

California Health Benefits Review Program

Issue Brief:

Estimates of Sources of Health Insurance in
California for 2021

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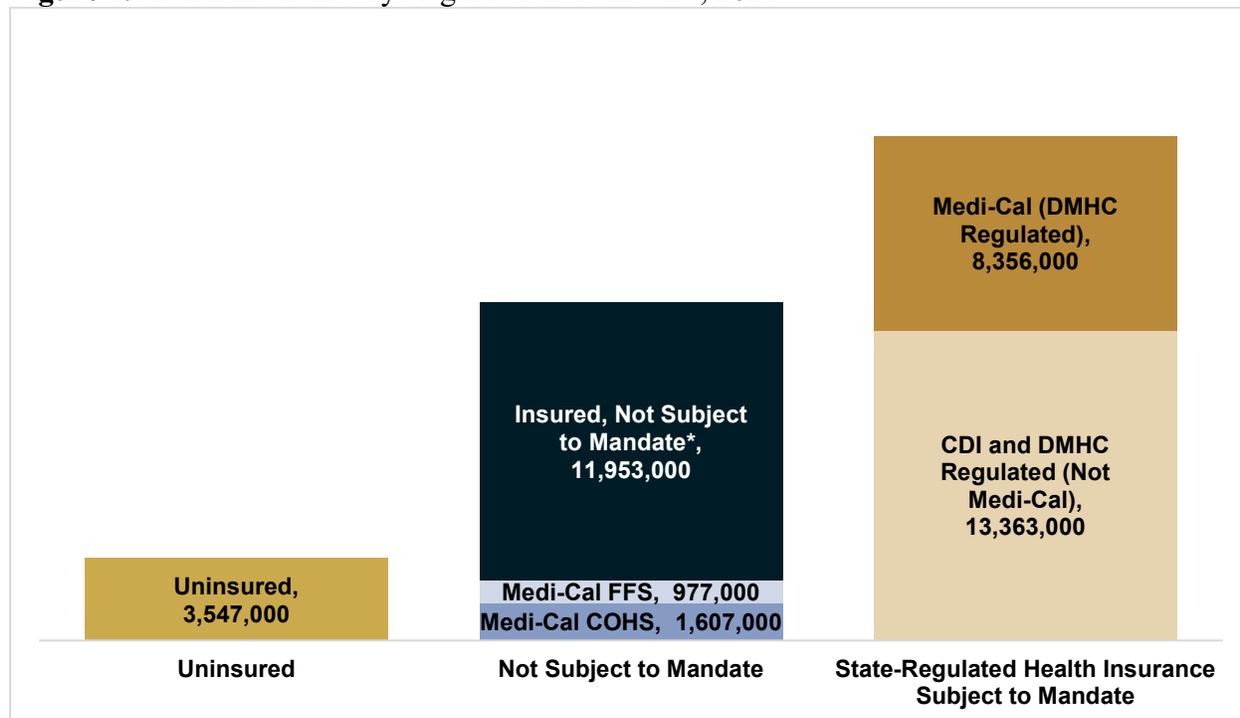


OVERVIEW

The California Health Benefits Review Program (CHBRP) responds to requests from the California Legislature to analyze bills related to health insurance benefits.¹ As part of these analyses, CHBRP annually updates its Cost and Coverage Model, which includes estimates of sources of health insurance in California. This brief discusses CHBRP’s 2021 estimates.

As shown in Figure 1, most Californians will be enrolled in health insurance regulated by either the California Department of Managed Health Care (DMHC) or the California Department of Insurance (CDI). Other Californians will have other types of health insurance or will remain uninsured.

Figure 1. Health Insurance by Regulator in California, 2021



Source: California Health Benefits Review Program, 2019

Notes: *Such as Medicare beneficiaries and enrollees in self-insured products

In 2021, CHBRP estimates that California’s population will be 39.8 million. Figure 1 presents several key elements regarding the sources of health insurance in California:

- 54.6% will be enrolled in DMHC-regulated health care service plans or CDI-regulated health insurance policies. This figure includes beneficiaries of Medi-Cal (California’s Medicaid program) who are enrolled in DMHC-regulated plans (about 76% of all Medi-Cal beneficiaries).
- 36.5% will have health insurance associated with some other regulator. These are primarily Californians who are Medicare beneficiaries or who are enrolled in self-insured products. This figure includes Medi-Cal beneficiaries associated with the Medi-Cal Fee-For-Service (FFS) or enrolled in County-Organized Health System (COHS) managed care. These Californians will have health insurance that is not subject to state-level health

¹ Established in 2002, CHBRP’s authorizing statute is available at: <http://www.chbrp.org/faqs.php>.

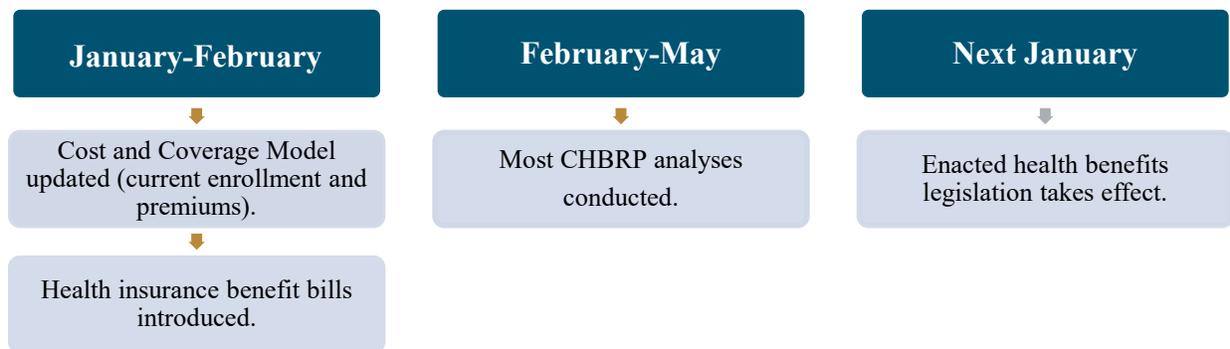
insurance laws. Only DMHC-regulated plans or CDI-regulated policies may be subject to state-level health insurance laws.

ESTIMATES OF SOURCES

Annually, CHBRP updates its Cost and Coverage Model (CCM) to estimate baseline health insurance enrollment and to project marginal, incremental impacts on benefit coverage, utilization, and cost of proposed health insurance benefit legislation.² The California Legislature generally proposes laws that would take effect in the following calendar year or later (if enacted, bills proposed in 2020 would generally take effect in 2021). For this reason, CHBRP annually projects the state’s future distribution of health insurance by market segment.

Figure 2 describes: the analytic timeline for bill introduction preparation for and completion of bill analyses; and effective period of legislation if the bill is enacted.

Figure 2. Analytic Timeline



Enrollment Estimates and the Affordable Care Act

Although CHBRP is monitoring federal developments relevant to the Affordable Care Act (ACA), until any proposed changes are implemented, CHBRP will continue to anticipate impacts of the ACA on health insurance in California, including the following:

- Continued expansion of Medi-Cal eligibility.
- Continued presence of Covered California (the state’s health insurance marketplace, through which subsidized health insurance may be available).
- Continued presence of some “grandfathered” plans and policies (privately funded plans and policies in existence before the ACA was signed). Grandfathered plans and policies are substantially unchanged and are exempt from some of the ACA’s requirements.³

The continued presence of grandfathered plans and policies is relevant to CHBRP’s analyses of health insurance bills because these plans and policies are not subject to the same requirements as are others (and so could be differently affected by a new health insurance law). For example,

² Information on the CCM is available at: http://www.chbrp.org/analysis_methodology/cost_impact_analysis.php.

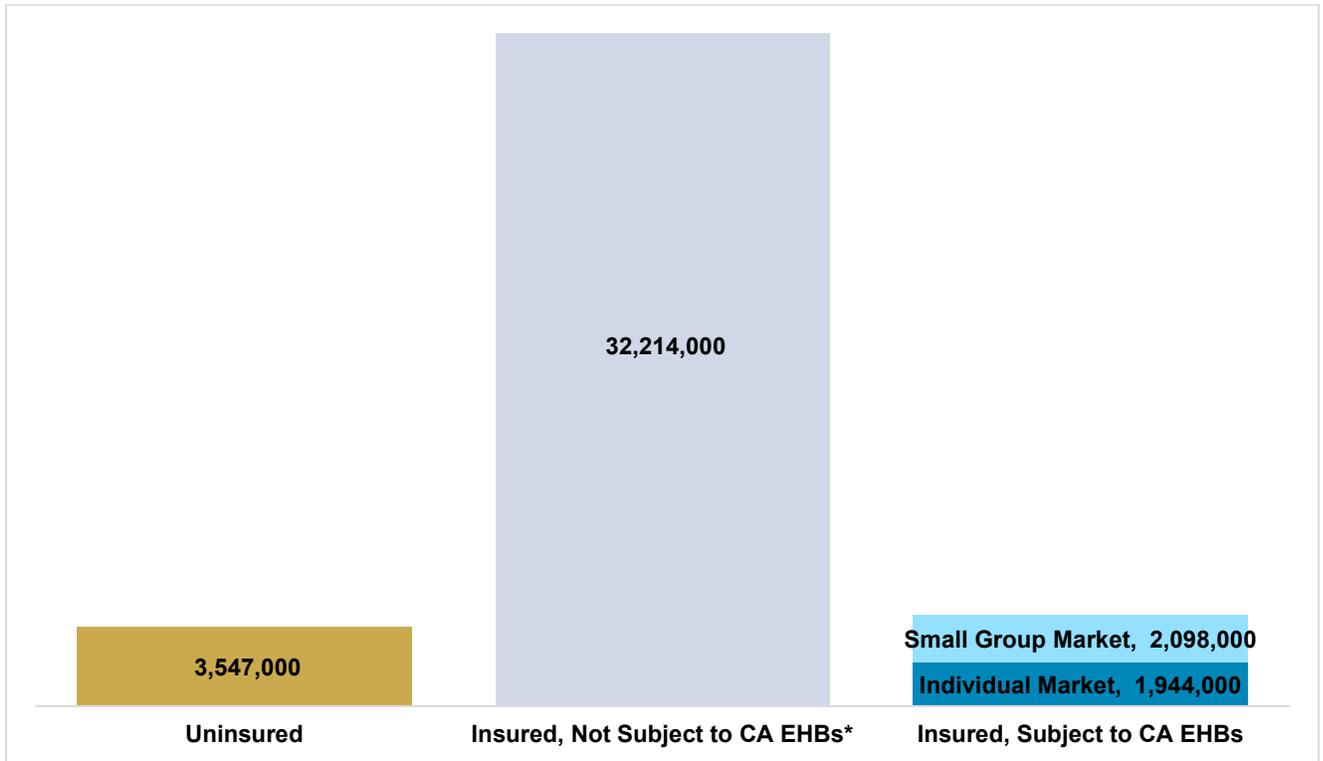
³ A grandfathered health plan is “a group health plan that was created—or an individual health insurance policy that was purchased—on or before March 23, 2010. Plans or policies may lose their ‘grandfathered’ status if they make certain significant changes that reduce benefits or increase costs to consumers.” Accessed at: <http://www.healthcare.gov/glossary/grandfathered-health-plan>.

grandfathered plans and policies are not required by the ACA to: (1) cover specific preventive services without cost sharing; (2) restrict cost sharing for emergency services; or (3) cover essential health benefits (EHBs).^{4,5}

Essential Health Benefits

The Affordable Care Act requires each state to create a set of essential health benefits (EHBs) that some state-regulated health insurance must cover.⁶ In California, individual and small-group health insurance regulated by DMHC or CDI is generally required to cover EHBs. Grandfathered health insurance⁷ in either market is exempt from the requirement as is large group market health insurance. As noted in Figure 3 below, approximately 10.2% of California’s population has health insurance required to cover EHBs.

Figure 3. California Health Insurance in Subject to Essential Health Benefits, 2021



⁴ As indicated in federal and California state law, non-grandfathered group and individual health insurance plans and policies must cover certain preventive services. See CHBRP’s brief *Federal Preventive Services Mandate and California Benefit Mandates*, available at: http://chbrp.org/other_publications/index.php.

⁵ 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. See CHBRP’s brief *California’s State Benefit Mandates and the Affordable Care Act’s “Essential Health Benefits,”* available at: http://chbrp.org/other_publications/index.php.

⁶ Essential Health Benefits requirements and parameters are discussed in Section 1302 of the Affordable Care Act. More information is available online at <https://www.healthcare.gov/glossary/essential-health-benefits/>.

⁷ 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.” Accessed at: <http://www.healthcare.gov/glossary/grandfathered-health-plan>.

Source: California Health Benefit Review Program, 2020

Notes: “Insured, Not Subject to CA EHBs” includes Medicare beneficiaries, enrollees in self-insured or large group plans/policies, and enrollees in grandfathered individual and small group plans/policies

Key: CA = California; EHBs = Essential Health Benefits

CONCLUSION

To estimate potential impacts of health insurance benefits legislation, CHBRP develops forward-looking estimates of health insurance enrollment in California. Annual updates to CHBRP’s Cost and Coverage Model are necessary to project insurance enrollments by market segment and associated with certain purchasers.

The resulting projections of sources of health insurance in California may be of use to the Legislature and to others interested in California health policy, as well as key to CHBRP’s analytic work.

APPENDIX A

Table 1. Sources of Health Insurance in California, 2021

Publicly Funded Health Insurance						
	Age	DMHC-regulated		Not regulated by DMHC or CDI	Total	
Medi-Cal	0-17	2,757,000		262,000	3,019,000	
	18-64	3,944,000		375,000	4,319,000	
	65+	50,000		12,000	62,000	
Medi-Cal COHS	All	-		1,607,000	1,607,000	
Other public	All	-		-	609,000	
Dually eligible Medicare & Medi-Cal	All	1,605,000		328,000	1,933,000	
Medicare (non Medi-Cal)	All	-		-	4,706,000	
CalPERS	All	522,000		165,000	687,000	
Privately Funded Health Insurance						
	Age	DMHC-regulated		CDI-regulated		Total
		Grand-fathered	Non-Grand-fathered	Grand-fathered	Non-Grand-fathered	
Self-insured	All	-	-	-	-	6,473,000
Individually purchased, Subsidized CovCA	0-17	-	107,000	-	4,000	111,000
	18-64	-	1,149,000	-	43,000	1,192,000
	65+	-	-	-	-	-
Individually purchased, Non-Subsidized CovCA and Outside CovCA	0-17	17,000	156,000	22,000	6,000	201,000
	18-64	48,000	442,000	63,000	19,000	572,000
	65+	2,000	17,000	2,000	1,000	22,000
Small group	0-17	47,000	448,000	0*	41,000	536,000
	18-64	153,000	1,456,000	1000	130,000	1,740,000
	65+	2,000	21,000	0*	2,000	25,000
Large group	0-17	559,000	1,803,000	2,000	177,000	2,341,000
	18-64	921,000	4,628,000	4,000	455,000	6,008,000
	65+	14,000	72,000	170	7,000	93,000
Uninsured						
	Age					Total
	0-17					224,000
	18-64					3,256,000
	65+					47,000
California's Total Population					39,803,000	

Source: California Health Benefits Review Program, 2020.

Notes: *Less than 500 individuals

Key: CDI = California Department of Insurance; CalPERS = California Public Employees' Retirement System; COHS = County-Organized Health System; CovCA = Covered California (the state's health insurance marketplace); DMHC = California Department of Managed Health Care

Enrollment by Market Segment and Purchaser

As noted, health insurance available through DMHC-regulated plans and CDI-regulated policies may be subject to state-level benefit-related legislation written into one or two sets of laws: the Health and Safety Code (enforced by DMHC) and/or the Insurance Code (enforced by CDI). However, such legislation may be written to exempt some health insurance market segments or to exempt health insurance associated with certain purchasers. To correctly determine the impact of proposed legislation, CHBRP determines estimates, as displayed in Table 1, of Californians' sources of health insurance.

Table 1 projects 2021 enrollment of Californians in various types of health insurance.⁸ The table is organized by column (regulation) and row (market segment) and divided in two (public and privately funded health insurance).

Although some Californians have more than one type of health insurance, for analytic purposes the table lists (excepting those dually eligible for Medi-Cal and Medicare) enrollment in the person's primary form of health insurance.

Table 1 indicates: (1) the number of Californians enrolled in health insurance market segments and (2) the number Californians associated with a purchaser that might be of interest to the California Legislature - including, enrollees associated with Medi-Cal, California Public Employees' Retirement System (CalPERS), and Covered California.

Similar to Figure 1, Table 1 indicates enrollment in DMHC-regulated plans and CDI-regulated policies. However, Table 1 provides further information, such as age of enrollees and details of market segments and purchasers. Age is relevant to many CHBRP analyses because many of the diseases and conditions addressed by a bill are more likely to be present in either older or younger enrollees. Market segment details are relevant because they indicate which enrollees do and do not have health insurance that can be subject to a state-level mandate as well as which do and do not have health insurance that would be subject to the mandate proposed by a particular bill.

Key elements of information from Table 1 include:

- 13.4 million Californians will be enrolled in privately funded DMHC-regulated plans or CDI-regulated policies.
 - 63% of these enrollees will be associated with the large group market (101+ enrollees). A majority of these enrollees will be in DMHC-regulated plans.
- 10.9 million Californians will be Medi-Cal beneficiaries.
 - 76% of Medi-Cal beneficiaries will be enrolled in DMHC-regulated plans. The rest will be enrolled in County-Organized Health System (COHS) managed care or associated with the Fee-For-Service (FFS) program.⁹
- 687,000 Californians will have health insurance associated with CalPERS.

⁸ Technically, some sources of what are commonly referred to as "health insurance," such as Medicare, are actually "entitlements." For ease of communication CHBRP has grouped all sources together.

⁹ This figure also includes the 328,000 dually eligible Medicare and Medi-Cal beneficiaries enrolled in health plans not regulated by DMHC or CDI.

- 76% will be enrolled in DMHC-regulated plans. The remaining CalPERS enrollees are associated with CalPERS' self-insured health insurance products, which are not subject to state-level health insurance legislation.
- 6.5 million Californians will be enrolled in privately funded self-insured products, which are not subject to state-level health insurance legislation.