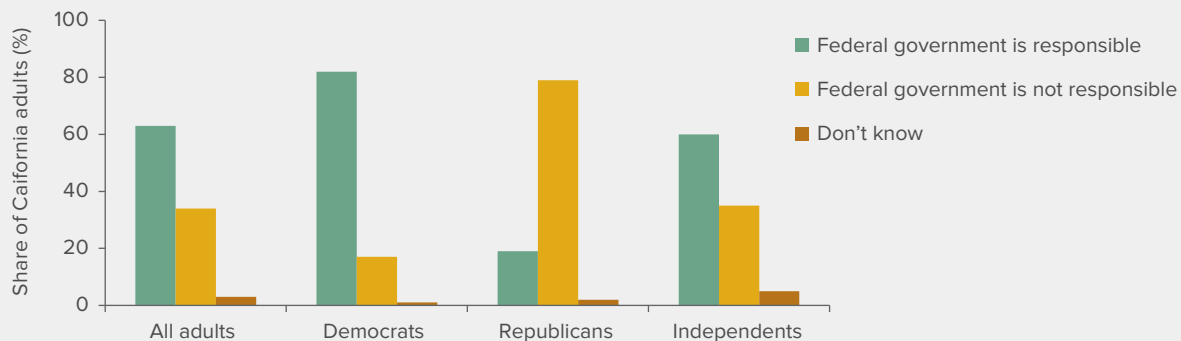


## California is looking to protect and expand health coverage gains

Health care is a major policy issue in this presidential election year. The success of the Affordable Care Act (ACA) in expanding health insurance coverage—as well as the political and legal challenges it has faced—has sparked serious state and national conversations about the role of government and public programs in ensuring that everyone has access to affordable health insurance. In California, the new governor and the Democratic majority in the legislature have signaled their support for further coverage expansions financed primarily with state funds.

Nearly 3 million Californians continue to lack comprehensive insurance coverage. The governor has asked a commission to develop options for providing health coverage to all Californians through a single-payer system—with the state serving as the sole insurer. There are major unknowns about how such a system would be financed and whether it would be politically achievable at state and federal levels. According to the November 2019 PPIC Statewide Survey, more than six in ten Californians believe that ensuring that all Americans have health coverage is the federal government’s responsibility. But there is a partisan divide: 82 percent of Democrats hold this view, compared to 19 percent of Republicans. The outcome of the 2020 election could reduce uncertainty, but state policymakers will need to decide how to advance the health and well-being of Californians.

### MOST SAY HEALTH COVERAGE IS A FEDERAL RESPONSIBILITY



SOURCE: November 2019 PPIC Statewide Survey.

## California’s coverage landscape is uncertain

The ACA transformed health care coverage across the state, but a large share of Californians are still insured through their employers. Health care costs—and an uncertain federal policy landscape—are a major concern.

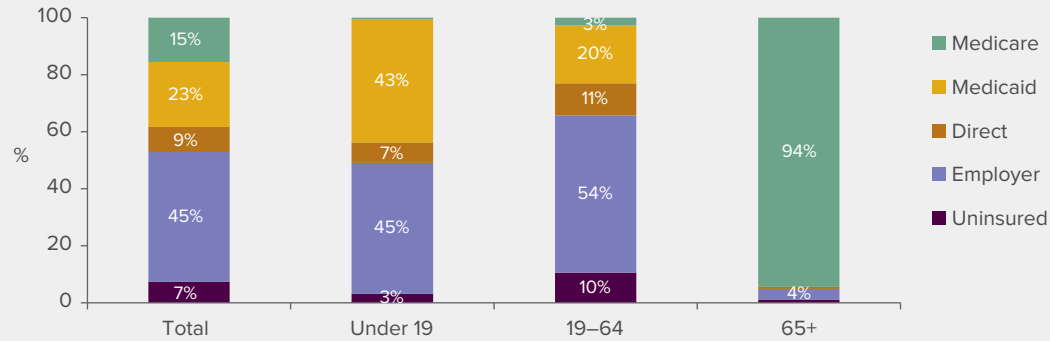
- **Employer-provided insurance remains the most common type of coverage.**

Forty-five percent of all Californians have private health insurance through their employers, while another 9 percent directly purchase individual coverage, most often through Covered California, the state insurance marketplace under the ACA. Nearly two-thirds of adults age 19 to 64 have private coverage through employers (54%) or direct purchase (11%). Most children are covered through either a parent’s employer (45%) or the state’s Medicaid program, Medi-Cal (43%). Medicare, a federal program that serves seniors and the disabled, covers nearly 95 percent of Californians age 65 and older as well as small shares of disabled children and adults. In 2018, the latest year for which data are available, about 7 percent of state residents lacked comprehensive health insurance.

- **Most Californians are worried about the cost of health care.**

Californians’ concerns mirror state and national policy debates focused on health care costs. The September 2019 PPIC Statewide Survey found that about seven in 10 California adults are “somewhat worried” or “very worried” about their ability to afford health care.

## EMPLOYER INSURANCE IS MOST COMMON, BUT PUBLIC PROGRAMS COVER SENIORS AND MANY CHILDREN



SOURCES: American Community Survey, 2018 PUMS.

NOTES: “Direct” refers to coverage purchased from individual markets such as Covered California. Insurance coverage in the ACS indicates whether an individual has insurance coverage at the time of the survey, which is conducted throughout the year. Very small shares (<1.5%) of Californians have insurance coverage through the military (either VA or Tricare) and are not shown.

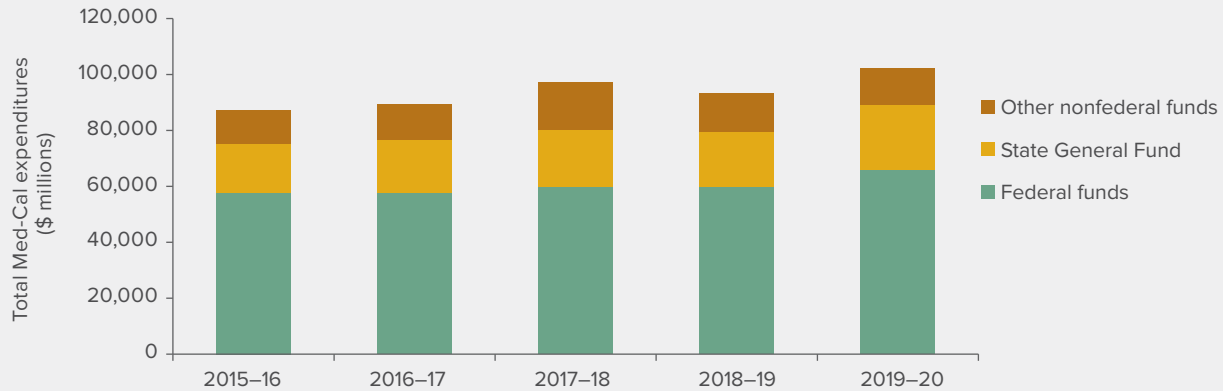
- **The shifting federal policy landscape has prompted state action to protect coverage.**  
California policymakers embraced the ACA during the Schwarzenegger administration and implemented it fully during Governor Brown’s tenure. But the ACA has been embattled at the federal level. California has responded to recent attempts to dismantle the ACA with policies designed to maintain its coverage gains.

## Many Californians rely on programs supported by public funds

Most seniors are covered by Medicare, a federal insurance program. Many low-income Californians rely on Medi-Cal, while many with incomes too high to qualify for Medi-Cal can get government subsidies to help them pay for private insurance through Covered California.

- **Medi-Cal enrollment has increased dramatically under the ACA.**  
Medi-Cal expanded in 2014, and enrollment increased more than 60 percent by mid-2016; Medi-Cal currently serves about 13 million Californians—about 30 percent of the state’s population. In some counties, nearly half of all residents are enrolled in Medi-Cal. The federal government covers 90 percent of the cost of newly eligible adult enrollees. In addition, California has used state funds to extend Medi-Cal to undocumented children and to undocumented adults under age 26 beginning in January 2020.
- **The federal government covers most Medi-Cal costs, but state spending is significant.**  
Medi-Cal costs are projected to be nearly \$102 billion in 2019–20. Federal funds will cover about 65 percent of total program funding (about \$66 billion), while the state General Fund is projected to cover about 23 percent (nearly \$23 billion). The state’s reliance on other nonfederal funding sources, which include local government transfers and provider fees, has grown in recent years.
- **Covered California relies heavily on federal subsidies.**  
About 1.25 million (88%) of Covered California enrollees receive federal subsidies that help individuals with incomes up to 400 percent of the federal poverty level (\$103,000 for a family of four) cover monthly insurance premiums. These subsidies average about \$475 per month, with people at higher income levels receiving less.
- **State policies and investments have helped Covered California thrive.**  
The repeal of the ACA’s individual mandate threatened to destabilize Covered California by allowing healthy people to drop their coverage, which would increase premiums for the sicker people who remained. The state adopted an individual mandate that takes effect in 2020. Penalties for not having coverage will help fund about \$343.6 million in subsidies for moderate-income Californians (incomes up to \$154,000 for a family of four) who are not eligible for federal subsidies. Covered California estimates that 229,000 people will be newly insured and the premium rate will increase 0.8 percent in 2020. All 11 health insurance companies that offered plans in 2019 will continue to participate in Covered California.

## UNDER THE ACA, FEDERAL FUNDS MAKE UP A LARGE SHARE OF THE MEDI-CAL BUDGET



SOURCE: California Department of Health Care Services, Medi-Cal Local Assistance Estimates.

NOTES: Total expenditures through 2018-19 are based on the May estimate for that fiscal year. The 2019-20 expenditures are based on the May estimate from the previous fiscal year and may change. Other nonfederal funds include provider fees and transfers from local governments.

## Health care access varies across regions and types of insurance

Several regions in California do not have an adequate supply of health care providers to meet the needs of residents. Hundreds of communities face shortages of primary care, dental care, and mental health providers.

- **Several regions in California are experiencing shortages of health care providers.**  
Many Californians live in areas where the supply of primary care providers is below established benchmarks intended to ensure adequate access to care. Certain regions have long had physician shortages, particularly the Inland Empire and parts of the San Joaquin Valley. Regardless of how California's health care system evolves in the future, addressing the unequal distribution of health care resources across the state will remain an important task.
- **A shortage of physicians participating in Medi-Cal creates potential barriers to health care.**  
The number of physicians providing care through Medi-Cal has not kept pace with the dramatic increase in beneficiaries. The statewide ratio of physicians per 100,000 Medi-Cal enrollees is below national and state recommendations for both primary care and specialty care. As a result, some enrollees have difficulty accessing health care compared with individuals with other types of health insurance. A new state program offers loan repayment to physicians who provide care to Medi-Cal beneficiaries, but more efforts are needed to increase participation.

## The state faces the challenge of providing care to uninsured Californians

- **Further expansion of health coverage could be difficult.**  
Significantly increasing the number of insured Californians could prove challenging because many who remain uninsured are not connected to traditional enrollment conduits such as employers or are not eligible for public insurance programs due to their immigration status. Almost two-thirds (63%) of those who are uninsured are Latino, and about 39 percent are noncitizens. About 42 percent worked full time throughout 2018, another 31 percent worked part time, and more than 27 percent were not in the labor force. Almost half of uninsured Californians live in households with earnings under 200 percent of the federal poverty level (\$51,500 for a family of four).
- **The health care safety net will continue to be essential.**  
Low-income uninsured residents often rely on California's health care safety net for medical services. Beyond offering care to the uninsured, traditional safety net providers such as community clinics and county public hospital systems are key access points for Medi-Cal patients, particularly for inpatient and specialty care. California's public hospital system is also a critical component of the state's emergency medical system, as well as a provider of trauma care and physician training. Whether or not the state moves toward universal coverage, it will be important to preserve the health care safety net's capacity to provide care to California's diverse low-income communities.

## Looking ahead

As California policymakers contemplate universal insurance coverage, the question of federal funding looms large. In the shorter term, the state needs to address Medi-Cal's fiscal challenges and improve access to care. For uninsured Californians, the health care safety net is more important than ever.

**2020 presidential election.** Health insurance is a leading issue in the 2020 presidential election, and the winning candidate could dramatically reshape federal priorities on health care. Policies such as Medicare for All or a public option for health insurance could change California's insurance coverage landscape and budget priorities.

**Medi-Cal program.** Medi-Cal faces fiscal pressures stemming in part from the growing share of state costs for covering newly eligible adults and, over the long term, the needs of an aging population. While budgetary issues often dominate the policy discussion, it is equally important to consider the program's importance for some of California's most vulnerable residents—including seniors and the disabled, who rely on Medi-Cal for access to health care.

**Covered California.** Covered California invested heavily in technology and infrastructure to create a robust marketplace that has been able to withstand federal policy changes aimed at weakening the ACA. While insurance premiums continue to rise, the 2020 increase is the lowest since the marketplace's launch. It will be important to monitor the impact of state subsidies for moderate-income Californians on enrollment and affordability.

**Health care safety net.** Now more than ever, policymakers must monitor the effectiveness and financial condition of the state's health care safety net to ensure that its providers—including public hospital systems, emergency departments, primary care clinics, and comprehensive health centers—can continue to deliver necessary health care to all Californians.

### MEET THE RESEARCH TEAM



Paulette Cha  
cha@ppic.org



Daniel Tan  
tan@ppic.org



Shannon McConville  
mcconville@ppic.org

### READ MORE

- CLIMATE CHANGE
- CRIMINAL JUSTICE
- ECONOMY
- HEALTH CARE
- HIGHER EDUCATION
- HOUSING
- K-12 EDUCATION
- POLITICAL LANDSCAPE
- POPULATION
- SAFETY NET
- WATER

*This series is funded by the PPIC Corporate Circle and the PPIC Donor Circle.*

The Public Policy Institute of California is dedicated to informing and improving public policy in California through independent, objective, nonpartisan research. We are a public charity. We do not take or support positions on any ballot measure or on any local, state, or federal legislation, nor do we endorse, support, or oppose any political parties or candidates for public office. Research publications reflect the views of the authors and do not necessarily reflect the views of our funders or of the staff, officers, advisory councils, or board of directors of the Public Policy Institute of California.

Public Policy Institute of California  
500 Washington Street, Suite 600  
San Francisco, CA 94111  
T 415.291.4400 F 415.291.4401  
**PPIC.ORG**

PPIC Sacramento Center  
Senator Office Building  
1121 L Street, Suite 801  
Sacramento, CA 95814  
T 916.440.1120 F 916.440.1121