



Lessons Learned From Five Years of Patient-Centered Reform

Covered California has sought to create an insurance market where consumers drive change. Currently 11 plans compete for nearly 1.4 million consumers in the individual market, with another 750,000 consumers selecting the same products at the same prices “off-exchange.” The exchange is an independent entity that negotiates with health plans on rates and plan features to achieve the best value for consumers. This document seeks to apply the lessons learned in California to inform the future of health reform by providing an overview of important criteria for evaluating market-based solutions for consumers, and highlights features of Covered California that have been critical.

- **Coverage** — Assessing how many people gained, kept or lost health coverage as a result of policy changes is a key metric. In California, the rate of the uninsured dropped to 7.1 percent in Sept. 2016 (from 17 percent in 2013).
- **Affordability** — The price of health insurance is fundamental to ensuring health coverage is within reach, both for those who receive subsidies and those who do not. Those receiving subsidies — 90 percent of Covered California enrollees — receive on average \$440 per month per policy, lowering their monthly premium to make health care more affordable. All consumers in the individual market have benefited from smaller premium increases, with an average increase of about 7 percent over Covered California’s first three years.
- **Getting Needed Care** — Copays and deductibles have been structured by Covered California with a patient-centered benefit design so that patients/consumers are not deterred from accessing the right care at the right time. For most enrollees, outpatient care is not subject to any deductible, including primary care visits, imaging, lab tests and other services.
- **Healthy Risk Mix** — Sustainable markets require a broad mix of consumers: healthy and sick, young and old. By national measures, California has had the healthiest risk mix in the individual market in the nation for two consecutive years.
- **Choice and Competition** — A robust marketplace should have meaningful competition and consumers should be able to make meaningful selections of plans and providers. In most areas of California, consumers choose among four or five carriers, and in no part of the state do they have fewer than two carriers to choose between. The vast majority of California’s hospitals (93 percent) participate in one of Covered California’s plans, and 74 percent are available in three or more plans.

COVERED CALIFORNIA | Critical Elements to Covered California's Reform Implementation

California applied sound policies to bring health care within reach of millions, improving access to care and giving consumers the tools they need to make the best choices for themselves and their families. Some of the key elements to Covered California's implementation include:

- **Expansion of the state Medicaid program** allowed 3.7 million Californians to enroll in Medi-Cal as of August 2016.
- **Effective marketing and outreach** help attract the healthiest risk mix in the nation, including millennials and the rich ethnic and cultural diversity of the state. The marketing campaign reached all corners of California using television, radio, print and digital platforms to promote enrollment by conveying the value of coverage. Covered California works with partners in the public as well as private sector with community partners and the more than 14,000 independent insurance agents operating more than 800 storefronts at locations throughout the state.
- **Patient/consumer-centered health insurance choices** reduce the number of services that are subject to a deductible to improve access to care. For example, no outpatient service in Silver, Gold and Platinum health plans offered through Covered California is subject to a deductible. In Bronze plans, enrollees can have three doctor visits not subject to a deductible. This allows consumers to access primary care without having to meet their deductible first. It also helps contribute to a healthy risk mix in that consumers who do not see any value in their health plan may be more likely to drop their coverage.
- **Competition that provides meaningful choices** — Covered California contracts with 11 health insurance companies, with insurers competing on price, networks and care rather than an incomprehensible array of choices. Year after year, consumers are given a chance to shop and compare without having to navigate complicated variations in plan design. Consumers can save by shifting to different plans or metal tiers best meeting their needs. The average rate increase over the last three years was approximately 7 percent, far lower than the trend in the individual market prior to the establishment of Covered California.
- **Performance Driven** — Covered California uses data to evaluate and improve performance, using its market role to stimulate innovative strategies for providing high quality health care at the lowest cost for all Californians.
- **Sound Management and Fiscal Diligence** — Covered California is an independent and financially self-sustaining state-based marketplace that does not rely on any state general funds or federal funds. Covered California receives its revenues from a small assessment, or fee, on each plan purchased through the agency.