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Who Can Participate in the California

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Who Can Participate in the California Health Benefit Exchange?

A Profile of Subsidy-Eligible Uninsured and Individually Insured

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SUMMARY: About 1.71 million nonelderly Californians were uninsured for all or part of 2009 and are estimated to be eligible to participate and receive subsidies in the new California Health Benefit Exchange marketplace under the Patient Protection and Affordable Care Act (ACA) of 2010. Another 737,000 are currently insured with individual policies and will also be eligible for participation in the Exchange based on their employment, income and citizenship status. This policy brief examines the characteristics of these *Exchange-eligible with subsidies* groups, based on 2009 California Health Interview Survey data. Among the findings, these Exchange-eligible populations are often single, young working-age adults, and are employed in small firms. Most are healthy and the prevalence rates of most chronic conditions are similar to those with employment-based insurance. However, several indicators show poorer access to care for those who are uninsured. The characteristics of the Exchange-eligible with subsidies are likely to change by 2014 when the major provisions of the ACA are implemented. Nevertheless, these data indicate that the California Health Benefit Exchange is likely to improve access to care for the uninsured, and has the potential to improve coverage and access to care of those with individual policies.

"Exchange-eligible populations are often single, male, working age and employed in small firms."

California has established the California Health Benefit Exchange in compliance with the Patient Protection and Affordable Care Act (ACA) of 2010. Premium and cost-sharing subsidies are offered to eligible individuals under 65 who earn between 133% and 400% of the federal poverty level (FPL) and those with lower incomes who do not qualify for Medi-Cal.[1,2] The ACA also restricts the ability to purchase insurance through the Exchange to citizens and legal permanent residents who are not incarcerated.

An estimated 1.71 million Californians were uninsured for all or part of 2009 and are estimated to be eligible to participate in the Exchange with subsidies. Another 737,000 legal California residents insured through privately-purchased individual policies in the past year will also be eligible to participate in the Exchange with subsidies. Subsidies are tax credits, vary by income level, and can be used towards premiums or cost-sharing.

It is not possible to accurately predict how many Californians will participate in the Exchange as implementation details are currently in development and market dynamics are anticipated to change by 2014.[3,4] This brief does not predict who will participate in the Exchange, but uses the latest available estimates from the 2009 California Health Interview Survey (CHIS 2009) to estimate the size and characteristics of the uninsured and individually-insured populations who are *eligible* and can participate in the Exchange.

California HealthCare Foundation

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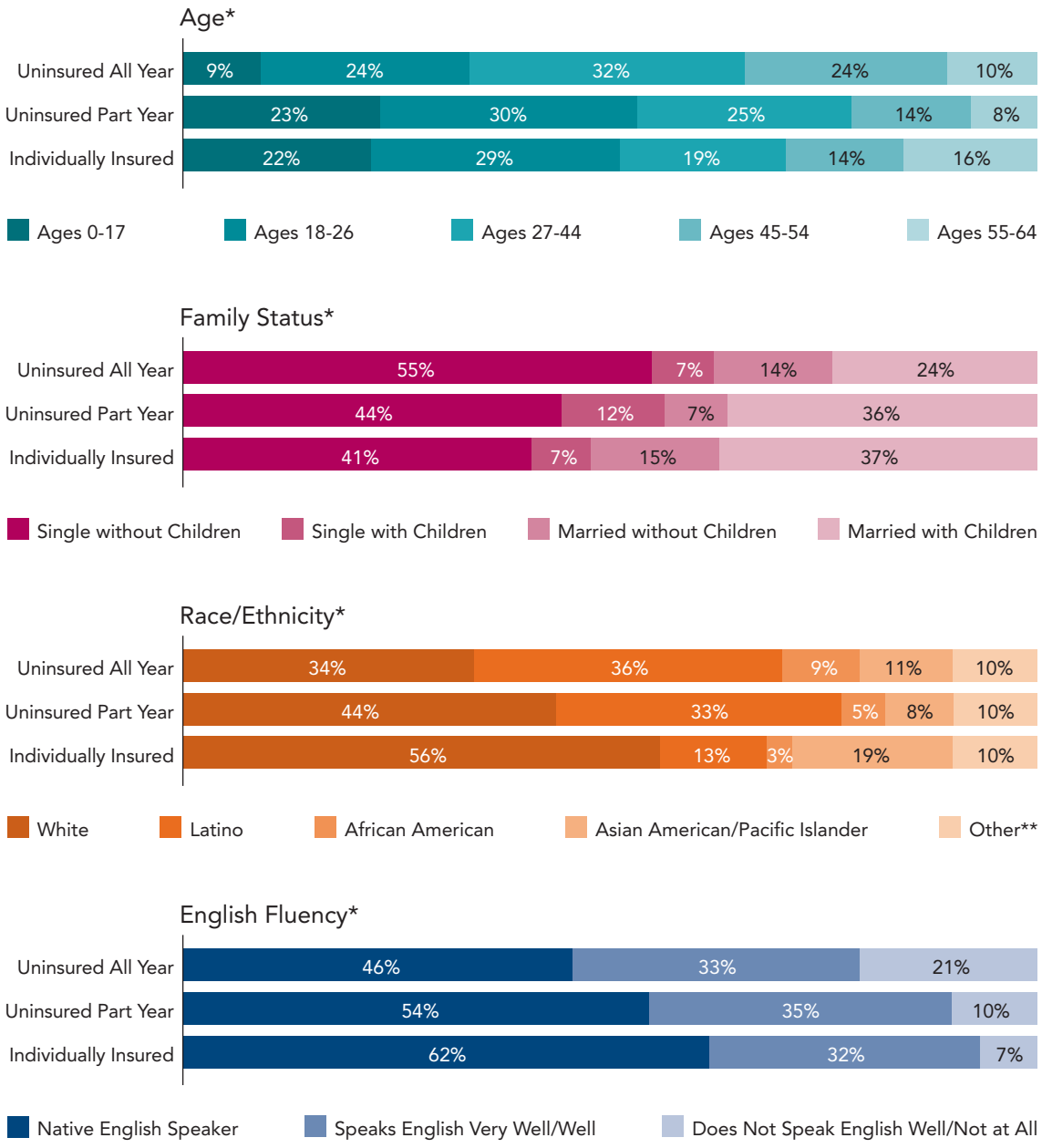
Exhibit 1

Sociodemographic Characteristics of the Uninsured and Individually-Insured Exchange Eligible with Subsidy, California, 2009



* The distribution is statistically different between categories of insurance status.

** Other includes American Indian and Alaska Native and mixed/multiracial individuals.

Note: Totals may not add to 100% due to rounding error.

Source: 2009 California Health Interview Survey

Specifically, this policy brief provides estimates of the demographics, health status and health care utilization of three Exchange-eligible groups: 1) uninsured all of past year; 2) uninsured part of past year; and 3) individually-insured all of past year.

These three groups differ significantly in some characteristics. As a result, they may have different participation rates and are thus reported separately in this brief. The uninsured and individually insured with incomes of 400% FPL or higher are also eligible for participation in the Exchange but without subsidies and therefore are not included in this brief.

The *uninsured population* in this brief consists of 1.07 million uninsured for all of the past year and 641,000 who were uninsured intermittently. The latter group had coverage such as Medi-Cal or individual insurance, but had lost it for various reasons including fluctuations in income. *Individually-insured* populations include 751,000 who purchased health insurance coverage privately from an insurance company.

In addition, the health and utilization status of those with employment-based coverage during the past year are provided as a point of comparison, as these individuals represent the majority of the insured population, are likely to have the best access to care, and are not subject to exclusions based on preexisting conditions.

Working Age Adults and Single Men More Likely to Be Eligible

Regardless of insurance status, a significant percentage of those eligible for the Exchange were working age adults and single males.

A significant proportion of those uninsured all or part of the year—as well as the individually-insured—were young (ages 18 to 26) or adults (ages 27 to 44), though differences in age distribution by group were present (Exhibit 1).[5] Many of uninsured all year (61%), uninsured part year (53%) and individually insured (49%) were male. The majority of those without insurance all year were single adults.

The three groups differed in their race/ethnicity, English fluency and languages spoken at home. A third or more of the uninsured all or part year were Latino compared to 13% of individually insured. English fluency was highest among those with individual insurance. Also, more of the uninsured all year spoke Spanish at home (14%) than the uninsured part year (7%). Of those with individual insurance, 8% spoke Asian languages only at home.

"Language barriers are common among those without insurance all year."

Insurance Status

Uninsured All Year
Individuals uninsured for the past 12 months.

Uninsured Part Year
Individuals uninsured for any number of months in the past year.

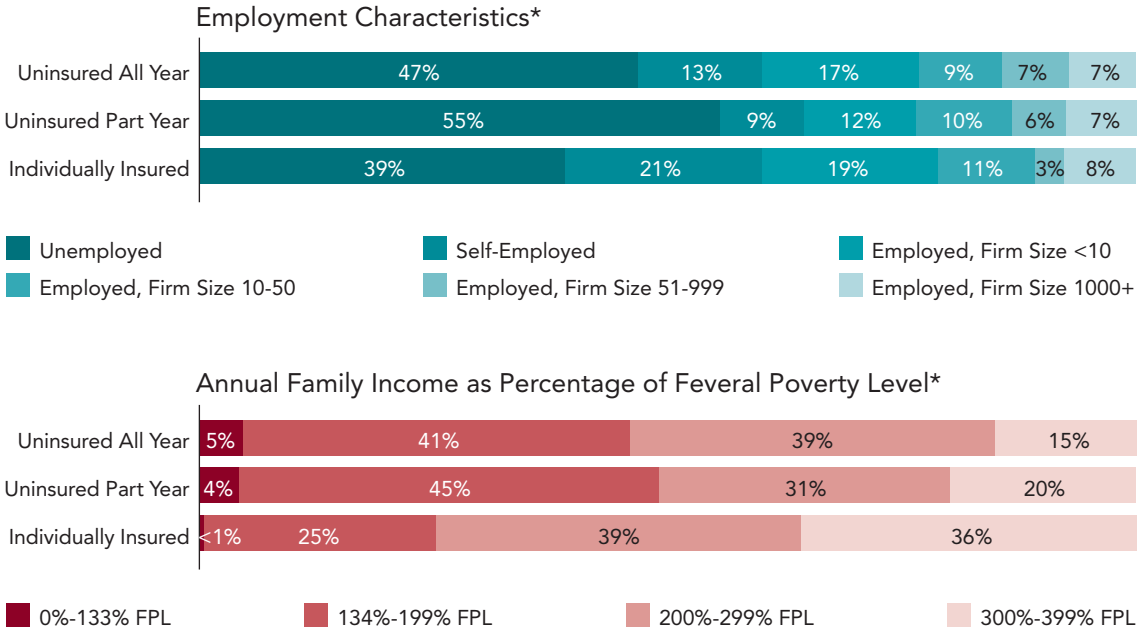
Individually Insured
Health insurance purchased by an individual directly from an insurance company.

Employment-Based Insured
Health insurance obtained from the employer (also known as *group insured*).

Uninsured All or Part Year
Cumulative count of uninsured during past year. The concept of *uninsured all or part year* – which is the cumulative count of uninsured during the past year – yields a larger number of uninsured than *currently uninsured* – which is a point-in-time estimate.

Exhibit 2

Employment Characteristics and Poverty Level of the Exchange Eligible with Subsidy, Uninsured and Individually Insured, California, 2009



* The distribution is statistically different between categories of insurance status.

Note: Totals may not add to 100% due to rounding error.
Source: 2009 California Health Interview Survey

The rates of self-employment and unemployment differed among the three Exchange-eligible groups (Exhibit 2). Self-employment was most likely among the individually insured. Unemployment was most likely among those who were uninsured part year. The differences in size of the employer were not statistically significant among the three groups. The individually insured were most likely to earn incomes of 200% FPL or more.

"Lack of insurance was clearly linked to poor access to care."

Many Were Healthy, But the Uninsured Had Poor Access to Care

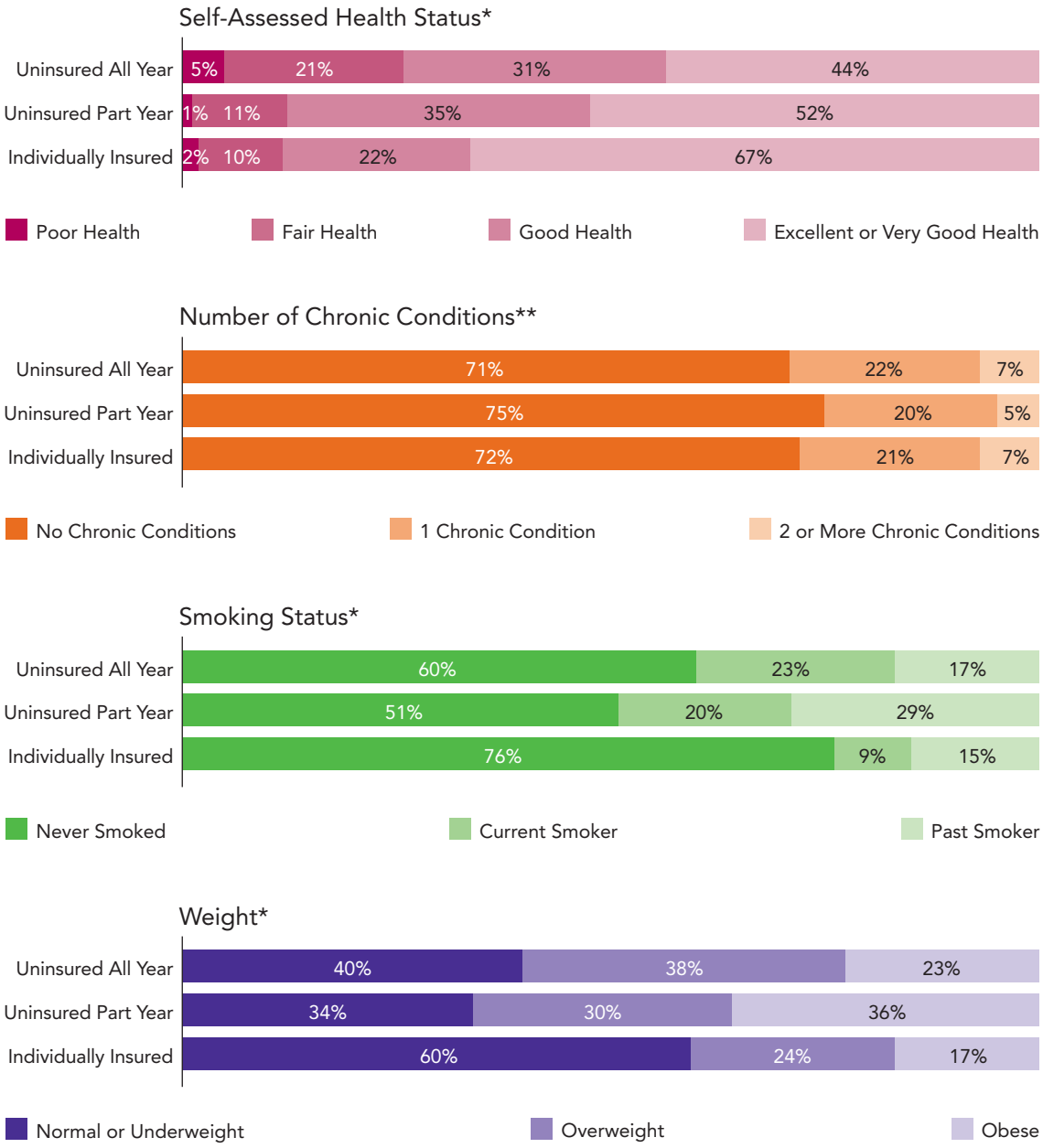
The Exchange-eligible population depicted in this brief did not differ markedly in their health measures from those with employment-based coverage, with some exceptions. Those uninsured all or part of the year (Exhibit 3) were less likely to report excellent or very good health than those with employment-based coverage (66%). Also, most of the employment-based insured (71%) had never smoked and fewer were obese (20%) than the uninsured all or part year (data for employment-based insured not shown in exhibits).

No differences in number of chronic conditions or types of chronic conditions were observed among the Exchange-eligible groups or the employment-based insured. For example, the rates of asthma were 11% for uninsured all year, 13% for uninsured part year and 12% for those with individual insurance. Diabetes rates were 6% for both uninsured all year and individually insured, and 5% for uninsured part year. High blood pressure rates were 18%, 11% and 16%, respectively for each group. Heart disease rates were 2% for each uninsured group and 1% for individually insured.

Lack of insurance was clearly linked with poor access to care (Exhibit 4). Employment-based insurance affords the best access to care as indicated by 8% without a usual source of care, 12% without outpatient visits in the past year, 4% with delays in needed medical care and 3% with delays in needed

Health Status of the Exchange Eligible with Subsidy, Uninsured and Individually Insured, California, 2009

Exhibit 3



* The distribution is statistically different between categories of insurance status.

** Chronic conditions examined include asthma, diabetes, high blood pressure and heart disease.

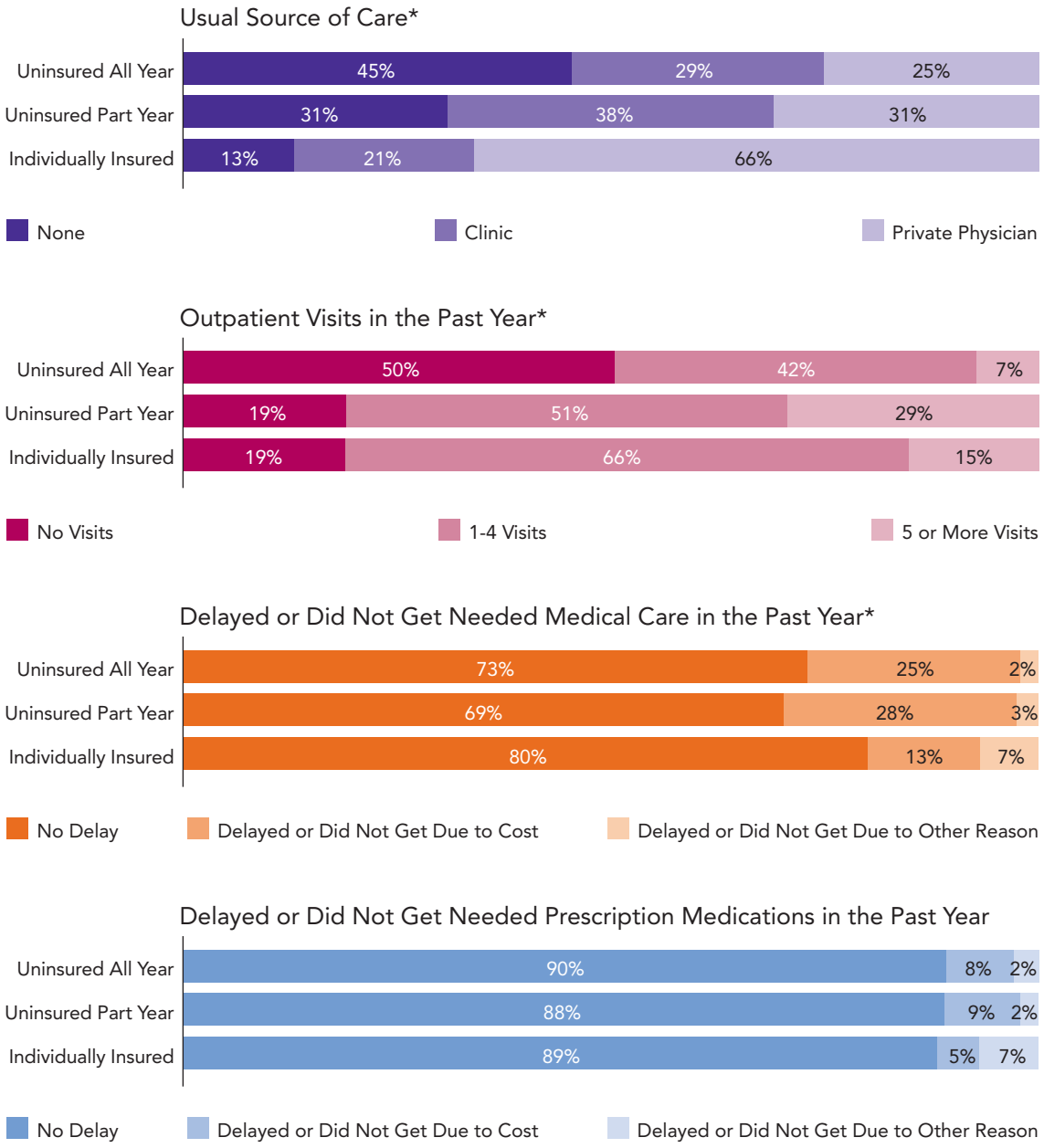
Note: Totals may not add to 100% due to rounding error.

Source: 2009 California Health Interview Survey

prescription medications. In contrast, the individually-insured, uninsured part year and uninsured all year reported poorer access based on the same measures. Despite the poorer access of the Exchange-eligible uninsured population indicated in Exhibit 4, the rates of emergency room visits were either lower or comparable among the uninsured all year (8%), uninsured part year (17%), individually insured (16%), or those with employment-based insurance (17%; data not shown in exhibits).

Exhibit 4

Access to Care of the Exchange Eligible with Subsidy, Uninsured and Individually Insured, California, 2009



* The distribution is statistically different between categories of insurance status.

Note: Totals may not add to 100% due to rounding error.
Source: 2009 California Health Interview Survey

"ACA is likely to significantly reduce disparities in access to care."

Conclusions and Implications

The data provided in this brief are vital to planning and implementation efforts as the California Health Benefit Exchange program moves forward.

The data confirm that the existing segmentation of the California insurance market into those with employment-based coverage, individual coverage, intermittent coverage and long-term uninsured has led to significant disparities in access to care and some health indicators. By providing health insurance to the uninsured, the ACA is likely to significantly reduce disparities in access to care.

The potential increase in health care expenditures is likely to be significantly moderated if the young, male, single and relatively healthy Exchange-eligible population comply with the individual mandate of the ACA and enroll in the Exchange. These individuals are less likely to require extensive or costly care. In addition, better access to care may reduce risk factors such as obesity and smoking, conditions experienced more frequently by groups with historically lower rates of coverage.

The availability of more affordable policies under the Exchange due to subsidies would be advantageous to the low-income uninsured and those who are currently purchasing individual policies. The participation of the low-risk individually-insured population in the Exchange would be desirable, as it may spread risk among a larger population and lead to lower cost policies for all.

The findings also have implications for implementation of the Exchange. Availability of primary care providers, at least during the initial period of enrollment when individuals may seek care for services they have previously foregone or delayed, should be addressed. The higher health care utilization of outpatient care among the insured, as indicated by these findings, highlights the importance of increased capacity for primary care within the Exchange.

The presence of significant numbers of racially and ethnically diverse individuals, and those with low or no English fluency, requires culturally-competent providers, language appropriate outreach and enrollment processes, and interpretation services under the Exchange.

Streamlining and coordinating of income eligibility and the enrollment process of Medi-Cal expansions and Exchange programs are essential. Medi-Cal eligibility is currently determined based on current monthly income and the Exchange eligibility is based on annual income. This discrepancy may lead to more uninsured individuals who are eligible for the Exchange by 2014 than identified in this brief. Those with monthly incomes lower than 134% FPL and annual incomes between 134-399% FPL may be eligible for both Medi-Cal expansion and participation in the Exchange with subsidies.

Uninsured Part Year: A Snapshot

Among those whose insurance status fluctuated over the year, 52% were currently insured at the time of the CHIS 2009 interview. These individuals were covered by Medi-Cal (67%), individual insurance (16%), employment-based insurance (2%), and other coverage (16%; data not shown in exhibits). The remaining 48% of the uninsured part year who were also currently uninsured at the time of the CHIS 2009 interview described their past coverage as employment-based (50%) Medi-Cal (18%), and other forms of coverage (32%). The average length of time without insurance was seven months.

"Inclusion of this young, single population may spread risk and reduce costs."

Data Source and Methods

The information in this brief is based on analysis of the 2009 California Health Interview Survey. CHIS 2009 provides the most up-to-date and comprehensive information on insurance coverage, income, demographics, health status and health care use for California. Respondents are asked about their current insurance and insurance during the past year.

Exchange eligibility under the ACA was estimated by including citizen and legal residents of California with household incomes below 400% of the federal poverty level. The data include uninsured individuals whose employers do not offer health insurance to their employees. The data exclude insured individuals with employment-based coverage who may be eligible to participate in the Exchange because their employer is exempt from the ACA, or their share of premiums is too high or other allowed circumstances. This brief also excludes those with incomes above 400% FPL, who can participate in the Exchange but do not qualify for subsidies.

CHIS california health interview survey

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 give a detailed picture of the health and health care needs of California's large and diverse population. Learn more at: ***www.chis.ucla.edu***

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Endnotes

1 Legal permanent residents who earn less than 134% FPL are not eligible for Medi-Cal under ACA if they have lived in the U.S. less than five years. These individuals can participate in the Exchange with subsidies. Also, individuals eligible for Medi-Cal or working in firms that offer insurance with affordable premiums are not eligible for subsidies under the Exchange. Subsidies refer to refundable premium or cost-sharing tax credits provided on a sliding scale basis under the ACA.

2 Under ACA, Medi-Cal eligibility can be determined by disregarding an amount equal to 5% FPL from an individual's income, raising the effective eligibility level to 138% FPL for some populations. This means that the effective Exchange-eligibility levels will be greater than 138% FPL for some groups. The population income used in this analysis is adjusted for this 5% income disregard.

3 Accurate estimates of the size of the population who will participate in the Exchange under ACA require advanced predictive models of the likely response of employers and employees to provisions of the law. These responses include potential shifts in firms' decisions to offer coverage as opposed to paying penalties, the benefit levels and types of health plans offered in the Exchange, the size of and affordability of premiums and other cost-sharing provisions of offered plans, and changes in the Medi-Cal and Healthy Families programs.

4 Other estimates of the size of the population who are eligible to participate in the Exchange with subsidies in California include 2.73 million by 2016 (*http://laborcenter.berkeley.edu/healthcare/california_exchanges10.pdf*), 3.47 million by 2014 (*http://www.familiesusa.org/assets/pdfs/health-reform/premium-tax-credits/California.pdf*), and 1.13 million by 2016 (Long P and Gruber J. 2011. Projecting the Impact of the Affordable Care Act on California. *Health Affairs*, 30(1), 63-70). These estimates include individuals with employment-based coverage who are predicted to participate in the Exchange based on anticipated changes in the employment-based market.

5 Approximately 390,000 children included in this brief have incomes between 134%-250% FPL and are not eligible for Medi-Cal expansion under the ACA, but are income eligible for the Healthy Families program. Their participation in the Exchange with subsidies depends on whether Healthy Families sets enrollment caps and the efficiency of eligibility screening efforts under the Exchange. These children are currently included in this brief as Exchange eligible.