



CalSIM

California Simulation of Insurance Markets

The California Simulation of Insurance Markets (CalSIM) model is designed to estimate the impacts of various elements of the Affordable Care Act on employer decisions to offer insurance coverage and individual decisions to obtain coverage in California. It was developed by the UC Berkeley Center for Labor Research and Education and the UCLA Center for Health Policy Research, with generous funding provided by The California Endowment.

California Simulation of Insurance Markets (CalSIM) Version 1.91

Methodology & Assumptions Update

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CalSIM 1.91 models the effects of the Affordable Care Act (ACA) on the insurance market in California using essentially the same methodology as [CalSIM 1.8](#). The main differences and updates incorporated in version 1.91 are summarized below.

1. Policy changes

In version 1.91, we model the effects of new minimum wage laws in California, which increased the minimum wage to \$9.00 per hour effective July 1, 2014 and \$10.00 per hour effective January 1, 2016. This change in the minimum wage will have direct and indirect effects on wages, thereby changing eligibility for Medi-Cal and subsidies through Covered California. Version 1.91 also models the postponement of the employer mandate until 2015 for firms with 100 or more full-time equivalent employees (FTEs) and until 2016 for firms with 50 to 99 FTEs.

2. Updated CHIS data

Previous versions of CalSIM used the 2009 California Health Interview Survey (CHIS) to estimate health-related and demographic characteristics of the California population. CalSIM 1.91 uses the 2011–12 CHIS. Compared to 2009, the more recent surveys show a smaller non-elderly population, fewer people with job-based coverage, and more people on Medi-Cal. This better reflects the post-recession state of insurance in California.

3. Covered California premiums

Age-rated Covered California premiums were not available for use in CalSIM 1.8 but have been incorporated into CalSIM 1.91. The 2014 statewide average second-lowest cost silver plan premium was used in CalSIM 1.91. The Covered California premiums were lower than had been anticipated in CalSIM 1.8. This resulted in lower estimates of the number of people expected to receive subsidies in CalSIM 1.91, because a subsidy is available only if the premium exceeds a certain share of household income.

4. Lowest price bronze plan

CalSIM version 1.91 incorporates lowest price Covered California bronze plans. CalSIM 1.8 modeled only a silver plan premium and a catastrophic plan premium for those under age 30. Adding bronze plans increases coverage options and the likelihood that someone has an affordable offer of coverage through Covered California. As a result we model fewer people as exempt from the individual mandate due to lack of an affordable offer of coverage (i.e., an offer of coverage costing less than 8% of income in 2014).

5. Observed Covered California enrollment

CalSIM version 1.91 calibrates subsidized enrollment to be consistent with the enrollment reported by Covered California as of the end of open enrollment on April 15, 2014. Subsidized enrollment was reported at 1,222,320.¹ This number includes everyone who had signed up during open enrollment, including enrollees who would later leave Covered California to seek new coverage or as a result of not paying their premiums. CalSIM provides point-in-time estimates of health insurance coverage, which estimate the number of enrollees on a random day. Based on Covered California testimony² that over 85% of enrollees for coverage starting in January 2014 had paid their first month premium, we expected Covered California point-in-time subsidized enrollment on any given day to be between 80% and 85% of the 1.22 million cumulative enrollment. Consequently we calibrated 2014 subsidized enrollment to be 978,000 (80%) in the base scenario and 1,039,000 (85%) in the enhanced scenario.

6. LIHP transition and Medi-Cal

As of September 2013 there were 643,000 people enrolled in the Low Income Health Program (LIHP) who became newly eligible for Medi-Cal in 2014. CalSIM version 1.91

¹ Lee, Peter V. Covered California Executive Director's Report, April 17, 2014. Available at: http://board.coveredca.com/meetings/2014/4-17/PDFs/PPT%20-%20Executive%20Director%27s%20Report_April%2017,%202014.pdf

² Lee, Peter V. "United States House of Representatives, Before the Committee on Oversight and Government Reform's Subcommittee on Economic Growth, Job Creation and Regulatory Affairs and Subcommittee on Energy Policy, Health Care and Entitlements" April 3, 2014. Available at: <http://oversight.house.gov/wp-content/uploads/2014/04/Lee-CA.pdf>

assumes that these people were transitioned automatically to Medi-Cal in January of 2014. This resulted in higher projections of Medi-Cal enrollment than in previous versions.

Between CHIS 2009 and CHIS 2011-12 there was a general decrease in the share of people reporting “other public” coverage, but a marked increase among those who would be newly eligible for MediCal under the ACA. We suspect that around 125,000 respondents to CHIS 2011-12 were covered by the Low Income Health Program, reported “other public” coverage, and were newly eligible for MediCal in 2014. Because these individuals would not be covered in the absence of the ACA, we recode them as “uninsured” without the ACA, and include them among the 643,000 transitioned from LIHP who were newly eligible for MediCal in 2014.

CalSIM Medi-Cal estimates include only full-scope Medi-Cal coverage. When benchmarking to CHIS, undocumented respondents reporting Medi-Cal coverage were reclassified as uninsured, since they could only have been eligible for restricted-scope Medi-Cal coverage.

7. Population projections and the immigrant population

Predictions of the 0–64 California population are based upon totals provided by the California Department of Finance (DOF). Updated estimates pegged to the 2010 census predict a smaller total population than previous DOF projections. We also deflate the 0–64 population by 1.33% to estimate the non-institutionalized population, which is the population covered by the surveys on which CalSIM relies (CHIS and the Medical Expenditure Panel Survey).

Estimates of the number of undocumented immigrants come from the Pew Hispanic Center, and estimates for the number of Californian legal permanent residents living in the U.S. for less than 5 years come from the Department of Homeland Security.

8. Covered California rating region estimates

CalSIM 1.91 provides regional estimates for the 19 Covered California rating regions rather than the regions as defined in CHIS. The methodology for creating these regional estimates remains very similar to that used in 1.8. We reweight the CalSIM individual data to match the distributions of certain variables for the region of interest. Regional level estimates of citizenship and immigration variables were made using CHIS confidential data. CalSIM draws all other variables at the local level from either CHIS or American Community Survey. Due to this difference in data sources, estimates at the local level may not sum to state totals. The paucity and limited sample size of local data sources require that regional and county estimates be used more cautiously than statewide estimates.