



California Health Care Foundation

HEALTH CARE THAT WORKS FOR ALL CALIFORNIANS

California's Health Care Market Trends and Issues to Consider for the Future

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Covered California Board

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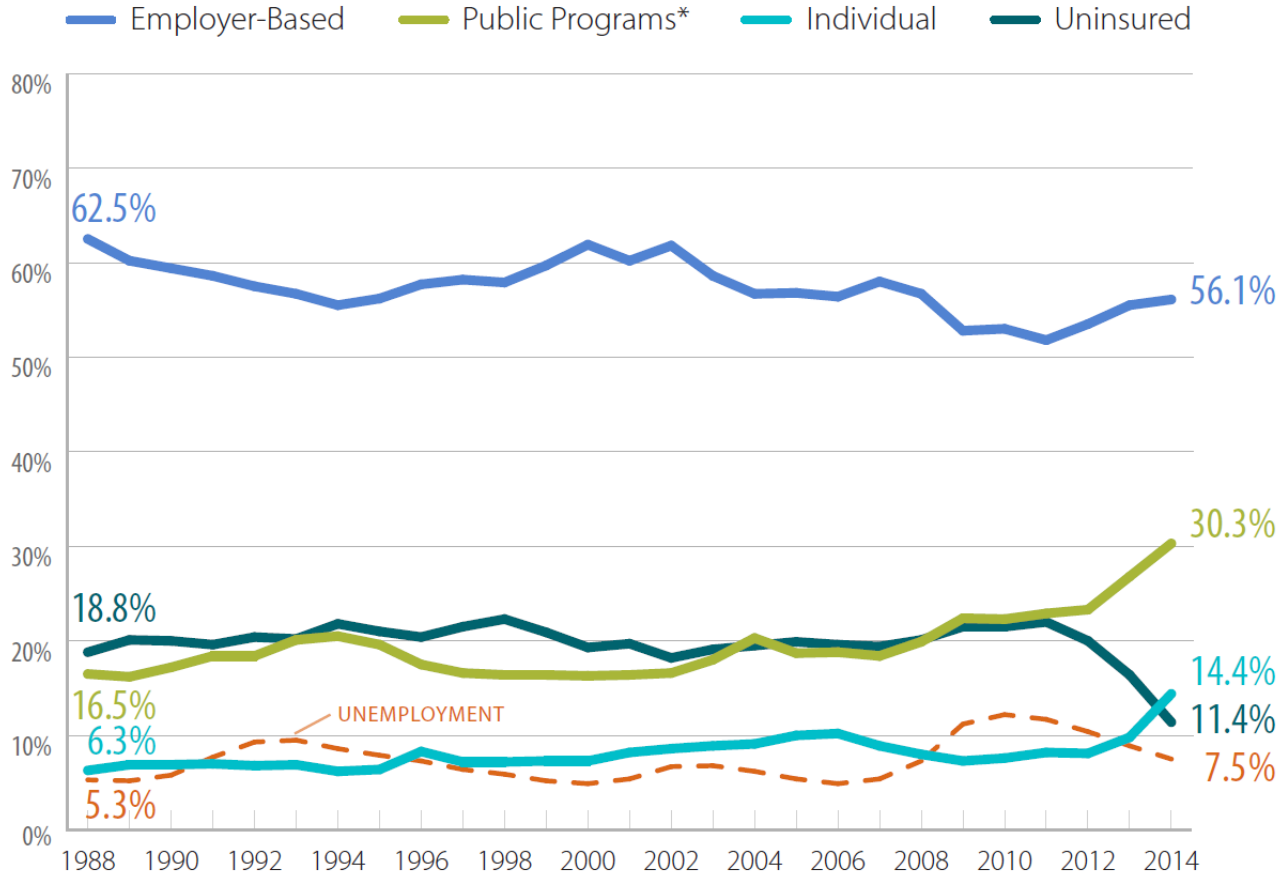




Health Care That Works for All Californians

The California Health Care Foundation is dedicated to advancing meaningful, measurable improvements in the way the health care delivery system provides care to the people of California, particularly those with low incomes and those whose needs are not well served by the status quo. We work to ensure that people have access to the care they need, when they need it, at a price they can afford.

Substantial Increases in Coverage Under ACA California, 1988 to 2014



*Includes Medi-Cal, Healthy Families, Medicare, and Tricare/CHAMPVA.

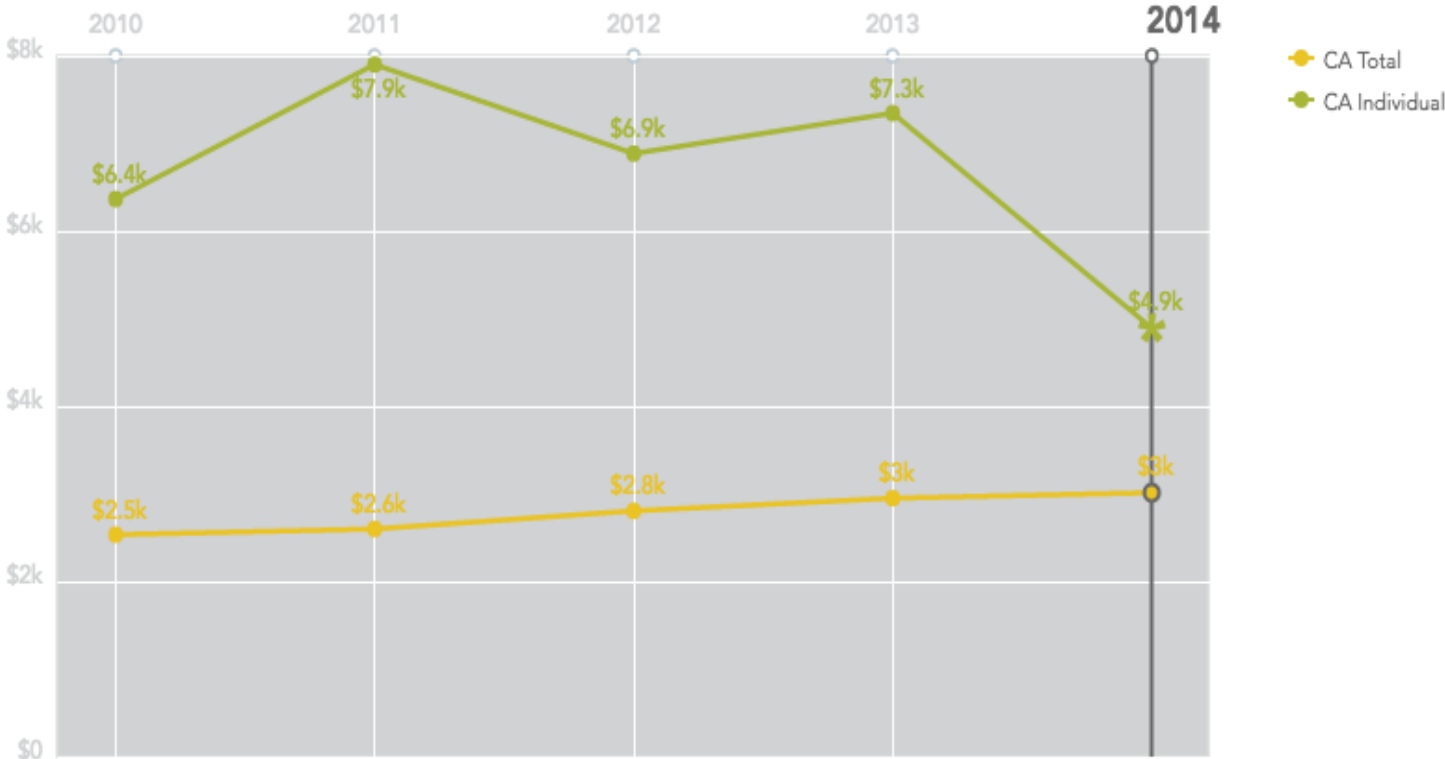
Notes: All numbers reflect the population under age 65. 1988-1998 data are not directly comparable with 1999-2012 data, which are not comparable with 2013-2014 data because of a methodological change in the way individuals with coverage were counted. Unemployment rates are annual averages without seasonal adjustment.

Source: Employee Benefit Research Institute estimates of the Current Population Survey, 1988-2015 March supplements.

Californians in Individual Market See Steep Decline in Out-of-Pocket Costs

Median Annual Out-of-Pocket Spending per Family

By Insurance Coverage Type (2014)

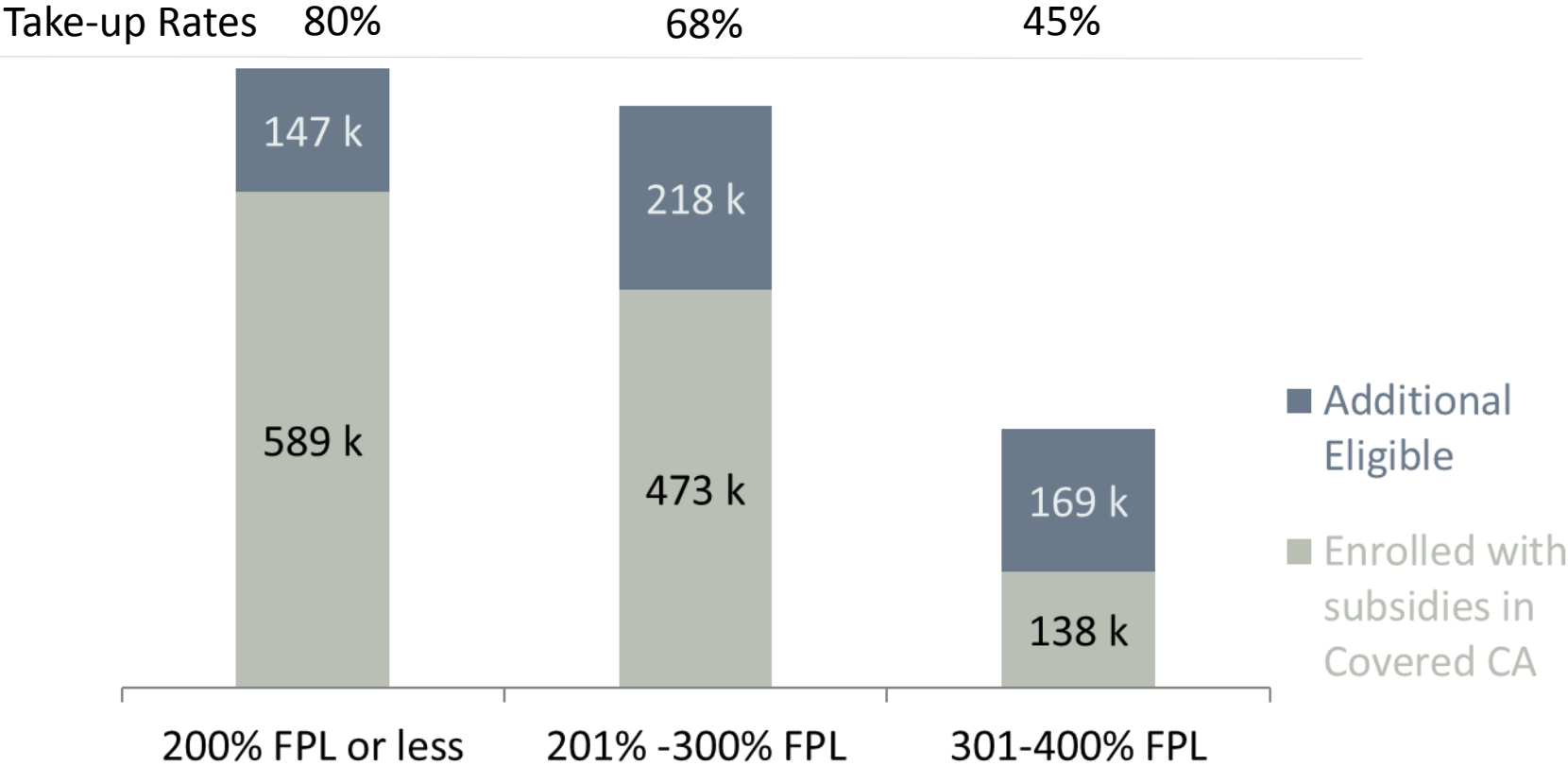


* Indicates a statistically significant change

Source: [ACA 411](#), and SHADAC analysis of the Current Population Survey's Annual Social and Economic Supplements (CPS).

Many Who Are Eligible for Subsidies Remain Uninsured

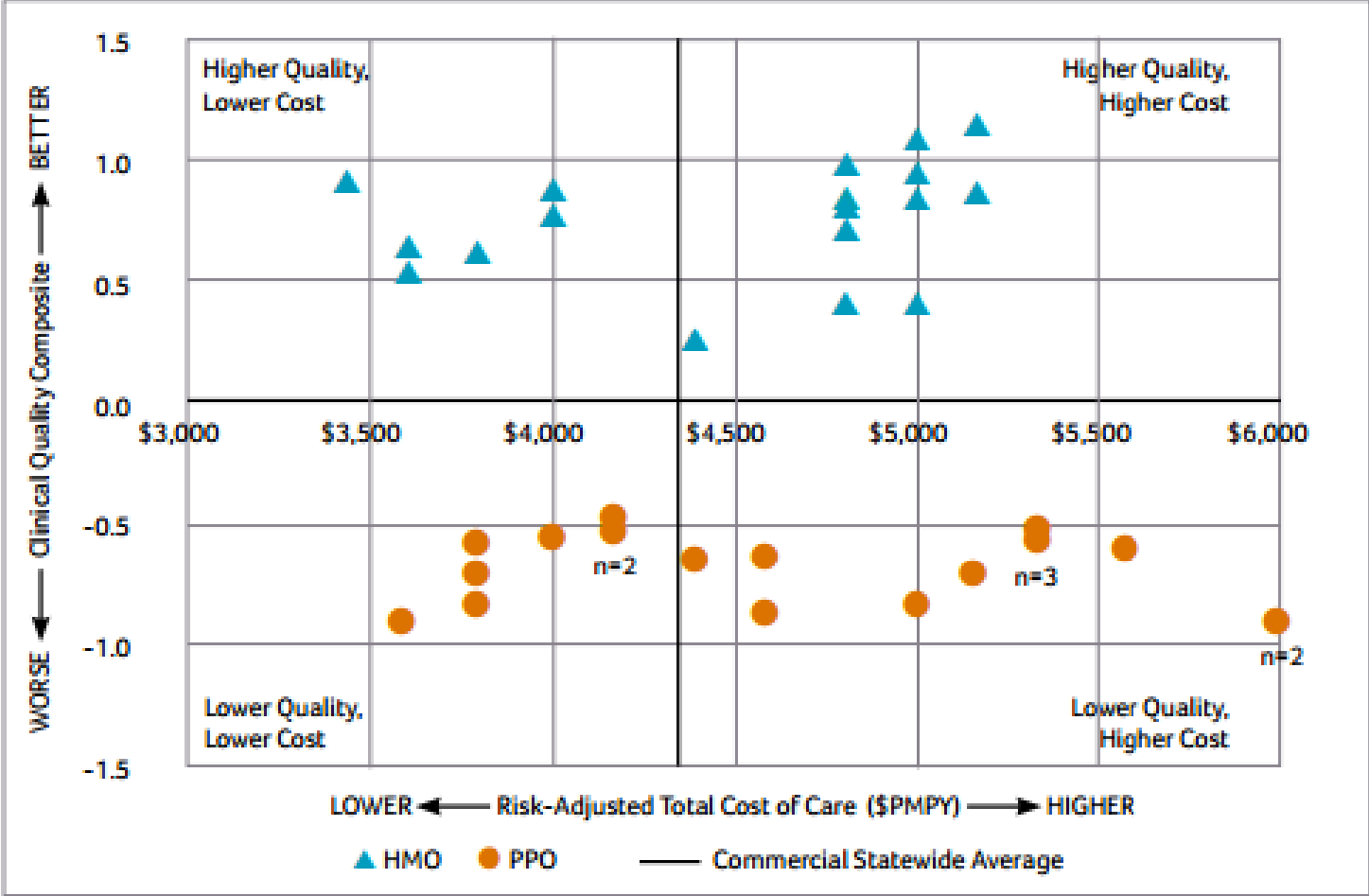
Lower-Income Individuals Have Highest Take-Up Rates



Source: UC Berkeley/ PWC Board Presentation, March 2016

Cost and Quality Vary Widely

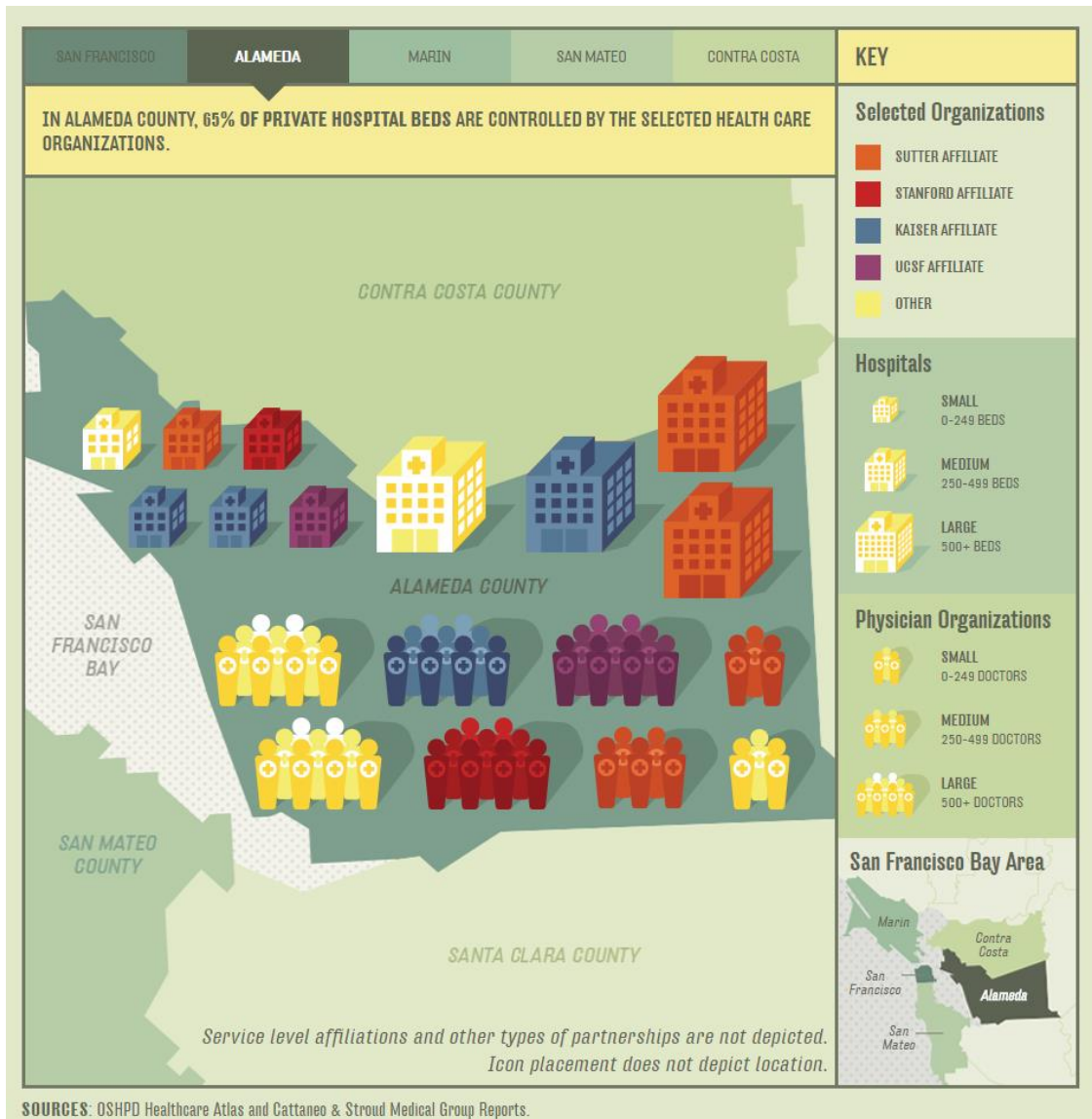
Linking California Commercial HMO and PPO Quality and Cost Performance, 2013



Source: California Regional Health Care Cost & Quality Atlas, commercial HMO and PPO 2013 Data.

Notes: Eastern Counties region is excluded because of insufficient data. When data points overlap on the chart, the number of regions represented is labeled as "n=". All cost values are risk adjusted and rounded to the nearest \$200.PMPY = per member per year.

Increasing consolidation of hospitals & physicians



Significant Expansion of Medi-Cal Enrollment (2013 – 2016)

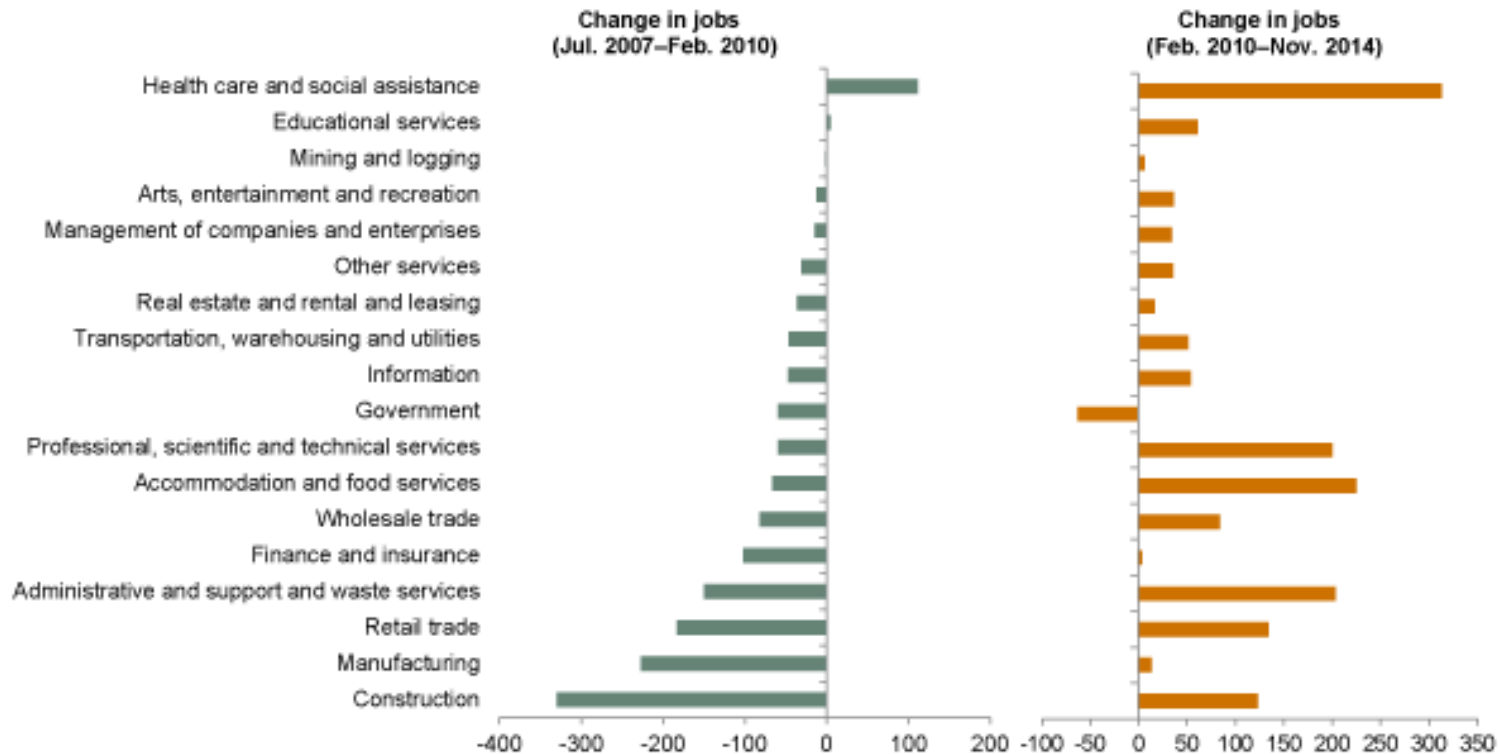
| Community | Dec. 2013 | Feb. 2016 | Change | % of Population in Medi-Cal |
|--------------------------|------------------|-------------------|-------------|-----------------------------|
| Fresno | 621,131 | 878,513 | +41% | 50% |
| Los Angeles | 2,631,886 | 4,116,340 | +56% | 40% |
| Orange County | 556,161 | 908,054 | +63% | 29% |
| Riverside/San Bernardino | 1,064,295 | 1,702,360 | +60% | 38% |
| Sacramento | 456,511 | 720,842 | +58% | 32% |
| San Diego | 523,726 | 904,463 | +73% | 27% |
| SF Bay Area | 708,744 | 1,139,791 | +61% | 24% |
| California | 8,605,691 | 13,526,979 | +57% | 35% |

Health Care and the California Economy

- The health care sector accounts for 1.5 million jobs in California – about 7% of the state's employment
- Average 2011 earnings per health care worker were \$63,300
- Health care is a significant driver for the technology sector, consumer goods, and service industries
- Estimated health care sector revenue was \$280 billion in 2014

Sources: California Community Colleges, [Economic and Workforce Development](#);
[Kaiser Family Foundation 2009 estimate](#) of health care sector revenue, inflation-adjusted by CHCF.

California Economic Recovery Led by Health Care

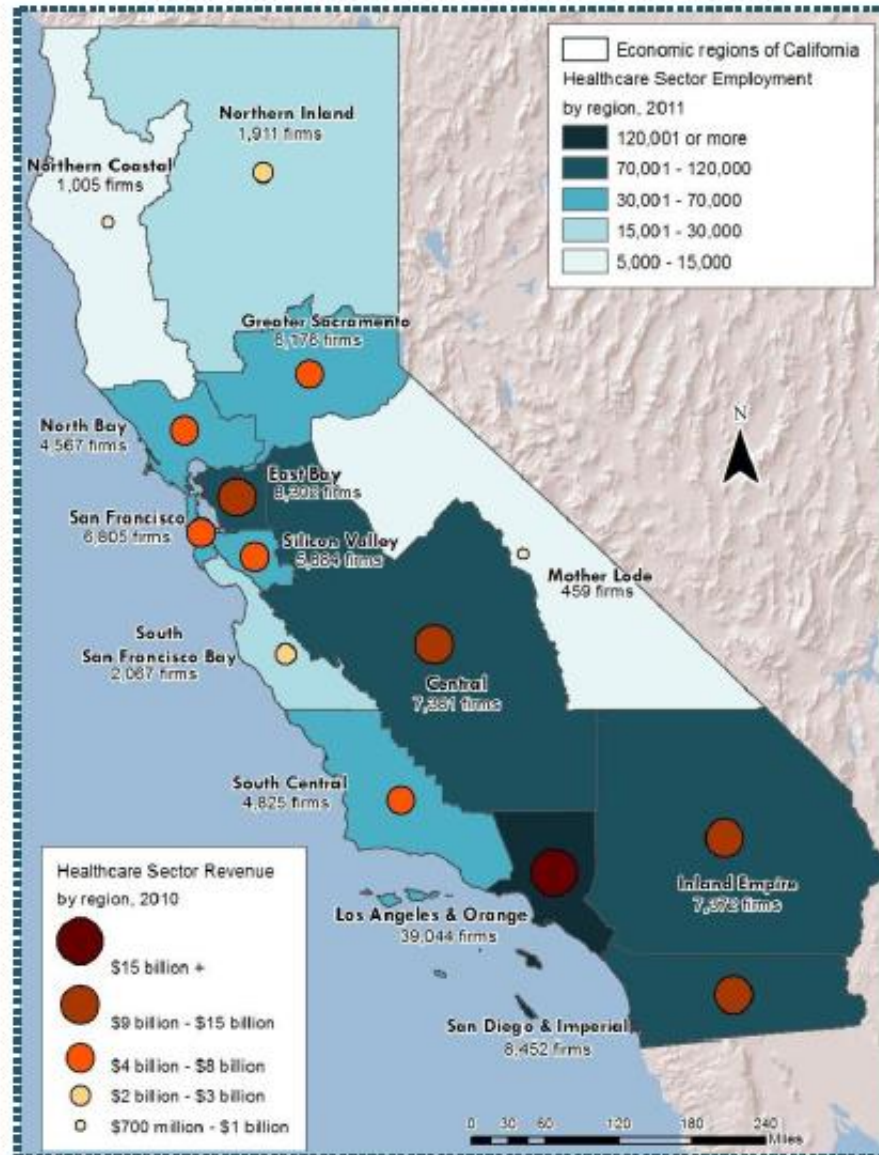


Source: U.S. Bureau of Labor Statistics, Current Employment Statistics.

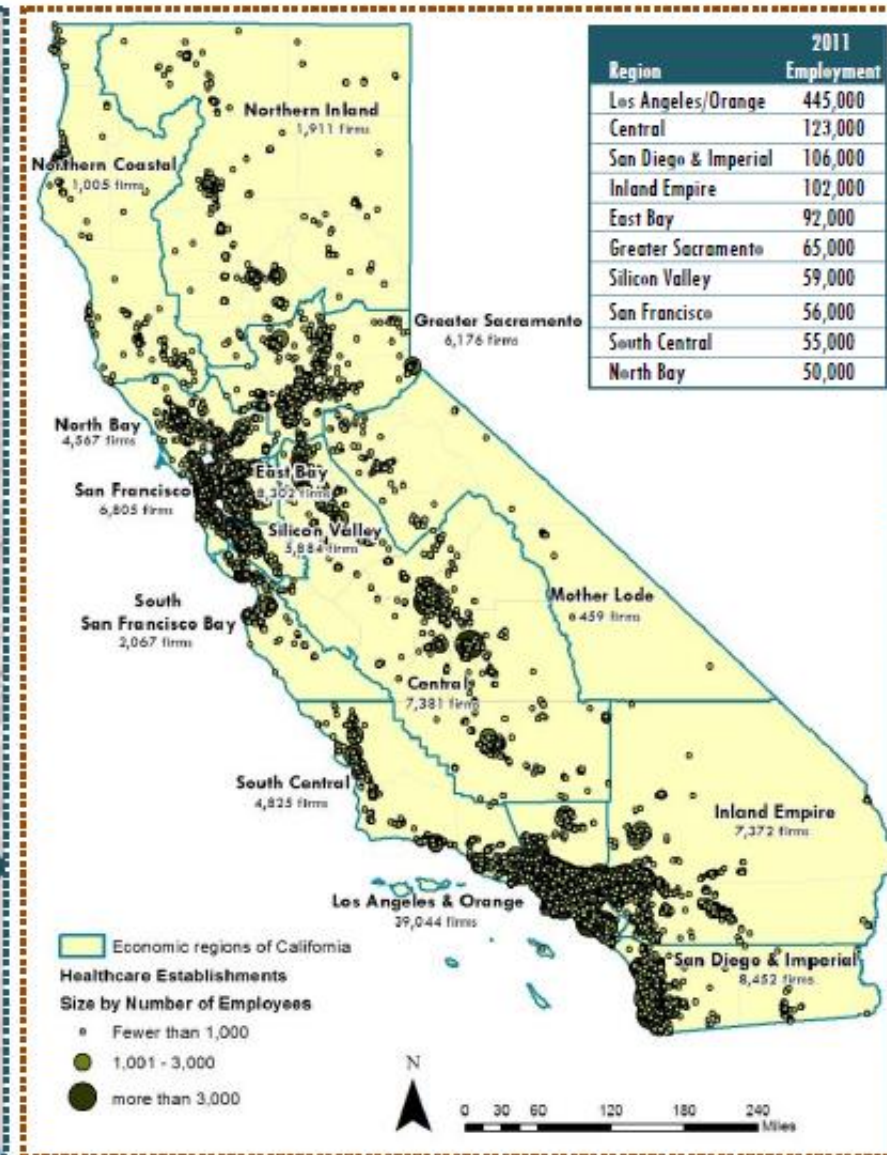
Notes: The Great Recession officially lasted from December 2007 to June 2009, However, California achieved its pre-recession peak in July 2007 and the current period of job expansion began in February 2010.

From: Just the Facts: The California Economy: Employment Update, PPIC, 2014.

HEALTHCARE EMPLOYMENT & REVENUE BY REGION



LOCATION OF HEALTHCARE FIRMS



Source: California Community Colleges, [Economic and Workforce Development](#)

Public Funding of Health Care

71 % of health care expenditures in California are paid for with public funds, according to a UCLA study.

- Medicare
- Medi-Cal
- Covered CA subsidies
- county health care
- CalPERS
- Veterans Affairs



Source: [Public Funds Account for Over 70 Percent of Health Care Spending in California](#), UCLA Center for Health Policy Research

Issues to Consider

Keep moving forward — CovCA is open and people should enroll

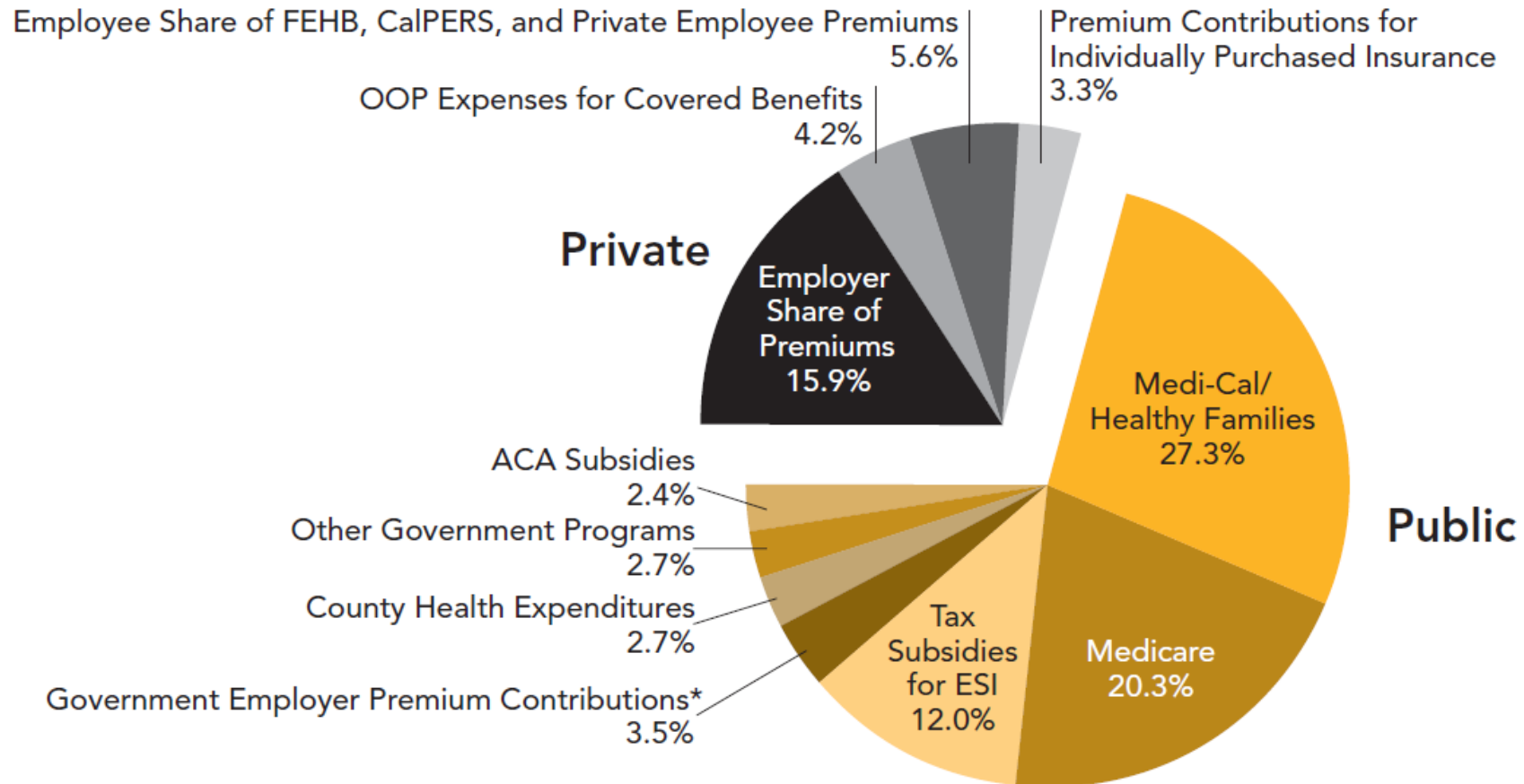
- Providing coverage to the remaining uninsured
- Minimizing loss of coverage due to churn
- Improving affordability
- Improving access to care
- Delivery system reform

Potential Repeal of the ACA

- Protecting current Covered California customers
- Potential structural changes in Medi-Cal

Additional Background

Total Health Care Expenditures in California, 2016



source: UCLA Center for Health Policy Research

CHCF Regional Market Reports

Methodology

- Third round of study to track changes local health care markets (2011, 2013, 2016)
- Seven regions, which comprise $\frac{3}{4}$ of state population
 - Sacramento
 - Bay Area
 - Fresno
 - Riverside & San Bernardino
 - Los Angeles
 - Orange County
 - San Diego
- Interviewed 200+ health care leaders on a variety of topics, mainly focused on delivery of health care services