



2027 State Premium Subsidy Program Design

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The Governor's May Revision

- The May Revision includes an appropriation of \$300 million in Health Care Affordability Funds (HCARF) for the Covered California State Subsidy Program. This is an increase of \$110 million from the Governor's Budget for Covered California to expand the state premium subsidy program to enrollees up to 200 percent of the Federal Poverty Level.
- Covered California staff have modeled a program design to fit the May Revision parameters.
- The proposed 2027 California Premium Subsidy structure:
 1. Preserves IRA-level premium subsidies for the lowest-income Covered California enrollees up to 150 percent FPL, meaning they can choose from two Silver-tier plans for \$0 premium.
 2. Increases the amount of premium assistance for individuals with income between 150% and up to 165% FPL relative to the 2026 program.
 3. Expands eligibility to individuals up to 200% FPL.
- The proposed 2027 program builds on the goals of the 2026 program, which was designed to minimize enrollment loss forecast due to the expiration of the federal enhanced premium tax credit; maximize the equitable impact of program funding; and promote year-over-year stability in the program design.

Preliminary assessment of consumer benefit

- More than 500,000 consumers are projected to receive state subsidies in 2027.
- More than 100,000 consumers between 150% and 165% FPL will see their premiums drop by nearly \$10 per member per month.
- More than 200,000 consumers will be newly eligible for state subsidy, dropping the average premium for this group from a projected \$129 per month to \$99 per month.

	2026 Program Design in 2027			2027 Expansion to 200% FPL		
	Count Receiving Subsidies	Subsidy Amount PMPM	Net Premium PMPM	Count Receiving Subsidies	Subsidy Amount PMPM	Net Premium PMPM
Under 150% FPL	195,350	\$63	\$41	195,350	\$63	\$41
150-165% FPL	116,520	\$23	\$84	118,850	\$33	\$76
165-200% FPL	-	-	\$129	218,340	\$36	\$99

Proposed enrollee contribution toward a benchmark plan by income group

Percent of FPL	Proposed 2027 California Premium Subsidy Program	2026 California Premium Subsidy Program	2026 Affordable Care Act	ARPA/IRA in effect between 2021 and 2025
Under 138%	0.0%	0.0%	2.10%	0%
138% – Under 150%	0.0%	0.0%	3.14% – 4.19%	0%
150% – At or Below 165%	2.69% – 3.41%	3.19% – 3.91%	4.19% – 4.91%	0% – 0.6%
Above 165% – Under 200%	3.41% – 5.1%	N/A	4.91% – 6.6%	0.6% – 2.0%
200% – Under 250%	N/A	N/A	6.6% – 8.44%	2.0% – 4.0%
250% – Under 300%	N/A	N/A	8.44% – 9.96%	4.0% – 6.0%
300% – 400%	N/A	N/A	9.96%	6.0% – 8.5%
Over 400%	N/A	N/A	Not eligible for federal APTC	8.5%

Overview of 2027 California premium subsidy program design document

- Covered California's Board is required to adopt a program design document to set forth the use of HCARF appropriation for financial assistance within any parameters established by state law.
- The 2027 premium subsidy program design document specifies the following elements for the proposed program:
 1. The enrollee required contribution amounts for the program – to be defined.
 2. The method for calculating the advanced payment of the state premium subsidy which mirrors the calculation of the federal premium tax credit, with the exception that the advanced payment of the state premium subsidy amount is reduced by any federal advance payment of the premium tax credit.
 3. The eligibility requirements for state premium assistance that mirror the requirements for the federal premium tax credit.
 4. The formula for state subsidy reconciliation mirroring the 2026 state premium assistance program.
 5. Definitions of key terms related to the calculation of the state premium assistance.

Next steps for developing the 2027 California premium subsidy program

- Finalize program design:
 - Final enrollee contribution percentages must be set after IRS releases 2027 ACA percentages (usually in early June)
- Covered California will request Board adoption of the 2027 California Premium Subsidy Program Design Document contingent on the enacted FY 26-27 State budget. *Likely for action in June.*

PUBLIC COMMENT

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