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## Two-Thirds of California's Seven Million Uninsured May Obtain Coverage Under Health Care Reform

Shana Alex Lavarreda and Livier Cabezas

**SUMMARY:** Almost 4.7 million nonelderly adults and children of the seven million Californians who were uninsured for all or part of 2009 will be eligible for insurance as a result of last year's health care reform legislation, according to new data from the 2009 California Health Interview Survey (CHIS 2009). Eligible Californians will obtain coverage either through Medi-Cal or through subsidies to purchase private health insurance in the new California Health Benefit Exchange (CHBE) starting in 2014. The CHBE will also be open to 1.2 million uninsured persons who do not qualify for

subsidized premiums due to their income exceeding eligibility levels, but who will benefit from the new marketplace created through the Patient Protection and Affordable Care Act (PPACA). Just over one million uninsured persons do not qualify to participate in either the CHBE or in the Medi-Cal expansion due to their citizenship status. With seven million uninsured residents of California in 2009, the new insurance options made available by the PPACA could face challenges in enrolling these uninsured individuals.

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Under the Patient Protection and Affordable Care Act of 2010 (PPACA), Medi-Cal will be expanded in January 2014 to include adults who earn up to 133% of the Federal Poverty Level (FPL) who do not have dependent children.<sup>1</sup> With this newly-eligible population added to those who are uninsured but eligible

### Definitions:

#### Currently Uninsured

Had no health insurance at the time they were interviewed by the California Health Interview Survey (CHIS).

#### Uninsured All or Part of Last 12 Months

Had no insurance for some or all of the past 12 months prior to the CHIS 2009 interview.

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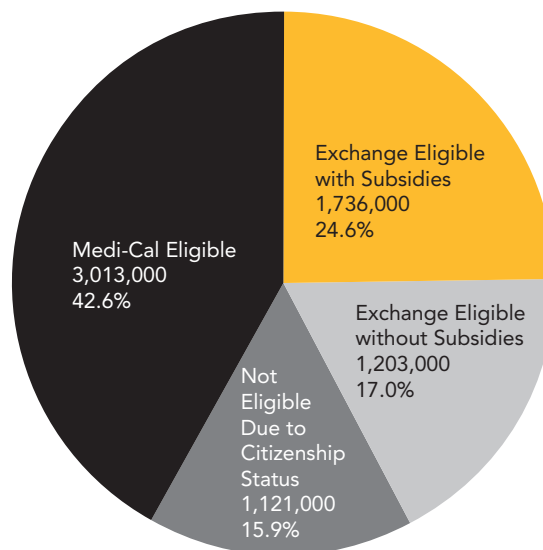
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for Medi-Cal under existing regulations, approximately three million of the lowest-income nonelderly adults and children will be eligible for coverage through Medi-Cal (Exhibit 1). This eligible population accounts for four in ten of those who had no health insurance for all or part of 2009 (42.6%).

## Exhibit 1

### Eligibility for PPACA Health Insurance Expansions Among Adults and Children Who Were Uninsured During the Past 12 Months, Ages 0-64, California, 2009



Total Uninsured All or Part Year: 7,072,000

Source: 2009 California Health Interview Survey

An additional 1.7 million uninsured adults and children, comprising one-fourth of the population that was uninsured for all or part of 2009 (24.6%), will be eligible for federal subsidies to purchase their own health insurance (Exhibit 1). They will be eligible in January 2014 to buy their coverage through the newly created CHBE. These subsidies are designed to cap a family's premium costs at between 2 and 9.5% of their household income. To qualify for the subsidies, these families either must have no health insurance accessible through work, or the coverage that is offered must be unaffordable according to the PPACA statute.<sup>2</sup>

The CHBE will also be open to 1.2 million uninsured persons (17.0% of the uninsured) who do not qualify for subsidized premiums because they either have household incomes above 400% FPL or could get coverage through their work. These consumers will be able to shop for coverage in a regulated

marketplace that will enable them to satisfy their requirement to have coverage for themselves and their families (e.g. the *individual mandate*).

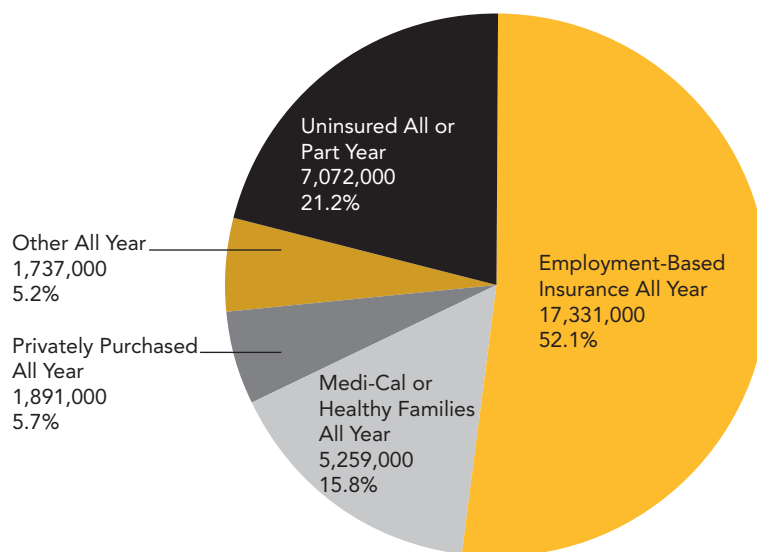
Just over one million uninsured persons (15.9% of the uninsured) do not qualify to participate in either the Exchange or in the Medi-Cal expansion due to their citizenship status. This population is also exempt from the coverage requirement, because they are barred from the PPACA Medi-Cal expansion and cannot join the CHBE, thus they cannot be penalized for not obtaining health insurance.

#### Number of Uninsured Jumped from 2007 to 2009 As Job-Based Coverage Declined

From 2007 to 2009, California experienced the worst economic recession since the Great Depression. The unemployment rate soared from 5.5% in 2007 to 12.3% in 2009, as thousands of workers lost their jobs. According

## Health Insurance Coverage During the Last 12 Months Among Nonelderly Adults and Children, Ages 0-64, California, 2009

Exhibit 2



Notes: *Other All Year* includes public health insurance programs that are not Medi-Cal or Healthy Families (including Access for Infants and Mothers (AIM) and the Managed Risk Medical Insurance Program (MRMIP) for example) and any combination of insurance types during the past year without a period of uninsurance. Numbers may not add to 100% due to rounding.

Source: 2009 California Health Interview Survey

to CHIS 2009 (data collected after this collapse of the job market), seven million Californians reported being uninsured for all or part of 2009 (Exhibit 2).

Job-based insurance still covered the largest group of nonelderly adults and children, with 52.1% receiving their health insurance through their own or a family member's employment. The current Medi-Cal and Healthy Families programs combined insured 5.24 million children and nonelderly adults (15.8%). The remaining 10.9% of the population was divided between individually-purchased (or *non-group*) coverage, and other types of health insurance.

Counties in Southern California, the San Joaquin Valley and the Northern/ Sierra areas had the highest rates of uninsurance in 2009 (Exhibit 3). Los Angeles County had the largest total number of uninsured residents, with 2.2 million nonelderly adults and children (23.7% of the total population) who were uninsured for all or part of 2009. The

rate of job-based coverage in Los Angeles County was also relatively low, at 47.2%. On the other end of the spectrum, counties in the Bay Area and the Sacramento Region had some of the lowest rates of uninsurance (less than 20%) and the highest rates of job-based coverage (most over 60%). These figures reflect the benefits of those areas having some of the lowest unemployment rates in the state.

The two counties with the highest increases in uninsured rates since 2007 were Alameda (with an 8.2 percentage point increase) and San Bernardino (with a 9.7 percentage point increase), for two entirely different reasons. Alameda County had drops in both employment-based insurance and public coverage, which combined led to the large increase in uninsurance. San Bernardino County, in contrast, experienced a 12 percentage point plunge in its job-based coverage rate, while the slight uptick in public coverage did not offset this decline.

(Continued on page 5)

**Insurance Status and Type During the Past 12 Months by Region and County, Ages 0-64, California, 2009**

Exhibit 3

	Job-Based Coverage All Year	Medi-Cal Healthy Families All Year	Other Coverage All Year*	Uninsured All or Part Year	Total Population
<b>All California</b>	<b>52.1%</b>	<b>15.8%</b>	<b>10.9%</b>	<b>21.2%</b>	<b>33,291,000</b>
<b>Northern and Sierra Counties</b>					
Butte	42.0%	21.2%	11.0%	25.7%	183,000
Tuolumne, Inyo, Calaveras, Amador, Mariposa, Mono, Alpine	47.4%	19.6%	17.6%	15.4%	141,000
Shasta	50.8%	16.5%	12.3%	20.5%	152,000
Sutter	47.0%	24.2%	11.3%	17.5%	83,000
Del Norte, Siskiyou, Lassen, Trinity, Modoc, Plumas, Sierra	46.3%	23.7%	12.4%	17.7%	118,000
Humboldt	52.5%	15.1%	14.3%	18.1%	112,000
Tehama, Glenn, Colusa	39.4%	25.0%	7.2%	28.4%	96,000
Nevada	51.6%	9.2%	17.1%	22.2%	79,000
Mendocino	40.4%	23.8%	14.0%	21.8%	75,000
Yuba	40.3%	23.1%	13.8%	22.7%	64,000
Lake	45.3%	23.0%	10.3%	21.5%	50,000
<b>Greater Bay Area</b>					
Santa Clara	63.7%	11.0%	11.2%	14.2%	1,618,000
Alameda	62.5%	11.3%	7.3%	18.8%	1,363,000
Contra Costa	65.4%	9.2%	9.8%	15.6%	922,000
San Francisco	59.9%	12.3%	11.4%	16.4%	712,000
San Mateo	73.6%	**	9.3%	12.8%	643,000
Sonoma	54.6%	8.7%	17.0%	19.7%	417,000
Solano	55.6%	14.9%	13.1%	16.4%	364,000
Marin	60.5%	7.4%	22.3%	9.9%	206,000
Napa	52.8%	11.6%	17.6%	18.0%	113,000
<b>Sacramento Area</b>					
Sacramento	60.8%	13.6%	7.6%	18.0%	1,251,000
Placer	67.1%	5.1%	12.7%	15.1%	290,000
Yolo	57.8%	9.3%	14.6%	18.3%	174,000
El Dorado	66.3%	8.5%	12.3%	12.8%	154,000
<b>San Joaquin Valley</b>					
Fresno	42.4%	25.6%	7.9%	24.2%	836,000
Kern	43.8%	26.6%	9.2%	20.4%	732,000
San Joaquin	45.1%	28.0%	8.9%	18.0%	606,000
Stanislaus	56.0%	17.6%	7.7%	18.7%	465,000
Tulare	37.2%	28.6%	7.4%	26.8%	394,000
Merced	47.5%	19.8%	10.0%	22.7%	231,000
Kings	36.0%	26.9%	16.5%	20.7%	127,000
Madera	42.6%	18.4%	9.2%	29.8%	125,000
<b>Central Coast</b>					
Ventura	55.9%	10.4%	15.0%	18.7%	729,000
Monterey	41.5%	26.0%	9.5%	23.0%	371,000
Santa Barbara	47.6%	22.3%	12.2%	17.9%	359,000
Santa Cruz	50.5%	14.3%	14.3%	21.0%	235,000
San Luis Obispo	55.4%	9.4%	16.9%	18.3%	210,000
San Benito	51.4%	19.7%	10.0%	18.9%	53,000
<b>Los Angeles</b>	<b>47.2%</b>	<b>19.1%</b>	<b>10.1%</b>	<b>23.7%</b>	<b>9,090,000</b>
<b>Other Southern California Counties</b>					
Orange	53.9%	13.6%	9.6%	22.9%	2,759,000
San Diego	52.3%	10.7%	18.4%	18.7%	2,751,000
San Bernardino	45.5%	15.4%	9.4%	29.7%	1,832,000
Riverside	52.4%	11.9%	10.7%	25.0%	1,850,000
Imperial	45.6%	27.0%	3.9%	23.5%	154,000

\* *Other Coverage* includes: 1) Individually-purchased private coverage; 2) Other public coverage that is not Medi-Cal or Healthy Families, such as AIM or MRMIP; and 3) Any combination of insurance types during the past year without a period of uninsurance.

\*\* Data are unstable because of coefficient of variation above 30%.

Note: Numbers may not add to 100% due to rounding.

Source: 2009 California Health Interview Survey

## Discussion and Policy Implications

The new coverage options under PPACA will benefit a large proportion of the seven million California residents who were uninsured in 2009, and thereby also protect the health system on which the entire population of the state depends. The number of uninsured Californians might have been higher, as projected prior to the availability of CHIS 2009 data, but nevertheless, seven million people in California did not have health insurance for some or all of 2009, a higher number than the state has seen before.<sup>3</sup>

Enrolling all of the 4.7 million Californians who are expected to be eligible for either Medi-Cal coverage or subsidized private insurance through the Exchange will be a challenge. Even at the time when health care reform was proposed in 2009, just under one million uninsured children and adults were eligible for Medi-Cal or Healthy Families but were not enrolled due to the complexity of the program eligibility and the application process.

Health care reform is intended, in part, to simplify both eligibility and the process of application to facilitate eligible persons accessing coverage. The Exchange will be a one-stop application portal with a process for applying and for determining eligibility. Gearing up for that change will be important to ensure that eligible Californians actually do gain coverage and keep it as they experience transitions in income that may shift their eligibility between Medi-Cal and insurance subsidies.<sup>4</sup>

As the focus moves from enacting the federal health care reform legislation to implementation of those reforms largely by the state, it will be important for policymakers and program administrators to ensure this new system absorbs all eligible uninsured persons. If California is successful in its implementation, 4.7 million residents will gain coverage who previously would not have

had it, reducing the cost shifting for uncompensated health services that has burdened privately-insured persons, employers, and state and local public agencies.

## Data Source and Methods

CHIS 2009 gives a detailed snapshot of health insurance in California in the depths of the economic recession. Although this information predates the passage of the national health care reform law (PPACA), this survey provides the most up-to-date information on eligibility for PPACA health insurance expansions, as CHIS is the state's only population-based survey that collects information regarding detailed current and past 12-month household income, as well as citizenship status. Eligibility for the Medi-Cal expansion was calculated to account for two differing bases of eligibility: eligibility for those who are currently uninsured using their current monthly income, and those who were uninsured for all or part of the past year using their annual income. Eligibility for subsidies in the Exchange incorporated the annual income for those who were uninsured all or part year and the expected premium amount they face at work (from the California Employer Health Benefits Survey), if their firm offers coverage at all.<sup>5</sup> Citizenship status categories included whether a noncitizen had a green card and if they lived in the United States for at least five years, both of which are conditions of their eligibility.

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This publication contains data from the California Health Interview Survey (CHIS), the nation's largest state health survey. Conducted by the UCLA Center for Health Policy Research, CHIS data gives a detailed picture of the health and health care needs of California's large and diverse population. Learn more at: [www.chis.ucla.edu](http://www.chis.ucla.edu)



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## Endnotes

- 1 The Federal Poverty Level for 2009 was \$10,956 for a single person; \$13,991 for a two-person family; and \$17,098 for a three-person family.
- 2 If an employer offers coverage to an employee, but the premium cost is greater than 8% of the employee's Modified Adjusted Gross Income, the employee can request a Freedom of Choice voucher and shop for coverage in the California Health Benefit Exchange.
- 3 Earlier projections stated that the uninsured population in 2009 reached over eight million Californians, with the uninsured rate soaring up to 24%. The difference between the projections and the actual survey data from 2009 is due to three factors: 1) higher retention of job-based coverage; 2) larger increase in public program enrollment than we estimated; and 3) a smaller overall population than was projected. First, employment-based health insurance proved more resilient than expected, probably due to the federal assistance given directly to consumers under the American Recovery and Reinvestment Act (ARRA) of 2009. Through ARRA, workers who had been laid-off received a federal subsidy that paid for two-thirds of the cost of retaining their group health insurance plan, as opposed to the prior policy of requiring the worker to shoulder the entire cost (up to 102% of the employer/employee premium). Second, public program enrollment grew at a faster rate in our self-reported survey than had been suggested by the state's administrative data counts used in the projections. This was likely due to a discrepancy in the time period in which the data were collected. The projections used data from April 2009, the most recent available at the time, and CHIS data were collected until early 2010. During late 2009, there was a much larger increase in public program enrollment. Finally, the total population of California was lower than projected, due in part to emigration from the state, particularly among the undocumented population. Since the number and rate of uninsured is a residual of residents who do not report having coverage, a lower population total lowers the estimates of the uninsured population as well.
- 4 The eligibility data in Exhibit 1 presents a picture of an integrated system, in which Medi-Cal and CHBE eligibility are mutually exclusive. In the real-world implementation of these two expansions, this will not be a practical possibility. An estimated 1.85 million of those eligible for Medi-Cal under the expanded provisions were uninsured at the time of their CHIS interview and had current monthly household incomes consistent with current enrollment procedures. Nearly one million more, though, were uninsured at some point during the past year, and had annual incomes that would indicate they were Medi-Cal eligible if they were to apply for buying coverage through the CHBE. Depending on the enrollment and eligibility processes, transitions between these two programs may be difficult, with people still falling through the cracks. However, Governor Brown has suggested efforts to realign county eligibility determinations at the state level, which may solve part of the problem of coordinating eligibility for Medi-Cal and the CHBE concurrently.
- 5 <http://www.cbef.org/publications/2010/12/california-employer-health-benefits-survey>