Resource: Estimates of Sources of Health Insurance in California for 2022

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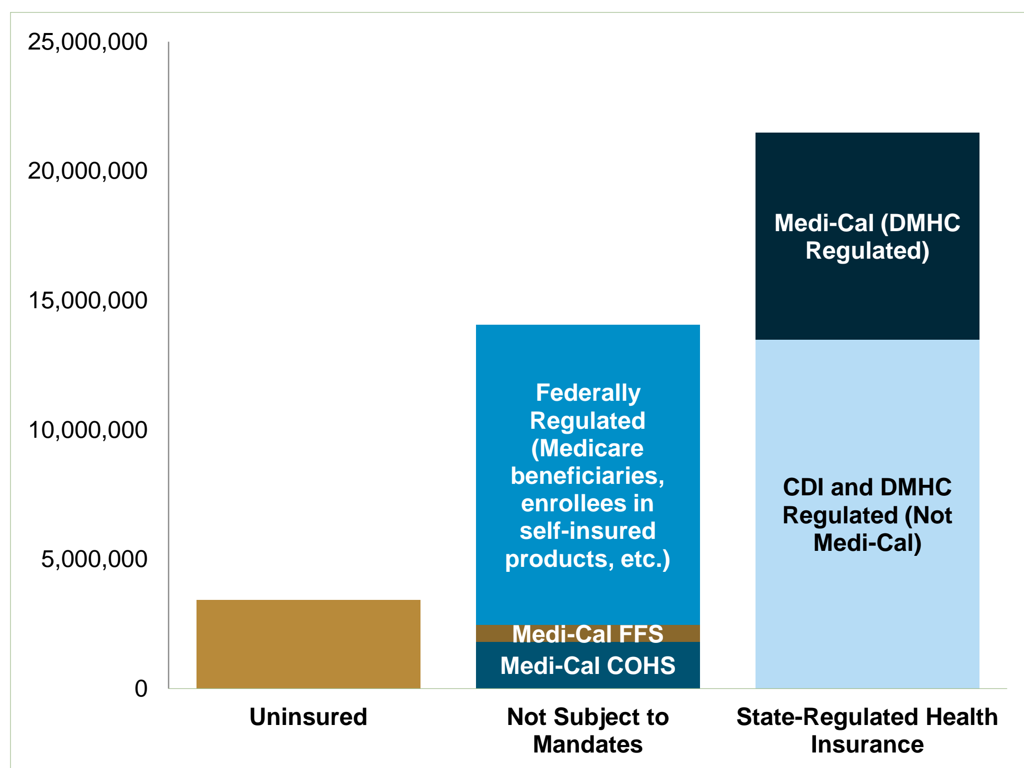
OVERVIEW

The California Health Benefits Review Program (CHBRP) responds to requests from the California Legislature to analyze bills related to health insurance benefits.[1] As part of these analyses, CHBRP annually updates its Cost and Coverage Model, which includes estimates of sources of health insurance in California. This brief discusses CHBRP's 2022 estimates.

As shown in Figure 1, most Californians will be enrolled in health insurance regulated by either the California Department of Managed Health Care (DMHC) or the California Department of Insurance (CDI). Other Californians will have other types of health insurance or will remain uninsured.

Figure 1. Health Insurance by Regulator in California, 2022



Source: California Health Benefits Review Program, 2021.
Key: FFS = Fee for Service; COHS = County-Organized Health System; CDI = California Department of Insurance; DMHC = California Department of Managed Health Care

In 2022, CHBRP estimates that California's population will be 39.4 million. Figure 1 presents several key elements regarding the sources of health insurance in California:

- 55.7% will be enrolled in DMHC-regulated health care service plans or CDI-regulated health insurance policies. This figure includes beneficiaries of Medi-Cal (California's Medicaid program) who are enrolled in DMHC-regulated plans (about 76.4% of all Medi-Cal beneficiaries).
- 35.6% will have health insurance associated with some other regulator. These are primarily Californians who are Medicare beneficiaries or who are enrolled in self-insured products. This figure includes Medi-Cal beneficiaries associated with the Medi-Cal Fee-For-Service (FFS) program or enrolled in County-Organized Health System (COHS) managed care plans. These Californians will have health insurance that is not subject to state-level health insurance laws.

[1] Established in 2002, CHBRP's authorizing statute is available at: http://www.chbrp.org/faqs.php.

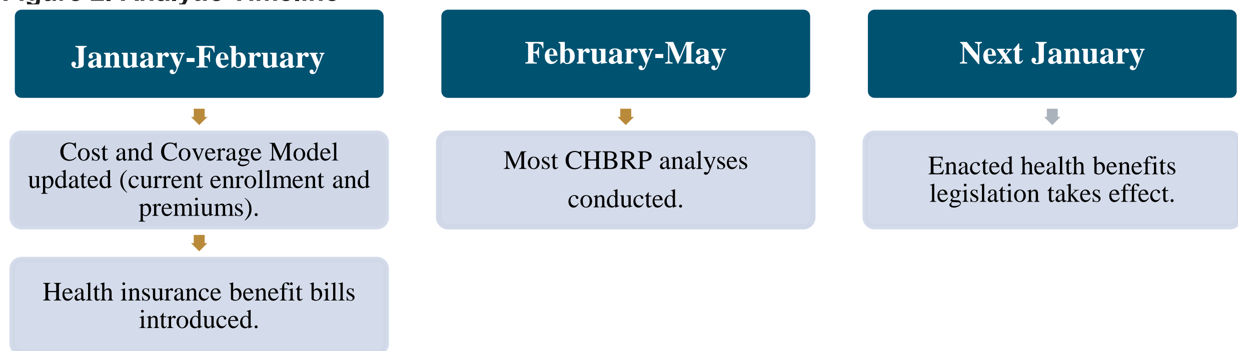
Only DMHC-regulated plans or CDI-regulated policies may be subject to state-level health insurance laws.

ESTIMATES OF SOURCES

Annually, CHBRP updates its Cost and Coverage Model (CCM) to estimate baseline health insurance enrollment and to project marginal, incremental impacts on benefit coverage, utilization, and cost of proposed health insurance benefit legislation.[2] The California Legislature generally proposes laws that would take effect in the following calendar year or later (if enacted, bills proposed in 2021 would generally take effect in 2022). For this reason, CHBRP annually projects the state's future distribution of health insurance by market segment.

Figure 2 describes: the analytic timeline for bill introduction preparation for and completion of bill analyses; and effective period of legislation if the bill is enacted.

Figure 2. Analytic Timeline



Enrollment Estimates and the Affordable Care Act

Although CHBRP is monitoring federal developments relevant to the Affordable Care Act (ACA), until any proposed changes are implemented, CHBRP will continue to anticipate impacts of the ACA on health insurance in California, including the following:

- Continued expansion of Medi-Cal eligibility.
- Continued presence of Covered California (the state's health insurance marketplace, through which subsidized health insurance may be available).
- Continued presence of some "grandfathered" plans and policies (privately funded plans and policies in existence before the ACA was signed). Grandfathered plans and policies are substantially unchanged and are exempt from some of the ACA's requirements.[3]

The continued presence of grandfathered plans and policies is relevant to CHBRP's analyses of health insurance bills because these plans and policies are not subject to the same requirements as are others (and so could be differently affected by a new health insurance law). For example, grandfathered plans

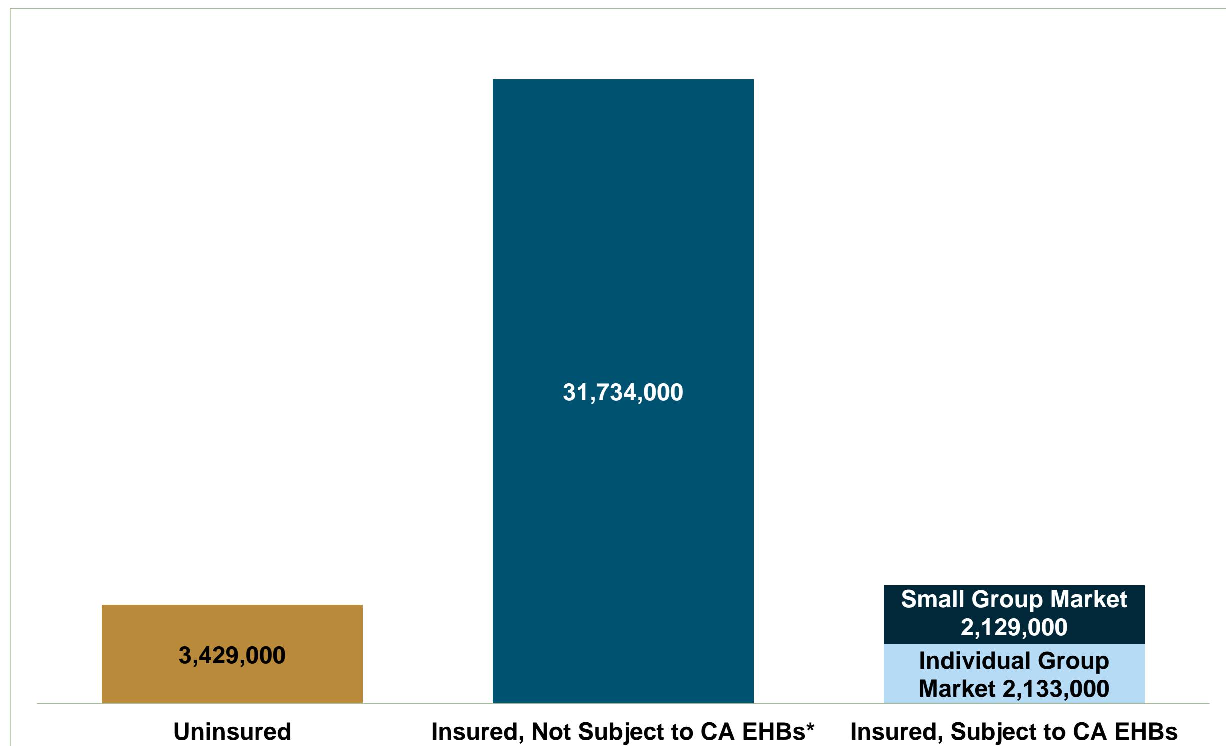
[2] Information on the CCM is available at: http://www.chbrp.org/analysis_methodology/cost_impact_analysis.php.
[3] A grandfathered health plan is "a group health plan that was created—or an individual health insurance policy that was purchased—on or before March 23, 2010. Plans or policies may lose their 'grandfathered' status if they make certain significant changes that reduce benefits or increase costs to consumers." Accessed at: http://www.healthcare.gov/glossary/grandfathered-health-plan.

and policies are not required by the ACA to: (1) cover specific preventive services without cost sharing; (2) restrict cost sharing for emergency services; or (3) cover essential health benefits (EHBs).[4,5]

Essential Health Benefits

The Affordable Care Act requires each state to create a set of essential health benefits (EHBs) that some state-regulated health insurance must cover.[6] In California, individual and small-group health insurance regulated by DMHC or CDI is generally required to cover EHBs. Grandfathered health insurance[7] in either market is exempt from the requirement as is large group market health insurance. As noted in Figure 3 below, approximately 10.8% of California's population has health insurance required to cover EHBs.

Figure 3. California Health Insurance in Subject to Essential Health Benefits, 2022



Source: California Health Benefit Review Program, 2021.
Notes: "Insured, Not Subject to CA EHBs" includes Medicare beneficiaries, enrollees in self-insured or large group plans/policies,

[4] As indicated in federal and California state law, non-grandfathered group and individual health insurance plans and policies must cover certain preventive services. See CHBRP's brief Federal Preventive Services Mandate and California Benefit Mandates, available at: http://chbrp.org/other_publications/index.php.
[5] The essential health benefits categories are: ambulatory patient services, emergency services, hospitalization, maternity and newborn care, mental health and substance abuse services, including behavioral health treatment, prescription drugs, rehabilitation and habilitation services and devices, laboratory services, preventive and wellness services and chronic disease management, pediatric services, including oral and vision care. See CHBRP's brief California's State Benefit Mandates and the Affordable Care Act's "Essential Health Benefits," available at: http://chbrp.org/other_publications/index.php.
[6] Essential Health Benefits requirements and parameters are discussed in Section 1302 of the Affordable Care Act. More information is available online at https://www.healthcare.gov/glossary/essential-health-benefits/.
[7] A grandfathered health plan is "a group health plan that was created—or an individual health insurance policy that was purchased—on or before March 23, 2010. Plans or policies may lose their 'grandfathered' status if they make certain significant changes that reduce benefits or increase costs to consumers." Accessed at: http://www.healthcare.gov/glossary/grandfathered-health-plan.

and enrollees in grandfathered individual and small group plans/policies
Key: CA = California; EHBs = Essential Health Benefits

CONCLUSION

To estimate potential impacts of health insurance benefits legislation, CHBRP develops forward-looking estimates of health insurance enrollment in California. Annual updates to CHBRP's Cost and Coverage Model are necessary to project insurance enrollments by market segment and associated with certain purchasers.

The resulting projections of sources of health insurance in California may be of use to the Legislature and to others interested in California health policy, as well as key to CHBRP's analytic work.

APPENDIX A

Table 1. Sources of Health Insurance in California, 2022

Publicly Funded Health Insurance

	Age	DMHC-regulated	Not regulated by DMHC or CDI	Total
Medi-Cal	0-17	2,736,000	273,000	3,009,000
	18-64	3,785,000	378,000	4,163,000
	65+	48,000	11,000	59,000
Medi-Cal COHS	All	-	1,803,000	1,803,000
Other public	All	-	-	567,000
Dually eligible Medicare & Medi-Cal	All	1,436,000	281,000	1,717,000
Medicare (non Medi-Cal)	All	-	-	5,032,000
CalPERS	All	889,000	317,000	1,206,000

Privately Funded Health Insurance

		DMHC-regulated		CDI-regulated		
	Age	Grand-fathered	Non-Grand-fathered	Grand-fathered	Non-Grand-fathered	Total
Self-insured	All	-	-	-	-	5,389,000
Individually purchased, Subsidized CovCA	0-17	-	104,000	-	4,000	108,000
	18-64	-	1,105,000	-	42,000	1,147,000
	65+	-	-	-	-	-
Individually purchased, Non-Subsidized CovCA and Outside CovCA	0-17	16,000	179,000	17,000	8,000	220,000
	18-64	48,000	520,000	50,000	20,000	638,000
	65+	1,000	16,000	2,000	1,000	20,000
Small group	0-17	41,000	441,000	*	10,000	492,000
	18-64	134,000	1,446,000	*	32,000	1,612,000
	65+	2,000	22,000	*	1,000	25,000
Large group	0-17	293,000	2,028,000	1,000	105,000	2,427,000
	18-64	755,000	5,231,000	4,000	270,000	6,260,000
	65+	12,000	86,000	*	4,000	102,000

Uninsured

Age	Total
0-17	237,000
18-64	3,140,000
65+	52,000
California's Total Population	**39,425,000**

Source: California Health Benefits Review Program, 2021.

Notes: *Less than 500 individuals

Key: CDI = California Department of Insurance; CalPERS = California Public Employees' Retirement System; COHS = County-Organized Health System; CovCA = Covered California (the state's health insurance marketplace); DMHC = California Department of Managed Health Care

Enrollment by Market Segment and Purchaser

As noted, health insurance available through DMHC-regulated plans and CDI-regulated policies may be subject to state-level benefit-related legislation written into one or two sets of laws: the Health and Safety Code (enforced by DMHC) and/or the Insurance Code (enforced by CDI). However, such legislation may be written to exempt some health insurance market segments or to exempt health insurance associated with certain purchasers. To correctly determine the impact of proposed legislation, CHBRP determines estimates, as displayed in Table 1, of Californians' sources of health insurance.[8] The table is organized by column (regulation) and row (market segment) and divided in two (public and privately funded health insurance).

Although some Californians have more than one type of health insurance, for analytic purposes the table lists (excepting those dually eligible for Medi-Cal and Medicare) enrollment in the person's primary form of health insurance.

Table 1 indicates: (1) the number of Californians enrolled in health insurance market segments and (2) the number Californians associated with a purchaser that might be of interest to the California Legislature - including, enrollees associated with Medi-Cal, California Public Employees' Retirement System (CalPERS), and Covered California.

Similar to Figure 1, Table 1 indicates enrollment in DMHC-regulated plans and CDI-regulated policies. However, Table 1 provides further information, such as age of enrollees and details of market segments and purchasers. Age is relevant to many CHBRP analyses because many of the diseases and conditions addressed by a bill are more likely to be present in either older or younger enrollees. Market segment details are relevant because they indicate which enrollees do and do not have health insurance that can be subject to a state-level mandate as well as which do and do not have health insurance that would be subject to the mandate proposed by a particular bill.

Key elements of information from Table 1 include:

- 12.7 million Californians will be enrolled in privately funded DMHC-regulated plans or CDI-regulated policies.
    - 68.4% of these enrollees will be associated with the large group market (101+ enrollees). A majority of these enrollees will be in DMHC-regulated plans.
- 10.5 million Californians will be Medi-Cal beneficiaries.
    - 76.4% of Medi-Cal beneficiaries will be enrolled in DMHC-regulated plans. The rest will be enrolled in County-Organized Health System (COHS) managed care or associated with the Fee-For-Service (FFS) program.[9]
- 1.2 million Californians will have health insurance associated with CalPERS.
    - 73.7% will be enrolled in DMHC-regulated plans. The remaining CalPERS enrollees are associated with CalPERS' self-insured health insurance products, which are not subject to state-level health insurance legislation.
- 5.4 million Californians will be enrolled in privately funded self-insured products, which are not subject to state-level health insurance legislation.

[8] Technically, some sources of what are commonly referred to as "health insurance," such as Medicare, are actually "entitlements." For ease of communication CHBRP has grouped all sources together.
[9] This figure also includes the 328,000 dually eligible Medicare and Medi-Cal beneficiaries enrolled in health plans not regulated by DMHC or CDI.