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## Californians Maintain Health Insurance Coverage Despite National Trends

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**SUMMARY:** The proportion of Americans who went without health insurance significantly declined after full implementation of the Patient Protection and Affordable Care Act (ACA) in 2014. However, the new federal administration in 2017 and 2018 made policy changes to the health law, and the national uninsurance rate rose in 2018. In contrast, California's uninsurance rate remained low (8.1%) in 2018, associated with a stronger economy and state efforts to mitigate policy changes affecting the private purchase market. Racial and ethnic groups in 2018 maintained uninsurance rates that had already been cut in half

since 2013, although Latino Californians still had rates twice as high as those of other racial and ethnic groups. Uninsured rates were also cut in half between 2013 and 2018 for low- and middle-income households. Higher-income households (400% of the federal poverty guideline and above) experienced smaller declines, though this group already had the lowest rates. State and local policies that target the cost of insurance coverage for those who are ineligible for public health insurance programs may help to further reduce this gap in the future.

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**T**he Patient Protection and Affordable Care Act (ACA), passed in 2010, was the largest expansion of health insurance coverage in the United States since the passage of the Social Security Amendments of 1965 that established Medicare and Medicaid. This coverage expansion through Medicaid and establishment of health insurance exchanges in the private purchase market did not go into effect until January 1, 2014. Despite this, California received a Bridge to Reform waiver from the federal government to begin expanding coverage to low-income populations and improve care delivery systems throughout the state before the official expansion went into effect. These enrollees were then automatically transitioned into Medi-Cal, California's Medicaid program, on January 1, 2014. On this date, health insurance plans purchased through California's new health insurance exchange, Covered California, also went into

effect. These changes put California at the forefront of states' efforts to expand coverage to the nation's uninsured. In 2016, California built upon this expansion by extending eligibility for Medi-Cal to undocumented children through the Health for All Kids Act.

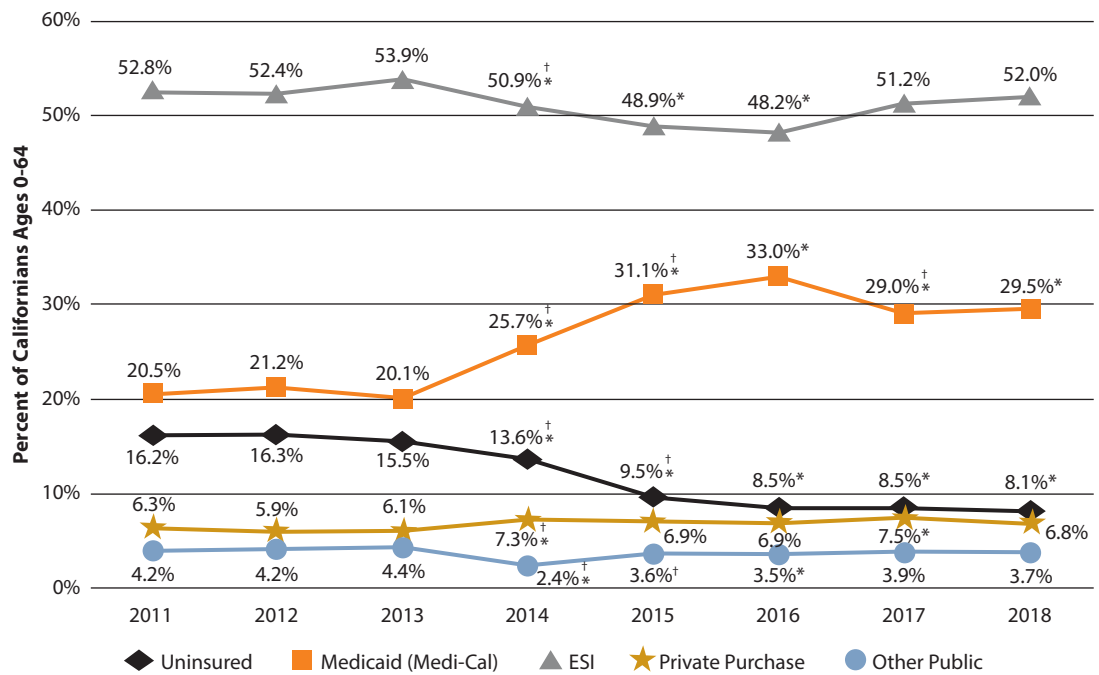
During 2017 and 2018, California also implemented key state-level actions to stabilize California's private purchase market, which includes Covered California, the state's health insurance exchange.

In this policy brief, we review the trends in health insurance coverage between 2013 and 2018, comparing the 2018 estimates in uninsured rates and sources of coverage with 2013 — the pre-ACA period — and with the 2017 period. Uninsured rates are then examined by race/ethnicity and income to observe the state's progress in eliminating coverage disparities for its diverse population.

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## Exhibit 1

## Health Insurance Coverage Type Among Californians Under Age 65



Source: 2011-2018 California Health Interview Survey

† Estimate differs significantly from previous year at  $p < 0.05$ .

\* Estimate differs significantly from 2013 at  $p < 0.05$ .

“Although the uninsured rate increased nationally in 2018, Californians maintained their gains in coverage, and the state’s uninsured rate remained at a record low.”

### Continued Low Uninsurance Rate in California in 2018 Counters National Trend

In the five years following the full enactment of the Patient Protection and Affordable Care Act (ACA) in 2014, the health insurance landscape in California has changed dramatically. Between 2013 and 2018, the uninsured rate for Californians under age 65 was nearly halved, dropping from 15.5% to 8.1%, while the number of uninsured Californians declined from 5.1 million to 2.7 million (Exhibit 1). Although the uninsured rate increased nationally in 2018,<sup>1</sup> Californians maintained their gains in coverage, and the state’s uninsured rate remained at a record low.

Health insurance coverage type among the nonelderly changed little between 2017 and 2018. Most ACA coverage gains were made through higher rates of enrollment in the state’s Medicaid program, Medi-Cal,

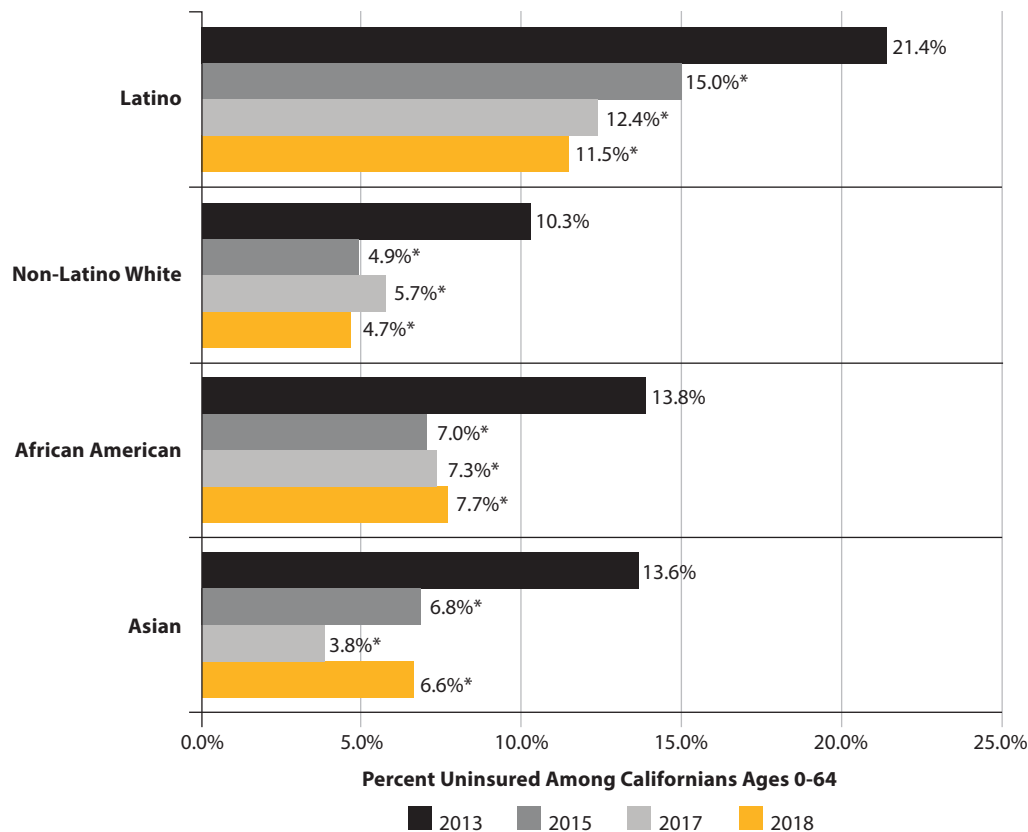
but these gains were realized in the period between 2013 and 2016, when Medi-Cal coverage increased from 20.1% to 33.0% of nonelderly Californians, with more than 3.2 million Californians reporting being enrolled in the program. Between 2016 and 2018, the percentage of nonelderly Californians who reported Medi-Cal coverage declined significantly (from 33.0% to 29.5%), while the percentage reporting coverage through employer-sponsored insurance (ESI) increased significantly (from 48.2% to 52.0%). The percentage reporting other public coverage or private purchase insurance, which includes enrollment in Covered California, the state’s Health Insurance Exchange, remained stable.

### Uninsured rates held steady for all racial/ethnic groups, but Latino uninsured rates were still highest.

The gains in health insurance coverage since 2013 were experienced widely across all racial/

## Uninsured Rate by Race/Ethnicity Among Californians Under Age 65

Exhibit 2



Source: 2013-2018 California Health Interview Survey

\*Estimate differs significantly from 2013 at  $p < 0.05$ .

Differences between 2017 and 2018 did not reach statistical significance for any group.

American Indians, Alaska Natives, Native Hawaiians, other Pacific Islander, and individuals reporting more than one race are not included in this chart due to small samples.

ethnic groups, though most of these gains occurred between 2013 and 2015 (Exhibit 2). Only Latinos experienced a significant decline in their uninsured rate between 2015 and 2018, with a low in 2018 of 11.5%. This was not significantly different from 2017, and Latinos still remained significantly more likely to lack insurance coverage than non-Latino Californians in 2018. Differences by race among non-Latinos were not statistically significant.

#### Across all income groups, coverage holds steady, but an income gap remains.

Uninsured rates by income also remained stable between 2017 and 2018, at levels significantly below where they were in 2013, prior to implementation of the ACA (Exhibit 3). Under both the ACA and California state eligibility guidelines, nonelderly Californians

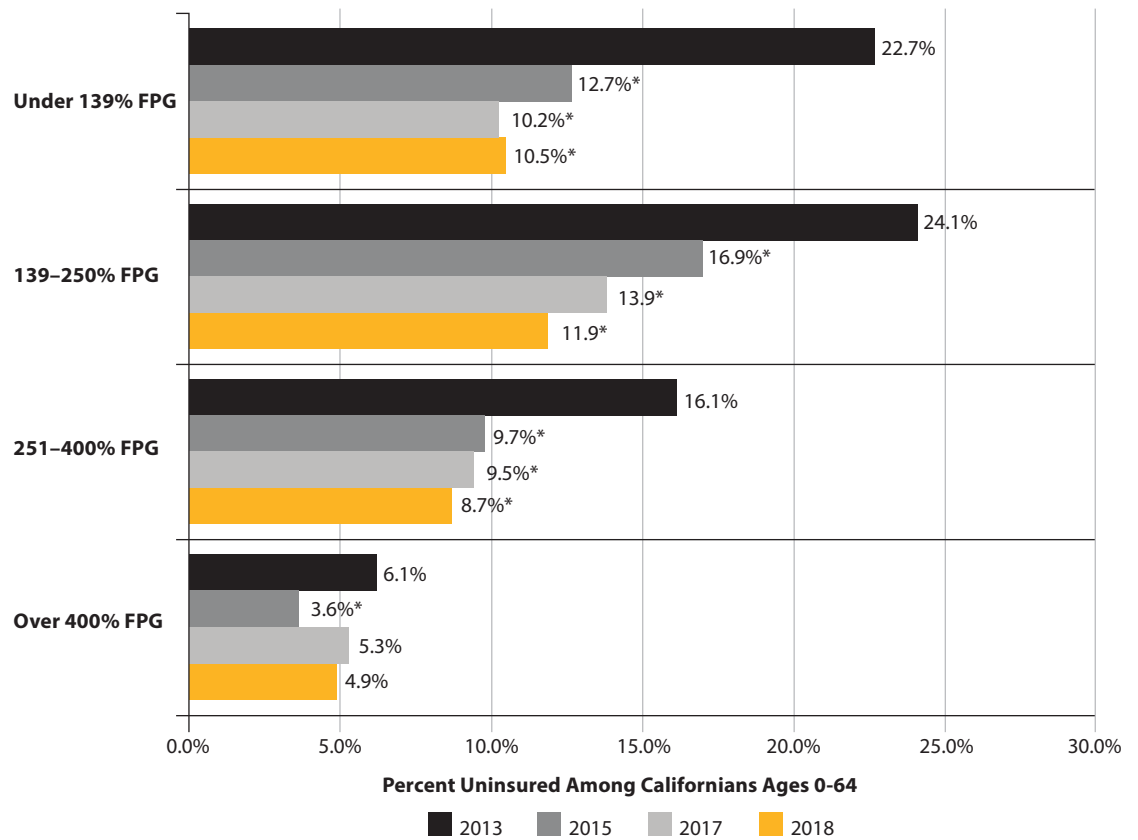
who are U.S. citizens, permanent residents, and some lawfully residing noncitizens with incomes below 139% of the federal poverty guidelines (FPG)<sup>2</sup> are eligible for Medi-Cal. Similarly, those with incomes above 138% FPG but below 400% FPG are eligible for subsidies to purchase health insurance coverage on the state's health insurance exchange, Covered California. Among this group, those whose family income is below 250% FPG are eligible for cost-sharing subsidies that help defray the expense of out-of-pocket costs, such as copayments and deductibles.

All nonelderly Californians with family incomes at or below 400% FPG experienced significant decreases in the uninsured rate between 2013 and 2018, with rates of being

*“Latinos still remained significantly more likely to lack insurance coverage than non-Latino Californians in 2018.”*

## Exhibit 3

## Uninsured Rate by Family Income as a Percent of the Federal Poverty Guidelines (FPG)



Source: 2013-2018 California Health Interview Survey

\*Estimate differs significantly from 2013 at  $p < 0.05$ .

Differences between 2017 and 2018 did not reach statistical significance for any group.

uninsured reaching record lows by the end of that period. As Medi-Cal enrollment increased, the uninsured rate of those who earned less than 139% FPG decreased by more than half, reaching 10.5% in 2018. Because of access to health insurance premium subsidies, as well as income fluctuations among those with incomes near 138% FPG, those with incomes between 139% and 400% FPG saw their uninsured rates nearly halved between 2013 and 2018. Higher-income Californians initially experienced a significant decrease in their uninsured rate; by 2015, the already low uninsured rate among those with family income at or above 400% FPG had reached a low of 3.6%. However, after 2015, the uninsured rate among this group increased slightly, but nonsignificantly (such that the uninsured rate of 4.9% in 2018 was not significantly lower than the uninsured rate of 6.1% in 2013).

### Discussion

Nationally, the overall uninsured rate was lower in 2018 than in 2013, but the national uninsured rate increased in 2017 and 2018 from its low point in 2016.<sup>1</sup> However, California's uninsured rates remained at record lows in 2018. As the economy continued to improve, unemployment fell and worker compensation increased, associated with gains in private coverage through employers and corresponding decreased enrollment in Medi-Cal.

### Mitigating effects of federal policy changes

California experienced continued stability in the face of national declines in health insurance coverage.

At the federal level, though the ACA remained in effect, the period of late 2017 and 2018 ushered in several important changes related to

*“All nonelderly Californians with family incomes at or below 400% FPG experienced significant decreases in the uninsured rate between 2013 and 2018.”*

the health exchanges. Beginning in 2018, the length of the open enrollment period — that is, the time frame during which Americans can newly enroll in or change coverage through private purchase health insurance plans — was reduced from three months to 45 days. At the same time, funding was dramatically cut for advertising of the open enrollment period and insurance navigators who help potential enrollees choose and enroll in health insurance through the federal health insurance exchanges and Medicaid.

To stabilize the private purchase market, in 2017 the California legislature passed AB 156, which maintained the state's three-month open enrollment period. In addition, California continued full funding for the state's health insurance Navigator Program to help Californians enroll in health coverage, despite the elimination of federal matching funds for the program.

In late 2017, the current federal administration announced the end of federal cost-sharing payments to insurers in the individual market (private purchase), which includes Covered California. Insurers added surcharges to insurance premiums to offset the lack of the federal commitment to fund the cost-sharing reduction (CSR) reimbursements. However, to minimize the impact of these increases on consumers, Covered California imposed the surcharge only on Silver plans ("Silver loading").<sup>3</sup> Federal health insurance premium subsidies for consumers are determined by the cost of the Silver plan that is second-lowest in cost. Thus, although the cost of the Silver plans increased, the federal subsidies for Californians with incomes up to 400% FPG were adequate or larger than the cost increase, retaining the affordability of the Silver plan or even enabling the purchase of higher-tier coverage.

In addition, to protect affordability for consumers previously enrolled in the Silver plan but not eligible for subsidies (that

is, those making more than 400% FPG), Covered California worked to ensure that these consumers had access to a parallel version of the Covered California Silver plan offered off-exchange that would be identical in all respects but would not include the CSR surcharge on premiums.<sup>3</sup> These actions by Covered California are likely to have contributed to California's maintaining and continuing to build on the gains in health insurance coverage achieved since 2013.

### Expanding coverage and affordability

California is at the forefront of the nation in preserving and furthering the ACA's tenets of coverage expansion and affordability. In 2016, California became the first state to extend Medicaid coverage to undocumented children through its Health for All Kids Act, and in 2019, the state legislature passed a law to extend Medi-Cal coverage to undocumented young adults under the age of 26 beginning in January 2020. The Latino population, with its large noncitizen segment, continues to have higher uninsured rates than other population groups in California,<sup>4</sup> and these policies could help to narrow that gap. California is also the first state to expand subsidies to the middle class: The state's budget for 2020-2022 includes funding to extend Covered California health insurance premium subsidies to lawful residents earning between 400% and 600% FPG.<sup>5</sup>

As the state continues to demonstrate ways to preserve and build upon the ACA's coverage expansion, more progress is needed to eliminate income-based and racial/ethnic disparities in health insurance coverage. Policies that target the cost of insurance coverage for those who are ineligible for Medi-Cal and Covered California may help to close the income gap in the future. Policies that extend Health for All to all adults would reduce the coverage gap by race/ethnicity and move the state closer to achieving universal coverage.



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:  
[chis.ucla.edu](https://chis.ucla.edu)

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## Methods

Data for this policy brief were drawn from the 2018 California Health Interview Survey (CHIS), released in October 2019, in conjunction with data from the previously released 2011-2017 CHIS annual data files. CHIS covers a wide array of health-related topics, including health insurance coverage, health status and behaviors, and access to health care. CHIS is based on interviews conducted continuously throughout the year, with respondents from more than 20,000 California households annually. For more information about CHIS, please visit the CHIS website at [chis.ucla.edu](http://chis.ucla.edu).

In this policy brief, health insurance coverage has been measured as coverage at a point in time rather than over the past year. Each respondent was coded into a single health insurance coverage type based on the following hierarchy: uninsured Medicare, Medi-Cal, employer-sponsored insurance (ESI), private purchase, and other public coverage. Those with Medicare were then reclassified into “other public coverage.” For these reasons, the estimates included in this brief may not be comparable to estimates from other sources that report coverage over the past year or that use a different health insurance hierarchy.

The measure of income included in this brief is based on family income earned in the past month as a percentage of the federal poverty guidelines issued by the U.S. Department of Health and Human Services (DHHS). CHIS data also contain measures of income based on household income in the past calendar year as a percentage of the federal poverty thresholds issued by the U.S. Census Bureau. Family income as a percentage of the federal poverty guidelines measure was included because this measure is more consistent with the income and poverty line measures used to determine eligibility for federal programs, including Medicaid and health insurance exchange premium subsidies.

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## Endnotes

- 1 Berchick Edward R, Barnett Jessica C, Upton Rachel D. 2019. Health Insurance Coverage in the United States: 2018. *Current Population Reports*: 60-267. Washington, D.C.: Government Printing Office.
- 2 In 2018, the federal poverty level (FPL) for a family of four—set in the federal poverty guidelines (FPG) issued by the Department of Health and Human Services—was \$25,100, with 400% FPG for a family of four at \$100,400. <https://aspe.hhs.gov/2018-poverty-guidelines>
- 3 See [https://www.coveredca.com/newsroom/PDFs/CoveredCA\\_2018\\_Plans\\_and\\_Rates\\_8-1-2017.pdf](https://www.coveredca.com/newsroom/PDFs/CoveredCA_2018_Plans_and_Rates_8-1-2017.pdf) and <https://www.coveredca.com/newsroom/news-releases/2017/10/11/Covered-California-Keeps-Premiums-Stable-by-Adding-Cost-Sharing-Reduction-Surcharge-Only-to-Silver-Plans-to-Limit-Consumer-Impact/>
- 4 Becker TL, Babey SH, Charles SA. 2019. *Still Left Behind: Health Insurance Coverage and Access to Care Among Latinos in California*. Los Angeles, Calif.: UCLA Center for Health Policy Research.
- 5 <https://lao.ca.gov/Publications/Report/4047>