

The Affordable Care Act in California

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➤ The ACA has changed health insurance coverage across the country.

The Affordable Care Act (ACA) requires that insurers accept customers regardless of previous health conditions, and provides marketplaces (or exchanges) for individuals to purchase coverage if they do not get it through their employer. The ACA requires that nearly all individuals have some kind of health insurance, or pay a tax penalty. In 2016, the tax penalty for an adult was \$695 or 2.5% of modified adjusted gross income, whichever was larger. In addition, the ACA contains provisions aimed at improving the quality of health care, strengthening the health workforce, fostering innovation in technology and delivery of care, and improving public health.

➤ The ACA began expanding insurance coverage in 2014.

The ACA has expanded health coverage through the creation of health exchanges or insurance marketplaces and by offering states the option of expanding their Medicaid programs. California was one of several states to build its own exchange for individuals and families. Included in the exchange—which is called Covered California—is a **small business program**, which offers plans to employers with fewer than 100 employees. California also opted to expand Medi-Cal, the state's Medicaid program, to cover nondisabled, single adults with income below 138% of the federal poverty line (FPL)—about \$16,000 annually for a single-person household. Over three years, both Covered California and Medi-Cal have seen steady increases in enrollment. In 2017, state officials are **expecting 400,000 people to enroll** in Covered California, which would maintain total enrollment at around 1.4 million people.

➤ ACA coverage expansions are funded primarily by the federal government.

While Covered California is administered by the state, most consumers benefit from federal subsidies that offset the cost of their monthly premiums. Households with income between 100% and 400% of the FPL are eligible for these federal subsidies; **87% of Covered California customers** received subsidies in 2016. Medi-Cal spending is generally split evenly between the state and federal governments, but the federal government covers a higher share for beneficiaries who are newly eligible due to the ACA.

➤ Climbing costs are a concern.

Across the country, premiums for plans purchased through exchanges have been rising. In 2016, California's weighted **average increase in premium rates was 4%**; it has increased 13.2% for 2017, although most people can avoid large increases by switching plans. Rates are climbing more slowly for customers of the small business program this year; they rose by 7.2% in 2016 and are projected to rise by 5.9% in 2017.

➤ California's health needs are changing as its population grows older.

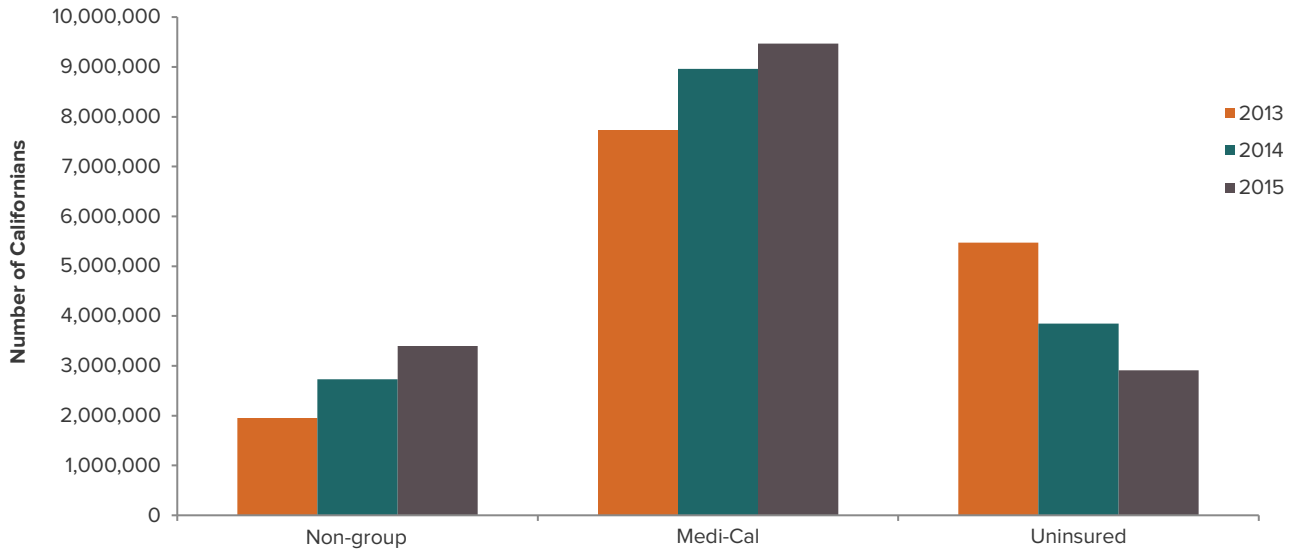
By the year 2030, the number of Californians age 65 and over **will increase by 87%** as the baby boom generation reaches retirement age. On average, seniors use more health services than the general population and are more likely to require long-term supports and services and **nursing home care**. While most seniors have Medicare as a primary payer, the state is responsible for 50% of the spending on Medi-Cal services for eligible low-income seniors, including skilled nursing care and **In-Home Supportive Services**.

➤ Changes in federal policy could have a major impact.

The recent election has led to discussion at the federal level about reforming or repealing the Affordable Care Act as well as restructuring Medicaid funding. These policy shifts would have profound effects on the current ACA programs in California. State officials are facing uncertainty about the level of federal funding and the timing and extent of program changes—which could include funding Medicaid through block grants to states.



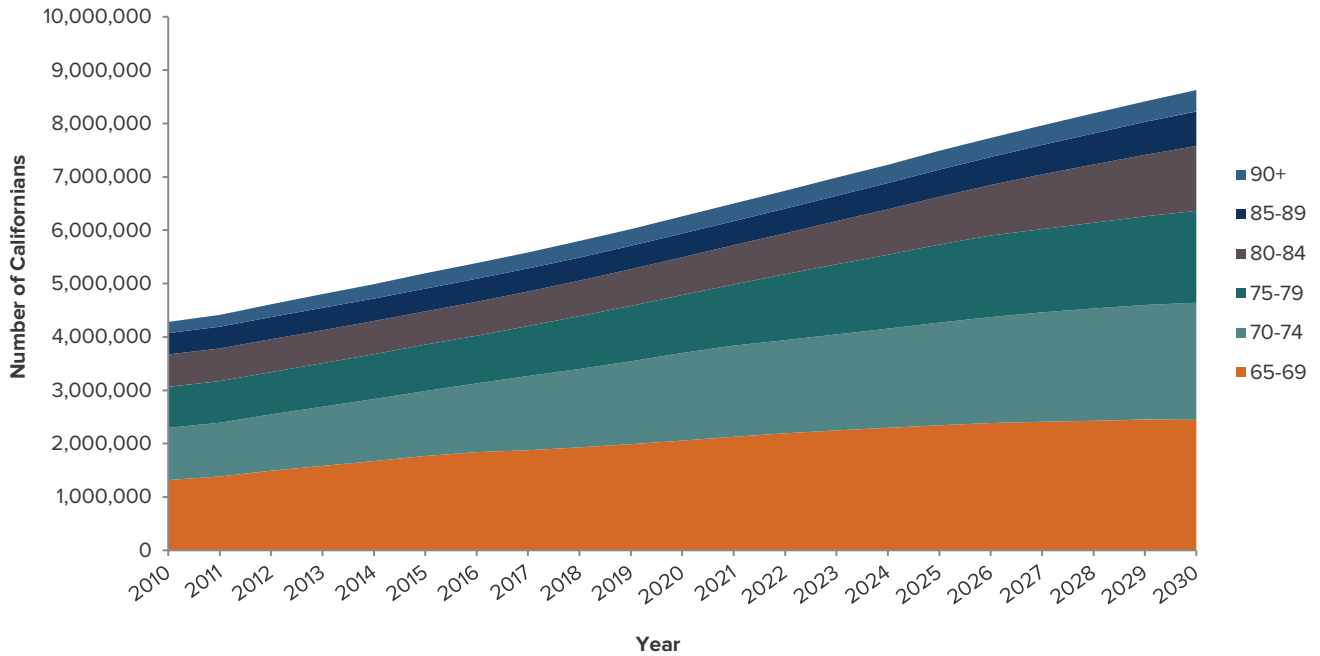
The number of uninsured Californians under age 65 has fallen as more have gained coverage



Source: Kaiser Family Foundation, [State Health Facts for California, Health Insurance Coverage of Non-Elderly \(0–64\)](#).

Note: 2013 levels reflect coverage in the last year before the ACA coverage expansions were implemented in 2014. “Non-group” includes people who purchase individual insurance, including those buying through Covered California in 2014 and 2015.

California’s senior population will continue to grow quickly



Source: California Department of Finance [Population Projections](#).

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