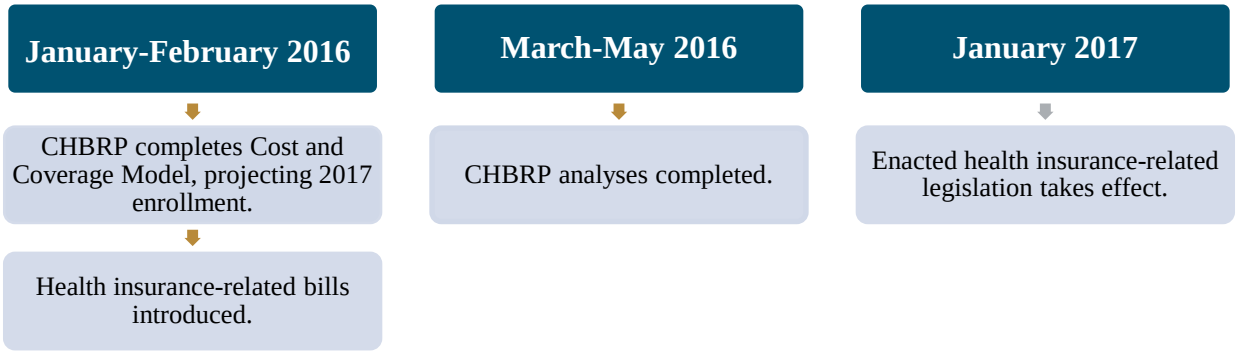
ESTIMATES OF SOURCES OF HEALTH INSURANCE IN CALIFORNIA FOR 2017

The California Health Benefits Review Program (CHBRP) responds to requests from the California Legislature to evaluate relevant medical effectiveness and to project the marginal public health and cost impacts of bills proposing state health insurance benefit mandates (or repeals) and related health insurance legislation.[1] This brief presents health insurance enrollment estimates for California's 2017 population, which are developed through annual updates of CHBRP's Cost and Coverage Model (CCM) and describes major sources and key factors.[2]

CHBRP uses the CCM to estimates baseline 2017 health insurance enrollment in order to project the marginal impacts on benefit coverage, utilization, and cost that 2016 legislation might have, if enacted. Figure 1 describes the analytic timeline for bill introduction, CHBRP analysis, and the effective period for the legislation (if the bill is enacted).

Figure 1. Analytic Timeline



CHBRP's estimates of Californians' 2017 sources of health insurance are presented on the last page of this document, in Table 1. The rest of the document discusses CHBRP's approach to generating these estimates and explains the categories of figures presented in Table 1.

[1] Created in 2002, CHBRP's authorizing statute is available at: www.chbrp.org/documents/authorizing_statute.pdf.
[2] More on the CCM is available at: www.chbrp.org/analysis_methodology/cost_impact_analysis.php.

Data Sources

CHBRP's Cost and Coverage Model (CCM) integrates multiple sources in order to estimate the impact that health insurance benefit mandates will have on the health insurance marketplace *as it will exist* in 2017.

Health insurance potentially subject to state-level mandates

- California Employer Health Benefits Survey (CHCF/NORC) results
- California Public Employees' Retirement System (CalPERS) data
- Department of Health Care Services (DHCS) data
- CHBRP's Annual Enrollment and Premium (AEP) Survey results

Californians with publicly and privately funded health insurance

- California Simulation of Insurance Markets (CalSIM),[3] Version 1.9 (a microsimulation model created to project the effects of the Affordable Care Act)
- California Health Interview Survey (CHIS)[4] data
- CalPERS data
- DHCS data

Enrollees with health insurance from the Large Group and Small Group Markets

- CalSIM
- CHBRP's AEP Survey results

Enrollees with health insurance from the Individual Market

- CalSIM
- CHIS data
- CHBRP's AEP Survey results

[3] CalSIM relies on data from the Medical Expenditure Panel Survey (MEPS) Household Component and Person Round Plan, CHIS, and the California Employer Health Benefits Survey. UC Berkeley Center for Labor Research and Education and UCLA Center for Health Policy Research. *Methodology & Assumptions, California Simulation of Insurance Markets (CalSIM) Version 1.8*, March 2013. Available at http://www.healthpolicy.ucla.edu/pubs/files/calsim_methods.pdf. Accessed April 3, 2016.

[4] CHIS is a continuous survey that provides detailed information on demographics, health insurance coverage, health status, and access to care. See http://healthpolicy.ucla.edu/chis/Pages/default.aspx for additional information.

The Affordable Care Act and CHBRP's Estimates

CHBRP has adapted its CCM to anticipate the continuing implementation of the Affordable Care Act (ACA) in California. These changes, such as the expansion of Medi-Cal and the evolution of Covered California, continue to impact CHBRP's CCM estimates.

While exact 2017 distribution of Californians among health insurance market segments is unknown at this point, projections are possible and necessary to analyze bills introduced in 2016.

Estimating the Marginal Impacts of a Proposed Benefit Mandate

Benefit mandates may affect health insurance differently, depending on several factors including: which regulator is involved, which market segment or purchaser is addressed by the mandate, and whether the health insurance is "grandfathered." These factors, further discussed below, are displayed in Table 1.

Regulators

Benefit mandates passed in California are written into one or two sets of laws:

- The Health and Safety Code, enforced by the Department of Managed Health Care (DMHC); and/or,
- The Insurance Code, enforced by the California Department of Insurance (CDI).

Only DMHC-regulated plans and CDI-regulated policies may be subject to state benefit mandates written into these two codes. To determine the impact of a proposed benefit mandate, CHBRP determines how many Californians will be enrolled in DMHC-regulated plans and CDI-regulated policies at the point in time when the mandate would take effect. As displayed in Table 1, CHBRP projects Californians as having health insurance in one of three regulatory categories:

- *DMHC- or CDI-regulated:* enrolled in state-regulated health insurance;
- *Not state-regulated:* enrolled in health insurance regulated by other public entities, such as the federal government[5]; or
- *Uninsured:* uninsured and so have no health insurance to be regulated.

State-level mandates can only affect the first category, the health insurance of persons enrolled in plans and policies regulated by DMHC or CDI. CHBRP's reports also take into account whether a proposed mandate would exempt from compliance some health insurance regulated by DHMC or CDI. For example, a state-levelautism-related mandate[6] exempts from compliance the

[5] The federal government is the only regulator for some forms of health insurance, such as Medicare and self-insured products.
[6] California Health & Safety Code 1374.73 and Insurance Code 10144.51

DMHC-regulated health insurance of persons associated with CalPERS and the health insurance of Medi-Cal beneficiaries enrolled DMHC-regulated plans. A state-level mandate relevant to preventive treatment for enrollees aged 16 yeas or younger[7] exempts all individual market health insurance.

Market Segment or Purchaser

Health insurance-related legislation passed in California may not affect all DMHC-regulated plans or all CDI-regulated policies. Legislation may exempt some market segments or may exempt health insurance associated with some purchasers. To determine the impact of a proposed benefit mandate, CHBRP estimates how many Californians will be enrolled in which market segments. As displayed in Table 1, CHBRP projects Californians as being:

- Uninsured
- Associated with Privately Funded Health Insurance
  - Large Group (51+) market
  - Small group (2-50) market
  - Individual market (associated with Covered California or not)
  - Self-Insured health insurance[8]
- Associated with Publicly Funded Health Insurance
  - California Public Employees' Retirement System (CalPERS)
  - Medicare and/or Medi-Cal[9]
  - Other public insurance[10]

Grandfathered and Nongrandfathered

Privately funded plans and policies in existence before the ACA was signed — March 23, 2010 — may be "grandfathered" and so exempt from many changes required under the law.[11] As of 2016, ACA requirements for other ("nongrandfathered") plans and polices include:

- Coverage of specific preventive services without cost sharing;

[7] California Health & Safety Code 1367.35 and Insurance Code 10123.5

[8] Self-insured products, as per the federal Employee Retirement Income Security Act (ERISA) are regulated by the federal government.

[9] Includes persons whose primary health insurance comes from Medicaid or the Children's Health Insurance Program (CHIP).

[10] Includes persons whose primary health insurance comes from the Veteran's Administration or other source not regulated by DMHC or CDI.

[11] A grandfathered health plan is "A group health plan that was created — or an individual health insurance policy that was purchased — on or before March 23, 2010. Plans or policies may lose their 'grandfathered' status if they make certain significant changes that reduce benefits or increase costs to consumers" (http://www.healthcare.gov/glossary/g/grandfathered-health.html).

- Restrictions on cost sharing for emergency services;
- Coverage of ten essential health benefits (EHBs) by small group and individually purchased plans and policies.[12]

Additionally, states will be required to defray the cost of benefit mandates beyond the ten EHBs for enrollees who purchase health insurance in Covered California.

As displayed in Table 1, CHBRP differentiates between grandfathered and nongrandfathered plans and policies, so that potentially distinct impacts of proposed mandates may be calculated.

[12] The essential health benefits categories are: ambulatory patient services, emergency services, hospitalization, maternity and newborn care, mental health and substance abuse services, including behavioral health treatment, prescription drugs, rehabilitation and habilitation services and devices, laboratory services, preventive and wellness services and chronic disease management, pediatric services, including oral and vision care.

Table 1: CHBRP Estimates of Sources of Health Insurance in California, 2017

Publicly Funded

	Age	DMHC-regulated	Not state-regulated	Total
Medi-Cal	0-17	3,301,000	174,000	3,475,000
	18-64	3,030,000	159,000	3,189,000
	65+	12,000	23,000	35,000
Medi-Cal COHS	All		1,183,000	1,183,000
Other public	All			791,000
Dually eligible Medicare & Medi-Cal	All	549,000	690,000	1,239,000
Medicare (non Medi-Cal)	All			4,195,000
CalPERS	All	861,000	297,000	1,158,000

Privately Funded Health Insurance

		DMHC-regulated		CDI-regulated		
	Age	Grand-fathered	Non-Grand-fathered	Grand-fathered	Non-Grand-fathered	Total
Self-insured	All					3,236,000
Individually purchased, Subsidized CovCA	0-17	-	34,000	-	-	34,000
	18-64	-	1,740,000	-	4,000	1,744,000
	65+	-	-	-	-	-
Individually purchased, Non Subsidized CovCA and Outside CovCA	0-17	57,000	305,000	77,000	24,000	463,000
	18-64	266,000	1,432,000	359,000	114,000	2,171,000
	65+	1,000	5,000	1,000	-	7,000
Small group	0-17	110,000	592,000	2,000	181,000	885,000
	18-64	327,000	1,756,000	7,000	536,000	2,626,000
	65+	3,000	17,000	-	5,000	25,000
Large group	0-17	591,000	1,696,000	7,000	71,000	2,365,000
	18-64	1,754,000	5,032,000	20,000	209,000	7,015,000
	65+	17,000	48,000	-	2,000	67,000

Uninsured

Age	Total
0-17	317,000
18-64	2,302,000
65+	44,000

California's Total Population **38,566,000**

Source: CHBRP, 2016
Key: CDI = California Department of Insurance; CalPERS = California Public Employees' Retirement System; COHS = county operated health system; CovCA = Covered California (the state's health insurance marketplace); DMHC = California Department of Managed Health Care