



# California Health Benefit Exchange

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## MEDIA CLIPS 6/16-7/10

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**OPINION EDITORIAL - Viewpoints: Health reform will benefit millions of Californians**

Special to The Bee by Peter V. Lee

Sacramento Bee

PUBLISHED TUESDAY, JULY 10, 2012

<http://www.sacbee.com/2012/07/10/v-print/4619718/health-reform-will-benefit-millions.html>

What does the Supreme Court decision upholding the Affordable Care Act mean for millions of Californians? If you're a 40-year-old single working mother with three kids – it means a lot. With a family income of \$64,000, she's not poor but would be challenged to pay the \$14,200 annual premium it would cost her for a family health plan.

The Supreme Court decision was good news for that working mother and millions just like her: In January 2014, she can be covered by a quality, comprehensive health plan offered through the California Health Benefit Exchange. Thanks to the Affordable Care Act, she and her family will get a credit from the federal government that will pay about \$8,600 and cover 60 percent of their premium. Their share will be about \$470 per month, still a lot of money, but we believe Californians will be willing to pay it to keep their families healthy, safe and secure.

The Affordable Care Act also benefits the millions of Californians who are already insured. Going forward, we will all benefit by having a guarantee that we will never lose our insurance coverage, from lower costs, better preventive care and wellness, and a health insurance system that will be about keeping people well instead of avoiding sick people.

California, long a leader in the effort to reform health care, has already made great strides in implementing the Affordable Care Act. Ten thousand state residents who had previously been denied coverage for pre-existing conditions now have it; 350,000 young adults are now insured through their parents' coverage; and 135,000 California seniors on Medicare have received help with purchasing their prescription drugs. These reforms, and many others, are making a real difference in the quality of life for Californians – and this is just the beginning.

California Health Benefit Exchange

The Supreme Court's decision affirmed the ability of states to create a health care exchange – a marketplace where consumers can compare rates and coverage options and determine if they qualify for health insurance credits. We will continue building this system, making it easier for both individuals and small businesses to compare plans and purchase coverage while dramatically expanding the number of Californians with health insurance. We look forward to making the purchase of insurance through California's Exchange as easy as buying a book on Amazon or shoes on Zappos.

Millions of Californians want to buy health coverage but either can't afford it or have been denied because of pre-existing medical conditions. In October 2013 – 15 months from now – the exchange will start enrolling Californians in affordable, quality health insurance coverage that will begin in January 2014.

No longer will insurance companies be allowed to avoid covering individuals with pre-existing medical conditions – the people who need health insurance the most. Instead, there will be incentives to help those in need get the best care possible. The rules are changing to move the insurance industry from one that rewards "avoiding risk" to one that encourages health plans to deliver the best care possible and keep people healthy. Californians have waited a long time for this day to come. There are simply too many families counting on us to make health reform work. The California Health Benefit Exchange will be working with thousands across the state to make sure we don't let them down.

*Peter V. Lee is Executive Director of the California Health Benefit Exchange*

### **High court health care ruling could force California to 'rethink everything'**

By Emily Bazar, CHCF Center for Health Reporting

Posted: 06/16/2012 06:23:37 PM PDT Updated: 06/16/2012 06:39:35 PM PDT

Contra Costa Times (CHCF Center for Health Reporting)

[http://www.contracostatimes.com/california/ci\\_20875047/high-court-health-care-ruling-could-force-california](http://www.contracostatimes.com/california/ci_20875047/high-court-health-care-ruling-could-force-california)

When President Obama's health care overhaul became law two years ago, California lawmakers jumped into action.

Within months, they adopted several state laws that implement or build on the federal measure, including one to create a state health insurance exchange and another to allow young adults up to age 26 to remain covered by their parents' health insurance policies.

Lawmakers passed even more bills related to the overhaul last year and continue to debate sweeping proposals now.

The difference this year is that the fate of those state laws, and the impact they will have on Californians, hang under what state Sen. Ed Hernandez calls a "cloud of uncertainty."

Before the end of the month, the U.S. Supreme Court is expected to rule on the constitutionality of the Affordable Care Act. Among the most likely scenarios, the court may leave the federal health law intact,

overturn it completely or strike down a key provision that requires most people to purchase health insurance.

Each possibility carries different implications for California, a state that took an early and aggressive approach to implementing the federal law.

"We will have to rethink everything" if the federal law is overturned in part or whole, said Hernandez, D-West Covina, chairman of the Senate Health Committee.

"We have to reassess all of these measures. Some of them are actually contingent upon the implementation of the Affordable Care Act."

Experts predict up to 3 million uninsured Californians will become eligible for health coverage starting in 2014, when the major provisions of the law, such as an expansion of Medicaid eligibility, kick in.

And the Golden State, which already has received more than \$1 billion in federal funding, is counting on billions more.

Should the Supreme Court undo the law's provisions or funding, some state lawmakers and consumer advocates say Californians still will benefit from better health coverage, thanks to the new state laws. Others fear that those new requirements will raise the cost of insurance.

"It will be important for everyone in California to step back and think through how we respond in a way that will work for affordable coverage," said Patrick Johnston, CEO of the California Association of Health Plans.

The list of state bills that implement or expand on the Affordable Care Act is long, including a law that created a state health insurance exchange where Californians will be able to buy health coverage and find out whether they qualify for subsidies; a law that prohibits insurance companies from denying health coverage to children with pre-existing medical conditions; and a law that prohibits insurers from setting lifetime caps on benefits.

"There are things that millions of Californians already are benefiting from," said Richard Figueroa, director of Health and Human Services for the California Endowment health foundation.

Additional measures are being debated by the Legislature now, such as a proposal that would prohibit insurance companies from denying coverage to anyone - not just children - regardless of pre-existing conditions.

Hernandez, the author of that measure and a fervent supporter of the Affordable Care Act, says he will move forward with that bill as long as the federal law stands.

At the same time, his office is scouring existing laws to determine which are tied to the fate of the federal law, and which will remain state law regardless.

Hypothetically, he said, "Let's say most of those laws are invalid - we have to start all over and turn those into statutes that are not dependent on the federal government."

But could those measures come at a price to Californians?

"They cost money. There's no doubt about it when you mandate things like expanding coverage to kids or banning lifetime maximums," said Geoffrey Joyce, director of health policy at the Schaeffer Center for Health Policy and Economics at USC.

Just who will bear that cost is up for debate.

Figueroa and Kim Belshe believe that insurers already have built into premiums the costs of the new mandates. Belshe, former secretary of the state Health and Human Services Agency, is a California Health Benefit Exchange board member.

"The insurance products being sold last year, this year and next year reflect the changes that have already occurred," she said.

But Johnston, of the health plan association, said the true effect of the state's laws on Californians' pocketbooks will hinge on the Supreme Court's decision.

He describes the critical pieces of the Affordable Care Act as a "three-legged stool" that work together to keep costs down.

One leg of the stool is the billions in federal funding for expanding coverage, he said. The second is the requirement - known as the "individual mandate" - that most people purchase health insurance. The third is called "guaranteed issue," which restricts health insurance companies from denying coverage to people for any reason, including pre-existing conditions.

If the Supreme Court strikes down any one or more of them, he said, California "can't just ignore the leg of the stool that was removed."

Take the individual mandate, for example. If everyone must purchase insurance, the theory goes, insurance companies will have a large and balanced pool of customers where risk is spread among the sick and healthy - and so is the cost.

Without the mandate, some healthy people wouldn't buy insurance, which would reduce the size of the pool and boost the price of insurance for others, he said. Plus, the state has passed laws requiring additional coverage from insurance companies, such as bans on lifetime coverage limits.

"The premise of the mandate is that you're spreading the cost of these kinds of improved coverage across the population. The impact on rates is not as great," said David Lansky, CEO of the Pacific Business Group on Health, a nonprofit coalition of 50 large companies that focuses on health care issues. "But if you don't have that mandate in place, the cost of the required improvement in the benefits is only being shared by those who have coverage."

Hernandez already is considering a statewide individual mandate or other measure should the Supreme Court strike down the federal one.

But he and others caution that a state individual mandate and insurance exchange can't be successful without federal money.

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"If those federal funds disappeared or were enjoined by the court, California would be back to the drawing board," Belshe said.

*Emily Bazar is a senior writer at the California HealthCare Foundation Center for Health Reporting. Attached to the USC Annenberg School for Communication & Journalism, the center reports on health and health policy in California. It is funded by the nonpartisan California HealthCare Foundation.*

### **California to lose big if Supreme Court scraps U.S. healthcare law**

The state, one of the biggest beneficiaries of the Affordable Care Act, would lose out on as much as \$15 billion annually in new federal money slated to come its way.

By Chad Terhune, Anna Gorman and Erin Loury

Los Angeles Times

June 20, 2012

[www.latimes.com/business/la-fi-supreme-healthcare-calif-20120620,0,1852327.story](http://www.latimes.com/business/la-fi-supreme-healthcare-calif-20120620,0,1852327.story)

If the Supreme Court scraps the Affordable Care Act in the coming days, California will lose out on as much as \$15 billion annually in new federal money slated to come its way, dealing what state officials say would be a critical blow to efforts to expand coverage to the poor and uninsured.

The state is one of the biggest beneficiaries of the federal healthcare law because of its large number of uninsured residents — about 7 million people, or nearly 20% of California's population.

The cost of treating the uninsured here currently is borne by taxpayers, as well as consumers and employers who pay higher insurance premiums to subsidize their care. California families pay an extra \$1,400 each in annual premiums, on average, to cover medical bills of the uninsured, according to the California Endowment, a private health foundation.

The healthcare law that passed Congress in 2010 was designed to ease that burden by pumping in money from the federal government. California could receive as much as \$9 billion a year to expand Medi-Cal, the government program for the poor and disabled, according to estimates from the Kaiser Family Foundation.

An additional \$6 billion a year would go directly to low- and middle-income people who buy subsidized policies through a state-run exchange that would open in 2014, according to calculations from the Urban Institute.

A Supreme Court decision to toss out the law would turn off that federal spigot.

"California would be a net loser if the court overturns the law, because it stands to receive such a big flow of money for the uninsured," said John Holahan, director of health policy at the Urban Institute, a Washington think tank.

Still, several of the federal law's more popular insurance provisions, such as guaranteed coverage for children and allowing young adults up to age 26 to stay on parents' policies, will remain in place because they are required by state law now. And some of the nation's biggest insurers have already agreed to continue other benefits such as mammograms, diabetes screenings and other preventive care at no California Health Benefit Exchange

cost.

But without the federal law, insurers could still deny coverage to Californians because of their medical histories or exclude pre-existing conditions from their policies.

Mikail Barron, 43, said she has been uninsured since 2004 and unable to find coverage because she has diabetes and arthritis.

"Getting insurance would mean everything to me," said Barron, who is studying to be a medical assistant at Cabrillo College near Santa Cruz and worries about medical bills wiping her out financially.

The Affordable Care Act requires nearly all Americans to have health insurance or pay a penalty, a provision that was challenged as unconstitutional by 26 states and a small-business group. The high court is expected to rule on that challenge as early as this week.

Critics say that the law fails to control ballooning healthcare costs and that it requires California to spend up to \$6 billion from 2014 to 2019 to extend Medi-Cal.

"Californians don't have any confidence government is responsible when it comes to spending this money," said John Kabateck, state director of the National Federation of Independent Business.

The most controversial provision is the so-called individual mandate that requires nearly everyone to buy health insurance. Many believe the state could pass such a law on its own if the Supreme Court justices throw out only that provision. California nearly approved a mandate in 2008 under then-Gov. Arnold Schwarzenegger, a Republican.

"We've been on a long path to reform healthcare in California, and that is still our goal," said Diana Dooley, Gov. Jerry Brown's secretary of health and human services. "We have to take a breath after the decision comes down and see how far does it go and what are the implications."

The lack of federal healthcare money, however, would be harder to remedy, according to state Sen. Ed Hernandez (D-West Covina), chairman of the Senate health committee.

"Federal subsidies are key to making this work," he said. "We don't have the resources to put together a robust health package."

Last week, state lawmakers approved a budget with more than \$1 billion in health-related cuts to help close an estimated \$15.7-billion spending gap.

"Without the law, we're back to this chaotic political mess of solving healthcare in a state that is broke, essentially," said Robert Margolis, a physician and chief executive of HealthCare Partners, a large medical group that treats more than 500,000 patients across Southern California.

If the Supreme Court upholds the law, nearly 4 million Californians are expected to obtain new or improved coverage by 2019. Of the remaining uninsured, more than 1 million are expected to be ineligible because of their immigration status, and 2 million others are considered unlikely to participate even though they would be eligible, according to research by UCLA and UC Berkeley.



The newly insured residents would be covered either under an expansion of the state's Medi-Cal program or would buy insurance themselves with federal subsidies earmarked for families earning about \$92,000 or less annually.

Gerald Kominski, director of the UCLA Center for Health Policy Research, said: "It's really a bleak forecast for the future if they overturn the law because you haven't addressed the underlying forces driving the healthcare system toward a cliff. The state returns to a system that's unsustainable."

At the national level, insurers were willing to support guaranteed coverage for all applicants as long as everyone is mandated to join the insurance pool. Insurers have warned policymakers that proceeding with guaranteed coverage alone would make premiums soar because older, sicker customers would join without healthier applicants to balance them out.

George Halvorson, chief executive of Kaiser Permanente, the state's largest nonprofit health plan with 6.6 million customers, said the loss of the mandate and related insurance provisions such as guaranteed coverage would require a "major reboot" at the state level. He said California could try to replicate the mandate enacted in Massachusetts or borrow ideas from European countries with universal coverage. Taxpayers currently cover only a portion of the costs for the uninsured. Hospitals and doctors make up some of the difference by charging higher rates to insured patients, which leads to bigger premiums for employers and consumers.

"We know we are bearing the cost of the uninsured in our rates," said Ann Boynton, deputy executive officer for benefits at the California Public Employees' Retirement System, which just approved a 9.6% premium increase for its 1.3 million members next year. "We remain hopeful the Supreme Court upholds the individual mandate because we really do see that as important to reducing the cost burden on our members."

As part of the Medicaid expansion, the federal government agreed to raise reimbursements for primary-care doctors who treat those patients. If the federal law goes into effect, that could yield an additional \$700 million annually for California physicians and help alleviate the shortage of doctors willing to see the poorest patients.

"There is no place that benefits more than California because we have the lowest rates and the most Medicaid recipients," said Howard Kahn, chief executive of L.A. Care Health Plan, which covers more than 1 million lower-income people.

Meantime, California hospitals are concerned about a split decision that voids the mandate and the prospect of more insured patients but keeps intact about \$17 billion in federal cuts over 10 years for the state's 430 hospitals.

"We are feeling extremely vulnerable," said Anne McLeod, a senior vice president at the California Hospital Assn.

## **Imminent court ruling could undercut California's health plans**

By David Siders

Sacramento Bee

PUBLISHED THURSDAY, JUN. 21, 2012

<http://www.sacbee.com/2012/06/21/v-print/4578080/imminent-court-ruling-could-undercut.html>

It was just three months ago that the Brown administration, following arguments before the U.S. Supreme Court over the fate of the federal health care overhaul, promised to press forward with provisions of the law even if the court struck part or all of it down.

If the court did rule the law unconstitutional, California Health and Human Services Secretary Diana Dooley said at the time, the state might consider enacting legislation of its own.

Even a mixed ruling, she predicted, could leave some federal subsidies in place to fund a health care expansion already under way in the nation's most populous state.

Three months later – with the court's ruling now imminent – it is clear some provisions of the law will almost certainly remain intact in California no matter how the court rules. The state already has enacted its own legislation prohibiting most insurers from denying coverage to children because of pre-existing conditions and allowing people up to age 26 to remain on their parents' policies.

Yet a reversal of part or all of President Barack Obama's signature health care law could deeply frustrate the administration's broader health care goals.

The Affordable Care Act promises billions of dollars in federal aid for California's expansion of Medi-Cal, which provides coverage for nearly 8 million low-income residents, an expansion Dooley said California could not otherwise afford.

"We will press ahead to address the underlying problems, but if the full act is stricken – and by that I mean, if we don't have the federal financial participation – it will be very hard for us to make significant gains in the short run," Dooley said Wednesday.

Gov. Jerry Brown is proposing spending reductions statewide to address California's persistent budget problems. That effort, Dooley said, is "going to take us a few more years, and until we get that foundation back in place, it will be very hard for us to consider a significant initiative like making the Medicaid expansion that we would be able to do if the (Affordable Care Act) is upheld."

At issue before the Supreme Court is whether Congress can require people to buy health insurance – the so-called "individual mandate" – and whether it can pressure states to expand Medicaid coverage by threatening to withhold funding if they don't.

"If any or all of it is overturned, I think it's going to be a travesty," said state Sen. Ed Hernandez, D-West Covina, chairman of the Senate Health Committee. "Without the federal subsidies ... it'd be very difficult for California to move forward, not that we can't try."

In 2010, while other states watched from the sidelines or actively protested the federal health care overhaul, California became the first state in the nation to enact legislation establishing the kind of public health insurance marketplace Congress prescribed to implement the Affordable Care Act.

California Health Benefit Exchange

If the law is upheld, more than 2 million Californians – many of them currently uninsured – are expected to use the exchange beginning in 2014.

The Brown administration maintains the exchange will remain intact regardless of the court's ruling, but to what effect is unclear.

Insurers considered the individual mandate necessary to contain costs, ensuring they could cover high-risk patients by including relatively healthy people in the same insurance pools.

"If the individual mandate goes away," said Kimberly Belshé, a former Health and Human Services secretary and current member of the health benefit exchange board, "that has the potential to create a very unstable and ultimately unaffordable insurance marketplace."

Sen. Tom Harman of Huntington Beach is among Republicans who have criticized legislative Democrats for enacting legislation related to the health care overhaul before it is tested by the court.

"What happens if the court strikes this law down?" Harman asked.

He said Democrats "don't have an answer, and yet they want to expand this dramatically, to have the state pay for it, and California cannot afford to self-fund these types of programs."

The Senate Health Committee on Wednesday rejected a bill by Harman that would have required the California Health Benefit Exchange board, if any part of the federal law is overturned, to submit a plan to the Legislature for how it will continue operating – and to stop its work if it does not provide a report within 90 days.

Sen. Lois Wolk, D-Davis, acknowledged the state would have a major problem if part of the law is overturned, but she told Harman his bill was premature and overly broad.

If the federal health care overhaul is upheld, California stands to receive \$45 billion to \$55 billion from the federal government from 2014 to 2019 to expand coverage under Medi-Cal, the state's version of Medicaid.

"The challenge will be if any of the funding mechanisms are knocked out," said Assemblyman Bill Monning, chairman of the Assembly Health Committee. "That's where we're going to have to regroup and understand the nature of the ruling."

If part of the law is ruled unconstitutional, Monning said, "all options will be on the table."

It is unclear, however, if lawmakers and Brown could agree on a new way to cover more of California's uninsured.

Lawmakers in 2008 rejected a health care expansion program proposed by Gov. Arnold Schwarzenegger. Four years before that, voters repealed a measure signed by Gov. Gray Davis requiring employers of more than 50 people to provide their workers health insurance or pay a fee.

Hernandez said that following Schwarzenegger's failure, "The economy started tanking and we went into the recession, so we got off the discussion of health care."

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Now, he said, "I believe that there's at least the will in California to have that discussion."

Patrick Johnston, president of the California Association of Health Plans, said lawmakers may be better equipped now than before to address health care comprehensively, if only for their experience.

"Both the Legislature and the administration have the benefit of the struggle to enact changes in California during the Schwarzenegger administration," said Johnston, a former Democratic state lawmaker. "They have the benefit of the debate in Washington over the Affordable Care Act."

Dooley and Belshé remain optimistic.

"We are a state that, in my judgment, is committed to making reform work," Belshé said. "Federal policy is just that. It's federal policy. It's state practice, it's state decision-making that will determine what reform looks like on the ground."

### **OPINION EDITORIAL - Viewpoints: No turning back on health reform**

Special to The Bee

By Dr. Robert K. Ross

Sacramento Bee

PUBLISHED SUNDAY, JUN. 24, 2012

<http://www.sacbee.com/2012/06/24/v-print/4583241/no-turning-back-on-health-reform.html>

I have never had the fortune of feeling the nervous energy, anxiety and excitement of readying to play in the Super Bowl, the World Series or a World Cup soccer match – nor will I at this stage in my life.

But I can say that for three decades I have been part of the fight to realize the goal of quality, affordable health care for every American. Upon my graduation from medical school about 30 years ago, I pledged to join in the battle of health care for every American, and have experienced – along with many others – seeing hopes and dreams on this front dashed, derailed, delayed or deferred time after time.

As we anxiously await the decision of the U.S. Supreme Court on the fate of the Affordable Care Act, I worry whether we will still have a meaningful opportunity to begin realizing this dream. For those among us who have waited for so long, what hand will we be dealt by the Supreme Court?

Arguably, this is a once in a 50- to 60-year shot to fix our dysfunctional health care system, as we have not seen sweeping change since the arrival of federal Medicare and Medicaid in 1965. It is safe to say that no president in his or her right mind will take up this issue in earnest for many years to come – having watched the political bows, arrows and scars the Obama administration has weathered in trying to make the existing health system work better for America.

So, at the California Endowment – along with legions of advocates, stakeholders, consumers and health providers – we are feeling the anxiety and pressure of this moment. We cannot waste the opportunity to make our existing health system – or non-system – more accessible, more functional, more cost effective, more productive and more prevention-oriented.

As it stands, California has already taken critical steps to shift the health care system toward prevention and expand health care to millions of Californians. Since the enactment of the Affordable Care Act, California has secured hundreds of millions in federal funding that has been used to establish California Health Benefit Exchange

community health programs, create the Health Benefit Exchange and expand coverage to Californians with pre-existing medical conditions. Moreover, through the California Endowment's Health Happens Here campaign, and in conjunction with foundation and government partners, we've already enrolled thousands of Californians in new and existing health care programs.

If the Supreme Court votes to uphold the ACA, then we have no excuses. We must work as feverishly and assertively as we can to execute the provisions of the law to the greatest possible benefit of Americans who are uninsured, working class, small business or just plain desperate for access to quality health care. After all of the pain, fight and drama surrounding the ACA, failure is not an option in execution.

If the Supreme Court votes to invalidate the individual mandate – known as the minimum coverage requirement – but upholds the rest of the law, then California and the states have some work to do. Alternative policy strategies to make the private health insurance system work in the absence of a federal mandate must be explored and pursued, and with vigor.

If the court votes to deem the entire ACA unconstitutional, then we have some very quick work to do of our collective souls, hearts and spines. We will need to search our souls to digest the reality that the hopes of tens of millions of uninsured Americans – and millions more with the dreaded "pre-existing health condition" – have been dashed back to square one. We will need to find the heart to raise ourselves off the canvas to resume the fight. And we will need to find the spine and the will to keep pushing this boulder of an issue up the hill. The status quo is simply unacceptable.

This is because even if the ACA is deemed unconstitutional or otherwise politically torpedoed, the horse has left the barn on delivery system reform. There is simply no turning back, as the pressures of cost control on consumers, employees, businesses and taxpayers mount into an unsustainable force. So if the cost issue and market forces are conspiring to drive health delivery and financing reform anyway, we might as well use the reform momentum to actually fix the system so that it actually works for people.

So, in the final analysis, giving up, and giving in, are no option at all. Once the Supreme Court tells us what hand we've been dealt, even if it is a poor hand, let's play it well.

*Dr. Robert K. Ross is president and chief executive officer for the California Endowment.*

### **California health exchange seeking \$190 million in federal aid**

By Chad Terhune

Los Angeles Times

June 28, 2012 9:37 AM PDT

[www.latimes.com/business/money/la-fi-mo-exchange-reaction-20120628,0,4742837.story](http://www.latimes.com/business/money/la-fi-mo-exchange-reaction-20120628,0,4742837.story)

California's new insurance exchange is seeking about \$190 million in additional federal money as it prepares to help millions of consumers shop for health insurance.

Peter Lee, executive director of the California Health Benefit Exchange, said the funding request was sent this week, before the Supreme Court decision upholding the federal healthcare program. The

exchange plans to use the money to help build an enrollment system for millions of Californians who can start signing up for policies in October 2013.

Lee said he received a congratulatory call from his 84-year-old mother in Pasadena shortly after the court ruling was announced.

"This is great news for California and the future of healthcare in America," Lee said. "California has been moving full speed ahead for the past year and this opinion means we will continue on that path to provide healthcare coverage to 5 million people who are without insurance."

Lee said this coverage expansion can help not only the uninsured, but he hopes it will help bring down the costs for all employers and consumers who already face rising premiums.

"We now have the tools to rein in healthcare costs that are a millstone around the necks of small businesses, large employers, governments and families across the state," Lee said.

Next month, the exchange will be discussing requirements for health plans that want to be sold through the online marketplace.

California families earning up to \$92,000 a year will be eligible for federal subsidies to purchase policies through the exchange.

### **OK California, What The Health Exchange Means for YOU**

By: Rachel Dornhelm

KQED: The California Report

June 28, 2012

<http://blogs.kqed.org/stateofhealth/2012/06/28/ok-california-what-the-health-exchange-means-for-you/>

There are the politics and the spinning. There's the talk of improved health outcomes ... and then there is the bottom line. What does this mean for the state's consumers?

The California Health Benefit Exchange is the most tangible institution that Californians will interact with as a result of the law. Those newly in the market to buy insurance because of ACA, this is your go to shop. Officials estimate that's around 3 million Californians.

"We look forward to making the purchase of insurance through California's exchange as easy as buying a book on Amazon or shoes on Zappos," says Peter Lee, who has been working to set up this online marketplace.

Lee spoke right after the decision and one of the first questions he fielded was what income levels will qualify for insurance subsidies and how big the credits will be.

I've pasted in a chart his office released below to give an overview of the amounts. The credits go to those earning up to 400% of the federal poverty level (FPL). So if you're, say, a family of four earning up to \$93,000 you qualify for help buying insurance.

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Table 1. Tax Subsidy Modeling							
Federal Subsidies for a California Family of Four at Different Income Levels							
Percent of FPL	Annual Income	Unsubsidized Annual Premium	Annual Tax Credit	Annual Premium after Credit	Unsubsidized Monthly Premium	Monthly Premium Credit	Monthly Premium after credit
150%	\$35,137	\$14,245	\$12,840	\$1,405	\$1,187	\$1,070	\$117
200%	\$46,850	\$14,245	\$11,294	\$2,952	\$1,187	\$941	\$246
300%	\$70,275	\$14,245	\$7,569	\$6,676	\$1,187	\$631	\$556
399%	\$93,700	\$14,245	\$5,344	\$8,901	\$1,187	\$445	\$742

Note: this modeling does not include the value of subsidies related to cost-sharing which the Affordable Care Act also provides. "FPL" is Federal Poverty Level.

Health Benefit Exchange income levels and credits (source: <http://www.healthexchange.ca.gov/>) Lee also outlined the next steps for the Exchange. It's been in the works for two years now, which puts California ahead of other states on this issue. But there are three areas they'll focus on now:

1. Working with health plans to hammer out details of the insurance they'll offer.
2. Launching a big education campaign in 2013. Lee says there's been a lot of "misinformation" out there and the right info needs to get into the hands of the uninsured.
3. Setting up the IT system needed to power the system.

Where is the money coming from to fund all these efforts? Lee says right now the Exchange is backed by money from the federal government (they just applied last night for another 196 million dollar grant), but after the first full year of the Health Exchange it will be funding itself from the health care plans it works with.

**SUPREME COURT: Health care ruling reverberates across region**

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The Press Enterprise

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WASHINGTON — The Supreme Court's decision to uphold President Barack Obama's health care law holds major implications for Inland Southern California, where doctors are in short supply and hundreds of thousands of residents have no medical insurance.

What the landmark ruling will ultimately mean for the economically battered region is in dispute. Supporters heralded the decision, saying it would provide more people with coverage, ease strains on hospitals and allow the state and Inland counties to move forward with necessary reforms already in the works.

Those who wanted the high court to strike down the law derisively dubbed "Obamacare" said it would only push the Inland area, and the entire country, deeper into economic turmoil and vowed to repeal it through congressional action.

Enacted in 2010, the bill is meant to provide 30 million uninsured Americans with health coverage through a series of changes that take effect over several years. At its core is the individual mandate, a requirement that all individuals have insurance by 2014, either through their employers or through exchange programs set up by each state.

More than 20 percent of Inland residents do not have health insurance, according to the U.S. Census Bureau's American Community Survey. That includes more than 459,000 people in Riverside County and almost 434,000 in San Bernardino County.

### **ECONOMIC IMPACT DEBATE**

Congressional Republicans criticized the ruling, seizing on the court's opinion that the law — and the individual mandate in particular — is constitutional as a tax.

In California, where business owners already face taxes and burdensome government regulations, the law will only add to operating costs that deter hiring, said Rep. Ken Calvert, R-Corona.

He said the GOP would need to win back the White House to repeal the law, and called the November election key for the country.

"We have to let the people decide," he said. "Do they want government health care?"

Rep. Joe Baca, who voted for the bill in 2010, said increasing the number of insured residents in the two-county area would ease the stress on hospitals while also giving uninsured people better access to health care.

"It lowers the costs at a lot of our emergency rooms because people will be able to get assistance in other areas," Baca, D-Rialto, said.

Uncompensated health care costs in the United States total into the tens of billions of dollars annually. Dr. Dev GnanaDev, chief surgeon and former medical director at Arrowhead Regional Medical Center in Colton, helped craft an early version of the health care bill. He said the law would bring more federal dollars to counter the costs now borne by the medical community.

"It is a horrendous problem for the state of California," GnanaDev said. "Somebody has to pay the burden, and that goes to the doctors and the hospitals at the moment."

Cardiac nurse Carol Koelle, 52, of St. Bernardine's Medical Center, sees the problem firsthand. "People are discharged in the morning and are back at night," she said.

Of significant local importance, GnanaDev said, is a provision of the law that ensures primary doctors, at least for two years, would be paid 100 percent of Medicare payment reimbursements. That's a big increase over what they get paid now in California.

GnanaDev said the provision would attract primary care doctors to Inland Southern California, where they are needed.



Statewide, there are roughly 170 doctors for every 100,000 people, according to a 2009 report by the California HealthCare Foundation, a private, nonprofit organization. The national rate is 220 doctors for every 100,000 people, the Association of American Medical Colleges found.

The shortage is more serious in the Inland area and its more than 4 million people. The report found that there are about 100 doctors for every 100,000 Riverside residents and approximately 120 doctors for every 100,000 people in San Bernardino County.

For G. Richard Olds, dean of UC Riverside's proposed medical school, the decision reinforces the university's plans to train primary care physicians.

"The problem of not knowing created huge problems," he said. "At least now we know that this will be the law, at least in the near future."

### **IN THE WORKS**

Some provisions of the bill already are moving forward in California. Young adults can remain on their parents' insurance until age 26, thanks to legislation already approved in Sacramento, and insurers can't deny coverage to kids with pre-existing conditions.

The state is setting up an exchange for people to purchase health coverage, with pre-enrollment starting in 2013.

"We look forward to making the purchase of health care as easy as buying a book on Amazon or shoes on Zappos," said Peter V. Lee, executive director of the California Health Benefit Exchange.

State officials estimate that almost 5 million Californians will be eligible for subsidized health care under the federal law.

An estimated 1.5 million people who earn less than 138 percent of the federal poverty level, \$15,415 for individuals and \$31,810 for a family of four, would be eligible for fully paid coverage under Medi-Cal, the state version of Medicaid.

Another 3.1 million people earning between 138 percent and 400 percent of the federal poverty level would be eligible for a sliding range of tax credits to help purchase health care.

For example, a family of four with annual income of \$46,850 — 200 percent of the federal poverty level — would be eligible for a \$941 monthly credit toward their premiums, leaving the family to pay \$246. And a family with annual income of \$93,700 — 399 percent of the federal poverty level — would receive a monthly credit of \$45 and pay \$742.

Other Californians will be able to purchase coverage without subsidies.

The court's approval of the individual insurance mandate was vital for exchange programs in California and elsewhere, said Doug Bagley, CEO of Riverside County Regional Medical Center.

"If you don't have the mandate, the only people who will sign up are the people who are sick, and that throws the whole risk pool into haywire," he said. "You have to have everybody in the pool to keep the price down."

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Reggie Cervantes, who spent more than 33 hours at ground zero following the Sept. 11 attacks as a volunteer rescue worker and has since suffered multiple medical maladies, knows something about high health care costs.

Cervantes, featured in filmmaker Michael Moore's "Sicko" documentary when she and other 9/11 workers traveled with Moore to Cuba seeking medical care, moved from Oklahoma City to the High Desert in San Bernardino County to qualify for state medical benefits.

She said she was thrilled at the ruling.

"Insurance companies are going to have to get creative and competitive ... and maybe the CEO will have to start taking a lot less money," she said.

#### **STATE PROVIDERS PREPARING TO COMPLY**

Mandate will expand health coverage to 5 million Californians who don't have it now

By Janet Lavelle

San Diego Union Tribune

Originally published June 28, 2012 at 9:58 p.m. , updated June 29, 2012 at 12:01 a.m.

<http://www.utsandiego.com/news/2012/jun/29/tp-state-providers-preparing-to-comply/>

The individual insurance mandate at the heart of the legal challenge over the Affordable Care Act will start in 2014, expanding coverage to about 5 million Californians who now don't have any health coverage.

About half will get coverage through Medicaid — called Medi-Cal in California — in an expansion aimed at people with incomes just above the federal poverty line or below.

And about half will get coverage through a state-run exchange where businesses and middle-income individuals can comparison shop and buy insurance at group rates with federal subsidies for those who need help with the premiums.

California has so far spent \$40 million in federal funds on its nascent Health Benefit Exchange and applied Wednesday for \$196 million to develop its online enrollment system, said exchange executive director Peter V. Lee.

"We want that shopping experience to be as easy as buying a book on Amazon," Lee said. "We are moving full speed ahead to expand options that will make affordable care available to more than 5 million Californians currently without insurance."

James T. Hay, an Encinitas physician and president of the California Medical Association, said his group supports much of the law but sounded a warning note.

"Providing insurance doesn't mean you're providing access to a doctor," he said. The country already faces a growing physician shortage, and the law does not address Medicare and Medicaid payments low enough to discourage some doctors from seeing those patients, he said.

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The law does provide some valuable financial incentives and loan-forgiveness programs for new doctors to practice in rural and underserved areas, he noted. But reimbursements also need to be raised, Hay said. "Clearly, we need more doctors, especially primary-care doctors," he said.

While that's a concern, community clinics are ramping up staffing plans to handle the influx of Medi-Cal patients, said Gary Rotto, spokesman for the Council of Community Clinics in San Diego. Clinics will use teams of nurses, nurse practitioners, case managers and others in addition to physicians to provide care, he said.

The federal government has spent \$1.9 billion to expand community clinics nationwide, plus \$512 million to train doctors, physician assistants and nurse practitioners.

The court's ruling "reassures us that the significant amount of time and resources we've spent and the planning we've done has been worth it," Rotto said.

The court's decision upholding the individual insurance mandate resolves the law's most contentious issue. And with that mandate expanding the pool of healthy policyholders, insurers said Thursday they expect to be able to fulfill another mandate — that starting in 2014, they must cover adults with pre-existing medical conditions and do it without charging them higher rates.

That was great news for Beth Ann Levendoski, 57, who has suffered with a degenerative spinal condition since she was 17.

The court's decision "will change my life," said Levendoski, who lives in San Carlos. "For 40 years I was dropped and denied insurance because of my pre-existing condition.

"For the first time in my adult life, I will be able to shop for health insurance. I won't have to worry about being under a mountain of debt and I won't have to hide things from my employer."

The ruling got mixed reviews among some people without insurance, however.

University of San Diego student Matthew Donnellan, 24, resents being told to buy insurance. Donnellan is state chairman of the California College Republicans and works as a consultant on political campaigns.

"I've chosen not to buy insurance," he said. "I'm healthy, eat well and exercise. I may well get insurance as I get older but, quite frankly, I want the choice. It's my money, and I don't think the federal government should decide how I spend it."

In contrast, Brittany Bailey said she worries about not having health insurance now that she's just graduated from UC San Diego and her job with a property management company doesn't offer it.

"In the last year or so it's been on my mind a lot," she said. Bailey, 26, grew up in a family without insurance and understands people who oppose a mandate but disagrees.

"I understand that it's infuriating for the government to tell you what to do, but it's certainly not novel," she said. "And if people are forced to buy insurance, then they're going to be forced to take responsibility for their own health."

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Businesses with more than 50 employees also face a mandate in 2014 to provide insurance to employees or face a penalty.

"The smaller the company, the harder it is to pay for insurance. So for those, it may be much easier to tell employees to go to the exchange," said Linda Keller, vice president of Intercare Insurance Solutions, a commercial insurance brokerage in San Diego. But after calculating the full costs, including the need to attract top employees, many companies will decide to provide insurance but try to keep the premiums down by encouraging healthy lifestyles, she said.

"Companies are going to have to focus more on controlling health care costs, and they haven't really done that before," she said.

### **Full speed ahead for health care changes in California**

By Timm Herdt (CHCF Center for Health Reporting)

Ventura County Star

Originally published 05:32 p.m., June 28, 2012

Updated 07:52 p.m., June 28, 2012

<http://www.vcstar.com/news/2012/jun/28/full-speed-ahead-for-health-care-reform-in/>

While California's political leaders condemned or celebrated Thursday's Supreme Court decision upholding the Affordable Care Act, health policy groups, doctor and hospital organizations, and state officials charged with implementing the law said they are prepared to move full speed ahead.

"People want to put politics aside and make health care work for all Californians," said Peter Lee, executive director of the California Health Benefit Exchange.

The California Endowment, a statewide nonprofit health care advocacy group, released print and electronic advertising touting what it believes are the benefits in store for California — mainly that 92 percent of residents will have some form of health insurance by 2014.

The state has more than 5 million people without health insurance, representing one of the highest uninsured rates in the nation.

The expansion of coverage under the Affordable Care Act would be accomplished in two ways. It would raise income eligibility ceilings for Medi-Cal to qualify 2 million new enrollees, including an estimated 30,000 in Ventura County, for the state's health insurance program for the poor. It also would make subsidized coverage available to 2.2 million more low- and middle-income Californians, including more than 40,000 in Ventura County, through a new insurance-purchasing exchange.

The Supreme Court said the federal government cannot force states to accept the expansion of Medicaid — Medi-Cal in California. But California lawmakers have already positioned the state to take full advantage of the expansion, which will be fully funded by the federal government.

Vikram Amar, a UC Davis Law School professor, said the court limitation will make no difference here, because, "California was happy to accept the bargain anyway."

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The expansion will help stabilize the financial health of hospitals, said C. Duane Dauner, California Hospital Association president and CEO.

"Hospitals lose a huge amount of money in treating Medi-Cal patients, but they do get some payment," he said. "It is better for hospitals that we get paid for these people rather than to put a larger obligation on hospitals for charity care and debt that's not paid."

Dr. James Hay, president of the California Medical Association, said the state's doctors welcome health care reform but believe much more needs to be done to address shortcomings in Medicare and Medi-Cal.

"Expanding coverage to more Californians, putting an end to insurance industry abuses, and support for primary care are essential for our patients and the future of medicine," he said. "Despite these wins, the Affordable Care Act builds reform on the broken foundations of Medicare and Medicaid without addressing the underlying problems and inadequate funding."

The physicians association, however, said the decision will ensure protections for insurance consumers. It hailed the end of what it called "egregious" health plan rescission practices, bans on pre-existing conditions and "excessive" insurer profit and administrative costs.

Patrick Johnston, president and CEO of the California Association of Health Plans, said the next step is addressing the costs of medical care.

"Now that the link between the individual mandate and insurance market reforms has been upheld," he said, "we all need to address underlying cost drivers that are increasing the cost of care."

California was the first state to create an insurance exchange, which each state must do under the federal law. The exchanges will contract with health plans to offer consumers a variety of choices that meet minimum coverage standards.

The court's decision "validates the decision to establish the Benefit Exchange early in California," said Assembly Health Committee Chairman Bill Monning, D-Santa Cruz.

"It's just full speed ahead," said Monning. "In other states, I'm sure, this will get picked apart and analyzed. This has no bearing in California since we fully intend to participate and take advantage of the federal subsidy and support."

The exchange announced recently it will award a contract worth nearly \$360 million to Accenture to develop a website and enrollment system where California residents can shop for coverage. The exchange plans to open for business in October 2013, when Californians can sign up for insurance during an open enrollment period, with coverage to start in 2014.

Executive director Lee described the organization's goal as making it as easy for consumers to buy health insurance "as buying a book on Amazon or shoes on Zappos."

Lee said most Californians who do not receive coverage through an employer, Medicare or Medi-Cal will be eligible for sliding-scale subsidies to make insurance affordable.

California Health Benefit Exchange

The Affordable Care Act is projected to bring more than \$10 billion a year to California in federal subsidies and spawn nearly 100,000 jobs, according to a study by the Bay Area Council Economic Institute.

State Sen. Ed Hernandez, D-West Covina, chairman of the Senate Health Committee, said he will work to expand the number of health care workers — enlarging medical schools, attracting medical residents to underserved areas and expanding the scope of work that nurse practitioners and physician assistants can do.

"Otherwise, there's no way we can address the workforce shortage" in time, he said.

Californians already are taking advantage of the health care overhaul. The Obama administration estimated earlier this month that 435,000 Californians between the ages of 19 and 26 have obtained coverage through a provision allowing them to remain on their parents' policies.

More than 11,000 Californians belong to the state's federally funded high-risk insurance pool, which offers coverage to people with pre-existing conditions who previously had been denied coverage by insurers.

Even as reform supporters celebrated, however, many officials urged caution, saying Republicans are promising a repeal effort in Congress. Several noted that the court's ruling came hours after Gov. Jerry Brown signed a budget that will reduce state spending by hundreds of millions of dollars.

State Sen. Tom Harman, R-Huntington Beach, vice chairman of the Senate Health Committee, warned the Legislature against going beyond the federal law.

"We don't have the money to do that," he said.

### **What health care reform act brings in California**

By David Goll, Reporter

Silicon Valley / San Jose Business Journal

Date: Thursday, June 28, 2012, 9:43am PDT

<http://www.bizjournals.com/sanjose/news/2012/06/28/what-health-care-ruling-means-in.html?s=print>

Once the Affordable Care Act is fully implemented in 2014, more than 3 million Californians will be eligible for subsidized coverage through the California Health Benefit Exchange.

Another 1.5 million residents of the state would have access to the expanded Medicaid program, known as Medi-Cal in the Golden State, according to exchange officials.

Here are other key features of the law and when they become effective:

—Beginning Jan. 1, 2014, most people will be required to have health insurance or pay a fine, from \$95 to \$695 a year, starting in 2016.

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- People who receive health care through their employers will continue to do so, though employers are not obligated to keep existing plans and may change premiums, deductibles, co-pays and network coverage.
- Preventive services will likely be available for most people with no out-of-pocket costs, such as breast cancer screenings and cholesterol tests.
- Health insurance plans can't cancel coverage due to illness.
- Adults cannot be denied health insurance coverage due to preexisting conditions starting Jan. 1, 2014. This provision already exists for children.
- Starting in 2014, businesses with 50 or more employees that don't provide health insurance and have at least one full-time worker who receives subsidized coverage in the California Health Benefits Exchange will have to pay a fee of \$2,000 per full-time employee. Businesses with fewer than 50 employees will not face penalties.
- Businesses with 25 or fewer full-time workers who earn an average annual salary of \$50,000 or less can currently get tax credits of up to 35 percent to help cover the costs of health insurance premiums. That credit will increase to 50 percent in 2014.
- Children can currently remain on their parents' health care plans up to the age of 26.
- People who make too much money to qualify for Medicaid assistance, known as Medi-Cal in California, may be eligible for government subsidies to help them purchase private insurance made available through the California Health Benefits Exchange.

### **Health care exchange will offer policies**

By Victoria Colliver

San Francisco Chronicle

Updated 11:00 p.m., Friday, June 29, 2012

<http://www.sfgate.com/health/article/Health-care-exchange-will-offer-policies-3675063.php#photo-3138632>

As California moves ahead to put the federal health care law in place, front and center is the creation of what is known as the exchange, a virtual marketplace where individuals and small businesses will be able to purchase insurance.

State health officials hope the exchange will be kind of like Travelocity or Amazon for consumers - a sort of one-stop shop for health coverage.

"We know buying insurance is really complicated. We want to make it as easy as buying a book on Amazon," said Peter Lee, executive director of the California Health Benefit Exchange, an independent government agency.

Thursday's Supreme Court decision upholding most of the federal health care law cleared the way for states to create these marketplaces where people will be able to buy insurance, often with federal subsidies. The exchanges will become available on Jan. 1, 2014, when insurers will be required to sell coverage to everyone, regardless of their age or health history, and they will no longer be able to charge higher rates to people with medical problems.

While other states balked, California became the first in the country to begin creating its exchange in 2010, shortly after President Obama signed the health law. It now has a five-member board and 36 employees. Next month it will start deciding many of the key details.

### **Federal assistance**

The state has also been aggressive in getting federal funds to help establish its exchange. On Wednesday, just a day before the court's ruling, the exchange's board requested \$196 million from the federal government to help build its enrollment system - that's on top of the \$40 million it has already received in setup costs.

The federal government has decided which essential benefits the plans offered by the exchanges must cover, including contraception, maternity care and substance abuse, but states have leeway to determine the details of those benefits.

Now Lee and his colleagues will get down to the work of figuring out exactly what kind of benefits the plans will offer and determine which insurers will sell in the exchange. They will set up the website that will allow people to select and compare their options, and launch a multilingual public education campaign to let people know about the exchange.

Lee said he envisions the exchange as a "no wrong door" place. And with the rolls of the state's Medi-Cal program expected to expand by up to 3 million people under the federal law, the exchange will be a place to go even for people who want to know whether they're eligible.

Those who aren't candidates for the low-income health program will be able to compare the plans that are offered and find out whether they're eligible for a federal subsidy.

### **Place for uninsured**

An estimated 5 million uninsured Californians who are ineligible for Medi-Cal are expected to be able to buy coverage through the exchange to avoid being taxed for not having insurance under the health plan's mandate.

These include more than 3 million people who will be eligible for subsidies in the form of advance tax credits that can be applied solely to the purchase of coverage in the exchange. The other 2 million - mostly those who are self-employed or otherwise do not have insurance through an employer - are expected to buy it from the exchange without the federal help.

Subsidies will be available on a sliding scale for individuals and families earning between 138 and 400 percent of the federal poverty level - which makes a family of four with an annual income of \$93,000 eligible for a subsidy. Tax credits will also be available to small businesses with fewer than 25 employees that are low-wage earners.

The exchange hopes to start enrolling people in October 2013.

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But there's still the question of how much longer it will be known as the "exchange."

"We don't even know what we're going to call ourselves," said Lee, adding that the organization plans to test a few possible names through focus groups.

### **More information**

-- For more information about the California Health Benefit Exchange, go to [sfg.ly/MeoocO](http://sfg.ly/MeoocO).

### **About the California Health Benefit Exchange**

Q: What is the exchange?

A: It's a virtual marketplace where more than 3 million Californians will be able to buy health insurance subsidized by the federal government, and 2 million more will buy it without federal help.

Q: What are the subsidies?

A: The federal health law allows for those who are not eligible for the Medicaid program for the poor, called Medi-Cal in California, to be subsidized to buy coverage in the exchange. Subsidies are available on a sliding scale for those earning between 138 percent and 400 percent of the federal poverty level.

Q: When will it be up and running?

A: Jan. 1, 2014. But people can start signing up for coverage on Oct. 1, 2013.

### **Court ruling opens door to big changes in health care**

By Daniel Weintraub

HealthyCal.org Blog

Published: July 1, 2012

<http://www.healthycal.org/archives/9237>

The Supreme Court decision last week upholding President Barack Obama's health reform law clears the way for a transformation in the way millions of Californians will get their health insurance, and, ultimately, their care.

For the shrinking number of people who still receive insurance coverage as a benefit from their employers – mostly at big companies – the changes will be gradual at first, though still significant. And despite assurances from Obama, it is still not clear that most people will be able to keep the coverage they have today.

But for individuals who do not have insurance because they are unemployed, self-employed or working in places that do not offer health benefits, the change will be dramatic, fast and probably to their liking. The easiest way to understand the coming change is this: The current business model of the health insurance industry consists of avoiding risk. The new model will instead force insurance companies to compete by offering the best service.

In today's environment, insurance companies avoid risk by spending vast amounts of time, effort and money weeding out potential customers who might actually need to use their product.

That might sound crazy, but it's true. Insurers make money only if they collect more in premiums than they pay out in medical costs and other expenses. They know that inevitably some people will get very sick or suffer grievous injuries that will cost the insurer more than the consumer paid in premiums. But the first job of the insurance executive is to avoid these circumstances whenever possible.

This kind of thinking gave rise to what is known as the pre-existing health condition. Insurance companies grill potential customers with dozens of questions about their health history, searching for anything suggesting that the person might become a burden to the bottom line. Anyone who has ever suffered more than the sniffles has a good chance of being declined, and if you do get coverage, you will pay a hefty price premium for it. If you have been seriously ill, forget about it. You will not find insurance in the private market at any price.

The Affordable Care Act will change all of that. It already has begun to do so.

Starting in 2014, insurance companies will no longer be able to exclude people based on their health condition. And the companies will no longer be able to charge higher rates to people who have been sick. Rates will be adjusted only for geography, age and whether or not a consumer uses tobacco.

Already, because of federal health reform, insurance companies are prohibited from denying coverage to children through the age of 18. Adults who have been excluded from coverage can apply to a state-run pool for high-risk consumers to cover them until they can move into private coverage when the law is fully implemented. About 9,000 Californians who were previously denied insurance have already been accepted for this transition coverage.

The federal reform also eliminated the lifetime caps on how much insurance companies will spend on an individual's care, limits that used to end some people's coverage just when they needed it most. The law is also phasing out similar caps on annual benefits.

Millions of Californians are also now getting preventive care with no out-of-pocket costs; adult children can get coverage on their parents' policies through age 26 (and about 300,000 have done so); and seniors are getting a price break on their prescription drugs.

Essentially, the Affordable Care Act turns the insurance industry into a quasi-public utility. Insurers will still be private companies. But for a large swath of the market, the benefits insurance companies offer and the practices they follow will be tightly regulated by the government. Their rates won't be directly controlled, but all of the reforms taken together are likely to amount to de facto rate regulation.

In return, the insurers will get millions of new customers in California alone. Many of these customers will be young, healthy people who will be compelled to buy insurance by the "individual mandate" that was at the center of the legal fight that ended in the Supreme Court last week. The premiums they pay will in most cases exceed the cost of their coverage, and the surplus will be used to help finance the provision of care to sicker people who until now were excluded from coverage.

In California, most of this transformation will be managed by a new agency known as the Health Benefit Exchange. The exchange will be an online marketplace at which insurance companies offer their products and consumers shop for the coverage that suits them best.

Anyone who applies for coverage through the exchange will get help obtaining insurance from whatever program they are eligible for. The poorest Californians will get their coverage through the state's Medi-Cal program, and the state is expecting about 2.5 million more Californians to become eligible in 2014, mostly childless adults who until now have been excluded from the coverage. Through the end of this decade, the federal government will pay almost all of the cost of caring for these people.

Another 2 million Californians with greater means will be eligible for subsidies from the federal government for the first time. The Health Benefit Exchange will calculate these subsidies based on a family's income and its size.

The subsidies, which will be in the form of tax credits paid to an insurance company on the consumer's behalf, will limit the amount families must pay for coverage. Low-income families will pay no more than 2 percent of their income for insurance. Families earning four times the federal poverty rate, or about \$93,000 for a family of four, will pay no more than 9.5 percent of their income. Many will pay far less. The subsidies will be financed in part through more than 40 separate tax provisions expected to raise nearly \$500 billion over 10 years. These include an increase in the Medicare tax, new fees on insurance companies, a new tax on medical device manufacturers, a tax on tanning salons and, of course, the tax on people who do not comply with the mandate to purchase insurance.

Peter Lee, the exchange's executive director, said the marketplace will be open for business by Oct. 1, 2013, so individuals and small employers can begin buying coverage to take effect on the first day of 2014.

"We're moving full speed ahead," Lee said last week after the court issued its opinion.

That is no surprise. California has led the nation in implementing the Affordable Care Act. The state has been an early adopter, taking advantage of nearly every federal dollar, expanding access early to the populations targeted by the reform and, in some cases, adopting state-only provisions that go further than the federal law.

"No state in the nation had more at stake in this decision than California," said Anthony Wright, executive director of Health Access, a consumer advocacy group.

Indeed, California had the most to lose if the court had stricken down the entire law. And in the years ahead, the state will have the most to gain from its implementation. If it works as planned, millions of Californians who have gone without coverage will now get it at an affordable price, and, just as importantly, they will be able to keep it when they need it most.

### **Romney aides gave advice on state health care law**

By Carla Marinucci

San Francisco Chronicle

Updated 11:10 p.m., Friday, July 6, 2012

<http://www.sfgate.com/politics/article/Romney-aides-gave-advice-on-state-health-care-law-3689750.php>

California officials are moving quickly to deliver services to millions of people as a result of crucial legislation signed two years ago by former Republican Gov. Arnold Schwarzenegger.

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Here's the twist: Schwarzenegger consulted with advisers to Mitt Romney, the former Massachusetts governor and presumptive GOP presidential nominee, before signing a package of seven health care bills after Congress passed the federal Affordable Care Act.

Among other things, the 2010 legislation made California the first state to establish a health insurance exchange aimed at giving residents more affordable choices. Now, residents of California - home to 7 million uninsured people, more than any other state - are expected to be able to sign up for health care coverage beginning in October 2013.

Daniel Zingale, who as a senior aide to Schwarzenegger was deeply involved in the process, said, "We flew (Romney's) people out here and we learned a lot from them" in developing what would become the foundation of the state's key health care reforms.

"I genuinely believe that California will benefit hugely from its implementation," said Zingale, now a senior vice president of Healthy California, part of the California Endowment, a statewide health foundation.

Many political observers agree that California is on the cutting edge of health care reform even as Republicans - including Romney - across the nation are engaging in a full-throated protest against "Obamacare," which the U.S. Supreme Court upheld last week.

Kurt Bardella, a GOP strategist working with the campaign of former Lt. Gov. Abel Maldonado in his Central Coast congressional race against incumbent Democrat Lois Capps, said the court's decision has "united the middle and the right because you have everyone marching to the 'repeal and replace' message."

### **Romney signed on**

But political observers said that health care reforms in California, which occurred despite diverse demographics and political interests, succeeded in part because Schwarzenegger and state officials consulted with experts working with Romney, who signed a health care reform law when he was Massachusetts governor.

"California demonstrated things that Romney hadn't, in a much bigger way," said Zingale. He said the state took a page directly from Romney's playbook - particularly its requirement that all residents have health insurance.

Zingale credits Schwarzenegger and Democratic leaders, including then-Assembly Speaker Fabian Núñez, for hammering out agreements backed by hospitals and for dealing with the mandate, which was opposed by labor groups and Democrats who favored a single-payer system.

Like Romney, "we started the conversation by saying there's a hidden tax now: Anyone who is paying premiums is paying the cost of the uninsured when they show up at emergency rooms," Zingale said.

### **Governor favored mandate**

Veteran California journalist Daniel Weintraub, now director and editor of HealthyCal.org, a nonprofit website devoted to state health care issues, said Schwarzenegger, like Romney before him, talked about the mandate as "a method of enforcing responsibility," he said.

California Health Benefit Exchange

Schwarzenegger, a moderate Republican who was often criticized in his own party as being a RINO - Republican in Name Only - got no GOP votes in the Legislature for the health reform legislation he backed, Weintraub recalled.

Still, Weintraub said, Republicans were ideologically attracted to "the idea of an online insurance marketplace, the health exchange," which would contract with private insurance firms.

Many of them saw the exchange not as "a government takeover" but as "the government stepping in to allow people to pool themselves into a larger group" to get lower rates for health insurance - as has been achieved with California's public employees' retirement system, he said.

The governor "got some resistance from the business community, it wasn't fierce," Weintraub added. "Big business turned out to be mostly in support."

Susan Kennedy, Schwarzenegger's chief of staff who serves on the board of directors of the California Health Benefit Exchange, the agency overseeing the insurance exchange, said the reforms succeeded in California because they were welcomed as a private market system.

For the most part, she said, "when people buy health insurance through the exchange, they're doing it through Blue Cross, Blue Shield, Health Net, Kaiser. ... It's a very Republican idea."

Weintraub said that while the state faced the challenges of developing a plan to serve the nation's largest pool of uninsured and poor residents, California stands as "far and away the leading state" on health care.

#### **Future unknown**

But he and others warn that the "jury is still out" on whether California's bold experiments in health care will work in the long term: Questions remain about how many employers will opt to pay a fine rather than offering health care to their employees, thereby reducing the size of the pool and curbing the insurance exchange's ability to offer low rates.

As the GOP wrestles with the issue - and as Romney solidifies his positions - the consensus is that California's reforms, at least in the short term, "will be a huge financial boon" for the state, Weintraub said. "Millions will get access to care who didn't have it before."

Said Zingale: "California went through a painful process, and we succeeded in putting partisanship aside. We were ahead of the country - and now we stand to benefit from that. This was California at our best."

## **OPINION EDITORIAL - Viewpoints: State insurance exchange can learn from big employers**

Special to The Bee By Bill Kramer & David Chase

Sacramento Bee

PUBLISHED SUNDAY, JULY 08, 2012

<http://www.sacbee.com/2012/07/08/4614835/state-insurance-exchange-can-learn.html>

California leaders have signaled their intention to move full speed ahead with building a state health insurance exchange that has the potential to provide coverage to millions of Californians beginning in 2014. But if the California Health Benefit Exchange simply becomes another website where Californians can go to purchase health insurance, we will have missed a colossal opportunity to improve health care in the Golden State.

In the current market, individuals and small businesses are not getting good value for their health care dollars. Too often, insurance premiums are unaffordable and the quality of service and medical care is inconsistent. The Health Benefit Exchange can change this dynamic, but only if its designers put the right standards and systems in place.

By looking at the best practices of large employers, we can get a good idea of what the right approaches are, and why they have already proved effective.

Small businesses in California support the exchange. Opinion polling by Small Business Majority and Kaiser Permanente released June 12 found that only 32 percent of small employers in the state offer insurance, but when they learn about the exchange opening in 2014, the number of small business owners who say they're likely to offer insurance jumps to 44 percent.

The exchange will offer individuals and small business employees a choice of health plans, similar to the way most large employers offer their employees a choice today. But most large employers don't offer their employees an unlimited number of options. They carefully examine the options and typically offer health plans that meet certain standards.

Like large employers, the exchange should vet health plans to ensure each meets specific standards when it comes to quality and care management. They should encourage health plans to seek innovations such as primary care medical homes, and they should facilitate the use of health information technology to improve both efficiency and the patient experience.

In addition to only offering plans that meet specific quality standards, the Health Benefit Exchange should offer Californians decision-making tools so they can pick the right plan for their individual health needs and financial situation.

Choosing the right health plan or provider is a challenging task for anyone; it's not easy to estimate the cost of care or to evaluate quality. To help consumers navigate this, the exchange will need to gather information from health plans and present the information in a way that facilitates meaningful comparison among plan options. Many large employers already offer such tools to assist their employees in selecting the plan that is right for them.

Finally, the exchange should borrow large employers' common practice of empowering consumers with useful information on the cost and quality of medical treatments and services. In the current health care system, consumers often lack useful data on the price or quality of the services they receive. The exchange can address this by collecting and sharing information to help users understand and compare California Health Benefit Exchange

quality, cost and efficiency. For example, some large employers provide their employees with online tools that allow them to compare the cost and quality of various treatments, such as MRIs.

Some have argued that exchanges lack the capability to put in place standards and measures for health plans, and their affiliated providers, or to generate robust consumer-friendly tools. They claim it is enough for the exchange to be a passive clearinghouse, so long as IT systems and business processes for eligibility and enrollment run smoothly. They also argue that consumers and small employers should simply be given the widest possible choice of health plans and left to their own devices.

It is hard to contradict the fact that simply "turning on the lights" will be a monumental task for the exchange, but installing standards and tools that give consumers value does not need to be overwhelming if proven tools are used. If these are not put in place at the beginning, it will be much more difficult to install them later.

Furthermore, offering Californians a choice among all licensed health plans can overwhelm them with too many choices. It would also cost a fortune to administer.

Large employers have years of experience developing the systems and tools needed to improve quality and affordability in the health care market so their employees get a better value for the dollars they spend. The exchange can learn from their experience, and in doing so can help ensure that individuals and small business employees also have access to better value care.

- *Bill Kramer is executive director of national health policy for the Pacific Business Group on Health, a nonprofit organization.*
- *David Chase directs the Sacramento office of Small Business Majority, an advocacy group founded and run by small-business owners.*

### **'Affordable' Care Act? Not so much for Sacramento**

Obama's healthcare overhaul is one more costly program for a red-ink state.

By George Skelton

Los Angeles Times

July 9, 2012

[www.latimes.com/health/la-me-cap-healthcare-20120709,0,5687736.column](http://www.latimes.com/health/la-me-cap-healthcare-20120709,0,5687736.column)

In Washington, it's called the Affordable Care Act. In Sacramento, it could be become known as another budget buster.

Obamacare — as it's pugnaciously tagged by the political right — may not be affordable at all for California state government.

Soon after the federal healthcare act was passed by Congress in 2010, the Schwarzenegger administration in Sacramento calculated a state price tag of up to \$2.65 billion annually.

The Brown administration has torn up that price tag, but doesn't have a new one. They're working on it, "trying to be much more precise," says Len Finocchio, associate director of the Department of Health

Care Services.

Good luck on that. As Sacramento consistently demonstrates, being precise on government spending projections is virtually impossible.

But Finocchio acknowledges that the federal act will result in a heavier state financial load. "We almost certainly will be adding Medi-Cal enrollees, and that will be a cost," he notes.

The additional burden on the states is a negative aspect of the healthcare overhaul that seldom gets discussed, especially in Obama-rooting, liberal-dominated Sacramento.

It's as if somehow it would be contradictory — even Democratic heresy — to support a laudable expansion of healthcare coverage and to also acknowledge that it was going to require more California tax dollars. To ignore the cost is to be intellectually dishonest.

There's a lot of emphasis on the additional federal funds — up to \$15 billion annually — expected to be spent in California because of the healthcare law.

But there will be an added state cost for the expansion of Medi-Cal, the California version of the federal Medicaid program for the poor. Finocchio estimates that up to 1.6 million more Californians will enroll in Medi-Cal. But it's really anybody's guess. Each person will cost the state more money.

Some of those enrollees will be people currently eligible for Medi-Cal but for whatever reason — perhaps stigma — haven't signed up. Under the new law, it will be easier and more beneficial to enroll.

The other newcomers to Medi-Cal will be people who became eligible only because of the new law's looser eligibility rules.

The cost of coverage for the currently eligible will be shared 50-50 by the feds and the state. Washington will pay 100% of the tab for newly eligible enrollees for two years, then reduce it to 95% and permanently kick in 90% starting in 2020.

In all, 7 million Californians now are uninsured. Starting in 2014, more than 2 million are expected to buy policies with federal subsidies for families earning \$92,000 or less.

"We want to make it as easy as buying a book on Amazon," says Peter Lee, executive director of the California Health Benefit Exchange, an online market where consumers and small businesses will be able to comparison shop for medical insurance.

"This is by far the biggest change in health coverage since Medicare" was enacted in 1965, he says.

But the big cost to the state will be for the generous expansion of Medi-Cal, a Medicare offshoot.

And it's ironic because California can't even afford its current Medi-Cal program. It has been cutting back on poor people's care in recent years to staunch budget bleeding.

The state budget passed by the Legislature and signed by Gov. Jerry Brown last month included more than \$1 billion in cuts to Medi-Cal and other health programs.

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Two years ago, after passage of the federal act, Kim Belshe, then secretary of the California Health and Human Services Agency, told me: "Medicaid is crumbling. It makes no sense to be building on a house that's falling apart."

And then-Gov. Arnold Schwarzenegger proclaimed: "I have always supported the need for comprehensive health reform. However, for healthcare reform to succeed, states must either have the flexibility to live within the revenues that are available to them or the federal resources to fully fund its mandates."

In upholding the constitutionality of Obama's prized act, the U.S. Supreme Court gave the states an opportunity to bow out of the Medicaid expansion without penalty. But there's virtually no chance that California will take the court up on its offer.

First, California always has had one of the most generous Medicaid programs for patients — although for physicians it's one of the worst because of low fees.

Second, as Finocchio notes: "It's hard for politicians to take something away" once it has been given.

The Brown administration has been moving at full speed to position California for the act's implementation. In fact, it already has begun covering 280,000 people — mostly childless adults — as part of a demonstration program.

"This is a very great day," state Health and Human Services Secretary Diana Dooley declared after the court gave the act the green light. "We are in the full-go mode here."

Brown asserted that the court's decision "removes the last roadblock to fulfilling President Obama's historic plan to bring healthcare to millions of uninsured citizens."

But it's another state cost that no one is considering how to pay for — not nearly as extravagant as the mostly unfunded bullet train, but the same basic idea: meritorious, but moneyless.

Hey, what's the hurry? Maybe Mitt Romney will boot Obama, Republicans will capture the Senate and they'll repeal Obamacare.

Maybe the California economy will be roaring back by 2014 and pumping barrels of tax dollars into Sacramento. Maybe the governor and Legislature will reform the state's outdated tax system so it generates a reliable revenue stream.

One thing is certain: Something better happen or California will be stuck with yet another government program it can't afford.

## BROADCAST

### KCRW 89.9 FM RADIO

#### **WHICH WAY, L.A.? - What Today's Healthcare Ruling Means for California**

Host: Warren Olney

Produced by: Katie Cooper, Sonya Geis, Gideon Brower

Aired June 28, 2012 (RADIO)

**Link to Audio:** [KCRW Media Player](#)

Now that "Obamacare" has been upheld by the US Supreme Court, Mitt Romney wants it repealed by Congress. But even if he wins the White House, that's not very likely. President Obama has called for implementation to be speeded up, and that's what's in store for California, with 4.6 million additional people now eligible for insurance coverage. Where's the money? Are there enough doctors? With health insurance companies making record profits, should the Insurance Commissioner have the power to regulate rising insurance-premium costs? On our rebroadcast of today's To the Point, the consequences of today's decision on federal law, the politics of the Court and the presidential campaign.

The Affordable Care Act and California (7:00PM)

Today's Supreme Court decision to uphold the Affordable Care Act means that California could receive \$15 billion a year to extend coverage to many of the seven million people now going without health insurance. We hear what it means for patients, the medical industry and the state budget.

Guests:

- Anthony Wright: Health Access California, @healthaccess
- Dave Jones: California State Insurance Commissioner
- Peter Lee: California Health Benefit Exchange
- Karen Bass: Congresswoman (D-LA, Culver City), @RepKarenBass
- Howard Kahn: LA Care, @LACareHealth

## KQED RADIO

### **The California Report: The Health Care Ruling and California**

By Scott Shafer

Aired June 28, 2012 (RADIO)

**Visit Link for Audio:** <http://www.californiareport.org/archive/R201206281800/a>

A protester stands outside the U.S. Supreme Court on June 28, 2012 in Washington, D.C.

Now that the U.S. Supreme Court has upheld the individual insurance requirement at the heart of President Barack Obama's health care law, what will be the impact in California?

Host Scott Shafer talks with experts on California health care about the ruling and its potential impact in California from legal, political, business, consumer and health provider perspectives.

California has already launched a number of programs related to the federal reform, and thus has a big stake in the ruling.

Guests include:

- Mary Agnes-Carey, senior correspondent for Kaiser Health News

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- Marian Mulkey, director of the California Healthcare Foundation's Health Reform and Public Programs Initiative
- Ann O'Leary, lecturer at UC Berkeley's Boalt Hall School of Law
- Anthony Wright, executive director of Health Access, a consumer advocacy organization
- Peter Lee, executive director of California's Health Benefits Exchange
- Patrick Johnson, president and CEO of the California Association of Health Plans
- Carmella Castellano-Garcia, president and CEO of the California Primary Care Association
- Ed Hernandez, California state senator (D)
- Wally Herger, U.S. congressman (R) representing California's 2nd District
- Bill Kramer, executive director for national health policy with the Pacific Business Group on Health, a coalition of large employers

### **KPCC RADIO - Southern California Public Radio**

#### **Supreme Court Health Care Decision: What it means for California**

By Stephanie O'Neil and Julie Small

Posted and Aired on June 28, 2012 (RADIO)

**Visit Link for Audio:**

<http://www.scpr.org/news/2012/06/28/32918/californias-jump-healthcare-reform-means-what/>

This morning's momentous Supreme Court decision upholding most of the Affordable Care Act, including the mandate that every American have health insurance, has major implications for California where an estimated 7 million people – about 20 percent of the population – are not covered.

"I can't tell you what a relief this news is for the health care community and for L.A. clinics and health centers in particular," said Louise McCarthy, president and CEO of the Community Clinic Association of L.A. County. The association represents nearly one million patients served by 47 organizations at 135 sites across Los Angeles. She added that 59 percent of the patients at L.A.'s community clinics and health centers are uninsured.

According to a statement from Dr. Mitchell Katz, Director of Health Services for L.A. County, 80 percent of the 2.2 million people who are currently uninsured in L.A. County stand to gain access to insurance coverage. More than half of these individuals, he said, will be eligible to receive coverage through Medi-Cal in 2014, contingent upon the state's likely participation in the Medicaid expansion component of the legislation.

But Joel Hay, a professor of health policy and economics at USC, says the battle over health care is far from over.

"People on the Republican side are going to be pretty disappointed with this," Hay said. "However, even Gov. Romney and all the Republicans made it absolutely clear their number one job is to overturn Obamacare. I think this gives them stronger motivation to get Romney elected in November. Had Obamacare been overturned, I think Obama's base would have been fired up. So I think that will make it easier in key battleground states for Romney to pick up electoral college votes.

"I think the biggest problem with Obamacare is that it's never been popular with the American people. I think there's going to be – depending on who wins the House, Senate and White House in November – enormous roadblocks before implementing the Affordable Care Act."

Research conducted by UCLA and UC Berkeley indicates four million of the seven million uninsured Californians will get health care insurance under the Affordable Care Act. One million people are expected to be ineligible because of their immigration status. The researchers anticipate two million others won't take steps to get insurance, but they would be subject to a penalty that will be levied on their federal tax returns.

California already has two so-called "bridge programs" that were created to provide health care to people with pre-existing conditions and to low income individuals until 2014, when those portions of the federal law are scheduled to kick in.

The larger of the two is the Low Income Health Program--an expansion of Medi-CAL that has been temporarily funded by the federal government with matching dollars from county governments. More than 400,000 Californians are currently enrolled in the plan.

The other affected "bridge program" is the Pre-Existing Condition Insurance Plan, which offers health coverage to medically-uninsurable Californians. There are nearly 12,000 people enrolled in the program.

Also in place is the California Health Care Exchange, a clearinghouse that will offer a smorgasbord of plans to Californians who don't have insurance through their employers, and to small businesses. Low income customers could qualify for subsidies to help them purchase a health plan.

Peter Lee, executive director of the exchange, says by the end of 2013, people will be able to compare and purchase health insurance plans through the program.

"We look forward to making the purchase of insurance through California's exchange as easy as buying a book on Amazon and shoes on Zappos," Lee said. "And we're going to be moving full speed ahead to build this marketplace to make it easier for all Californians to get access to affordable insurance." The state has spent \$40 million in federal funds to build the framework for the exchange, but those funds run out in August. The state is planning to request more federal funds until the exchange is operational in January, 2014, when it is supposed to become self-sustaining.

But Mike Brewer, president of the Kansas City-based Lockton Benefit Group—the world's largest global insurance broker—is dubious about the effectiveness of the exchange system.

The exchanges as they have been presented really don't do much to curtail the cost of health care," said Brewer, "and you can't reduce the cost of health insurance if you don't reduce the cost of health care. There's nothing in those exchanges that is necessarily going to do that."

In addition to the exchange and bridge programs, the California Legislature has already passed dozens of laws that enact various parts of the Affordable Care Act. Among them is a law that bans insurance companies from denying coverage to children with pre-existing conditions, and another that prevents insurers from setting lifetime caps on benefits. State law also requires insurance companies to let parents keep children on their health policies until the age of 26.

“I think it would be fair to say California has positioned our state to move forward with implementation of many of the elements of the Affordable Care Act,” said Bill Monning, a Democrat who chairs the Assembly Health Committee.

## **KCBS RADIO**

### **California Likely Among First States with Health Insurance Exchange**

By Tim Ryan

Aired June 29, 2012 (RADIO)

<http://sanfrancisco.cbslocal.com/2012/06/29/calif-likely-among-first-states-with-health-insurance-exchange/>

**Link to Audio:** [KCBS Audio Player](#)

SACRAMENTO (KCBS) – After Thursday’s U.S. Supreme Court ruling upholding the Affordable Care Act, several million Californians could be among the first in the nation to qualify for government subsidized insurance because of state efforts.

Unlike many states, California did not wait for a ruling on the constitutionality of the health care reform law to begin work on its insurance exchange, said Peter Lee, executive director of the California Health Benefit Exchange.

“What’s really been a distraction from our going full speed ahead has been pushed aside,” he said, including more aggressive outreach and advertising to teach Californians about the exchange.

KCBS’ Tim Ryan Reports:

California Likely To Be Among First States With Insurance Exchange Required By Health Care Reform Law  
Lee said nearly half of the estimated 7 million Californians currently without health insurance will qualify for some kind of federally subsidized plan.

“The exchange is going to make it very affordable for over 3 million Californians. Those are folks who will get credits that will help them buy the private health plan that they want that’s right for them,” he said.

They will join the 500,000 Californians are already reaping the benefits of the Affordable Care Act, including young people allowed to stay on their parents plans and others who remain insured despite pre-existing medical conditions.

The subsidized plans are not only for low-income people. Lee said a family of four earning as much as \$90,000 a year, for example, would also qualify for federal help to buy private insurance.

Shopping for health plans on the exchange begins in October 2013. States have until January 1, 2014 to have their health insurance exchanges up and running.

**NPR RADIO - National Public Radio**  
**California Proceeds With Health Exchanges**

By Pauline Bartolone  
July 2, 2012 (RADIO)

**Visit Link for Audio:**

<http://www.npr.org/2012/07/02/156099952/california-proceeds-with-health-exchanges>

California began implementing the Affordable Care Act, well before the Supreme Court decided its fate. Even with the state forging ahead, it's still going to be hard to meet the federal government's deadlines.

PAULINE BARTOLONE, BYLINE: I'm Pauline Bartolone in Sacramento.

California, unlike Mississippi, is already on the road to Medicaid expansion under the Affordable Care Act. And after the law passed in 2010, it was the first state to get going to build an exchange.

Peter Lee is in charge of it. He never let uncertainty about the Supreme Court decision come in the way of building the new marketplace.

PETER LEE: We've been staffing up. We've been hiring people. We've been putting in place, in essence, all of the building blocks to expand coverage for Californians.

BARTOLONE: Lee left a job in the nation's Capitol. He says there, health care was a political football. In California, he's rolling up his sleeves in hopes the new health system will change lives.

LEE: I came home to California to be just thrilled by the amount of excitement and engagement that I've seen in every part of the state in making this exchange work.

BARTOLONE: And there's a lot of work to do. Lee has to build a Web system from scratch, and get insurance companies ready to offer health plans. He needs to recruit and train tens of thousands of people to help with enrollment and launch a huge marketing campaign.

ANTHONY WRIGHT: Our biggest obstacle is the clock. We don't have a lot of time.

BARTOLONE: Anthony Wright from Health Access California advocates for expanded health coverage in the state. Now he's going to push hard for the market to stay on track.

WRIGHT: We can't let this be like previous programs, where it starts slowly and builds gradually over time. We don't have that luxury.

BARTOLONE: Millions of Californians will be eligible to buy health insurance through the exchange. And Wright says it needs as many people under its umbrella as possible on day-one, 2014.

WRIGHT: Those who sign up the quickest will be the sickest, but it's going to work best if we have as many people signed up so that we can spread the risk and the cost, and that makes premiums lower for everybody.

BARTOLONE: The longer the exchange goes without broad enrollment, Wright says, the more the state loses out on federal dollars, and the more uninsured people may be living sicker and dying younger. The scope of the job is a challenge. One in five Californians is uninsured.

WRIGHT: Hopefully, we can show that if California can do it - given how diverse the state is, given how big the state is, given the size of our uninsured population - then that can prove that it can be done in any state.

BARTOLONE: Other states will surely be watching California. Peter Lee of the Health Insurance Exchange says he's confident the state will be ready to cover millions in just a few years. For NPR News, I'm Pauline Bartolone.