>
<td><strong>Recommended Supply:</strong></td>
</tr>
<tr>
<td>▪ 60 to 80 per 100,000</td>
<td>▪ 85 to 105 per 100,000</td>
</tr>
<tr>
<td><strong>CA Statewide Average:</strong></td>
<td><strong>CA Statewide Average:</strong></td>
</tr>
<tr>
<td>▪ 50 per 100,000</td>
<td>▪ 104 per 100,000</td>
</tr>
<tr>
<td><strong>CA Select Regions:</strong></td>
<td><strong>CA Select Regions:</strong></td>
</tr>
<tr>
<td>▪ Inland Empire – 35 (Low)</td>
<td>▪ Inland Empire – 64 (Low)</td>
</tr>
<tr>
<td>▪ Greater Bay Area – 64 (High)</td>
<td>▪ Greater Bay Area – 138 (High)</td>
</tr>
<tr>
<td>▪ San Joaquin Valley – 39</td>
<td>▪ San Joaquin Valley – 65</td>
</tr>
<tr>
<td>▪ Northern Sierra – 47</td>
<td>▪ Northern Sierra – 76</td>
</tr>
<tr>
<td>▪ Los Angeles County – 48</td>
<td>▪ Los Angeles County – 110</td>
</tr>
</tbody>
</table>

Source: California Health Care Foundation
Profile of California Hospitals

General Acute Care Hospitals
n=384

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

Licensed Beds
n=81,729

Source: California Health Care Foundation
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.

<table>
<thead>
<tr>
<th>State</th>
<th>HMO Penetration Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>California</td>
<td>59.2%</td>
</tr>
<tr>
<td>Hawaii</td>
<td>58.2%</td>
</tr>
<tr>
<td>New Mexico</td>
<td>45.2%</td>
</tr>
<tr>
<td>Oregon</td>
<td>40.2%</td>
</tr>
<tr>
<td>New York</td>
<td>35.6%</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>34.2%</td>
</tr>
<tr>
<td><strong>U.S. Average</strong></td>
<td><strong>31.6%</strong></td>
</tr>
<tr>
<td>Arkansas</td>
<td>14.2%</td>
</tr>
<tr>
<td>Vermont</td>
<td>2.8%</td>
</tr>
<tr>
<td>Alaska</td>
<td>0.2%</td>
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</tbody>
</table>

*Source: Kaiser Family Foundation, State Health Facts: State HMO Penetration Rate, January 2016*
Of the 13.4 million Medi-Cal enrollees as of May 2017, 10.9 million, or 81 percent, were enrolled in managed care.

Source: California Department of Health Care Services
## Medi-Cal Managed Care Models

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

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

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.

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

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 for CA and US.

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

Hospital Care 36%

Physician & Clinical Services 26%

All Other 20%

5%

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

ITUP
Insure the Uninsured Project
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

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