



# News Release

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FOR IMMEDIATE RELEASE

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## California's Initiatives Will Lead to Hundreds of Thousands Gaining Health Care Coverage With Lower Premiums and New Financial Help

- *California's individual market will see a preliminary rate change of 0.8 percent in 2020, which is the lowest change since Covered California's launch, due to new state affordability initiatives designed to lower costs and encourage enrollment.*
- *An estimated 922,000 people — including many middle-income Californians — will be eligible from a first-in-the-nation expansion of financial help that builds on the Affordable Care Act and lowers the costs of their health care coverage.*
- *Covered California projects that lowering health care costs and reinstating the penalty on individuals who can afford coverage, yet choose to go without insurance, will result in 229,000 people becoming newly insured.*
- *All 11 health insurance companies return to the market for 2020, and a major national plan, Anthem Blue Cross, will expand — giving nearly all Californians a choice of two carriers, and 87 percent able to choose from three carriers or more.*
- [Downloadable comments from Executive Director Peter V. Lee \(video\).](#)

SACRAMENTO, Calif. — Covered California unveiled its preliminary rates for the upcoming 2020 coverage year, revealing how consumers will benefit from new state initiatives, and announced that a major carrier will be expanding into new areas and providing consumers with more choice.

The preliminary average rate change for California's individual market will be 0.8 percent in 2020, which is the lowest premium increase since 2014, and a fraction of the five-year actual average increase of 7.9 percent. The significantly lower rate change was driven by two new state affordability initiatives: the restoration of the individual

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mandate and new state subsidies that an estimated 922,000 consumers will be eligible to receive, which will lower the cost of coverage. Together, the initiatives are projected to increase the number of Californians getting insurance by an estimated 229,000 people.

“The bold moves by Gov. Newsom and the Legislature will save Californians hundreds of millions of dollars in premiums and provide new financial assistance to middle-income Californians, which will help people get covered and stay covered,” said Covered California Executive Director Peter V. Lee. “California is building on the success of the Affordable Care Act and bringing quality care and coverage within reach for more people.”

### **California’s Individual Market Rate Change for 2020**

California’s individual market consists of an estimated 2.2 million people, including approximately 1.39 million enrolled through Covered California and the rest buying coverage directly from carriers in the individual market.

The new state initiatives resulted in premium *decreases* between 2 and 5 percent per carrier as health plans rolled back increases they had added to premiums in 2019 resulting from the federal action of zeroing out the Affordable Care Act’s penalty.

“The premium increase of less than one percent is not a ‘rebound’ from large increases in prior years,” said Lee, “This lower increase follows years of relative stability and will provide big savings to millions of California consumers.”

For those who enroll through Covered California, nearly nine out of every 10 receive financial help in the form of federal tax credits or subsidies, which will increase in the coming year with the addition of state financial help. Together, they will make health care more affordable.

The proposed rates, negotiated with Covered California, will be filed with regulators and are subject to their final reviews. Covered California will release preliminary rates for California’s 19 rating regions on July 17.

### **New State Subsidy Program**

A Covered California analysis projects that an estimated 922,000 consumers will be eligible for the new state subsidy program that will help lower the cost of their coverage in 2020.

The consumers who are projected to benefit from the new state subsidies are:

- An estimated 235,000 middle-income Californians who previously did not qualify for financial help because they exceeded federal income requirements. They will be eligible to receive an average of \$172 per household per month, which will

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help them save an average of 23 percent off their current premiums. Many of these consumers, particularly those who live in high-cost regions, will see significant savings with annual reductions in their health care premiums in the hundreds and even thousands of dollars.

- An estimated 663,000 Covered California enrollees who currently receive federal financial help. They will be eligible to receive an average of an additional \$15 per household per month which will help them save an average of 5 percent on their current premiums.
- An estimated 23,000 Covered California enrollees whose annual household income falls below 138 percent of the federal poverty level (FPL), which is less than \$17,237 for an individual and \$35,535 for a family of four. They will see their premiums for the benchmark plan lowered to \$1 per member, per month.

“California is addressing affordability by helping the lowest-income individuals as well as those currently paying extraordinary amounts of money towards premiums each month,” said California Health and Human Services Secretary and Covered California Board Chair, Dr. Mark Ghaly. “Providing this critical assistance means fewer people without insurance and lower health care costs for everybody.”

“For many Californians, this new financial help will allow them to expand their businesses, hire staff, purchase new equipment and continue pursuing their dreams,” Lee said.

The new state subsidies will only be available through Covered California. The amount of financial help consumers receive will vary depending on their age, their annual household income and the cost of health care in their region.

The program will limit how much any Californian will pay for their premium as a percentage of their income. For example, older individuals living in regions with high health care costs could receive significant amounts of financial help, while some younger consumers in lower-cost regions may already be able to purchase a benchmark plan for less than the share of income spent on premiums that is capped by the program.

### **Restoring the Individual Mandate After Federal Action Zeroed Out the National Requirement, Raising Costs and Undercutting the Affordable Care Act**

California also enacted legislation to restore the individual mandate penalty for the upcoming 2020 coverage year. The penalty was zeroed out by Congress during the Tax Cuts and Jobs Act of 2017, which led to higher premiums in 2019 and likely contributed to a dramatic drop in the number of new consumers signing up for the coverage during the most recent open-enrollment period.

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Restoring the individual mandate was a key factor in driving premiums between 2 and 5 percent lower per carrier, with an average of 3.2 percent. Covered California estimates the reduced rates will mean Californians will save an average of \$14 per month, or \$167 per year, on their health care premiums in 2020.

“The winners of making coverage more affordable and once again requiring consumers to be insured are all 2.2 million people in the state’s individual market and all Californians who benefit from having more of their friends, family and neighbors insured,” Lee said.

The state mandate will be administered by the California Franchise Tax Board. People who choose to go without coverage they can afford in 2020 will be subject to paying the penalty as part of their annual state tax filing. Consumers whose health insurance costs do not exceed a certain percentage of their income could face a penalty of up to nearly \$2,100 per family, which is based on 2.5 percent of household income or a minimum of \$695 per adult, whichever is greater.

Click here for a fact sheet on the state subsidy program and individual mandate, including the income thresholds for the state subsidies - [https://www.coveredca.com/news/pdfs/State Subsidy and Mandate Fact Sheet.pdf](https://www.coveredca.com/news/pdfs/State_Subsidy_and_Mandate_Fact_Sheet.pdf).

### **Increased Competition and Consumer Choice**

In 2020, 87 percent of Californians will be able to choose from three carriers or more, and 99.6 percent of consumers will have two or more choices, due to the expansion of a major national plan.

In the coming year, all 11 carriers will continue offering products across the state, and Anthem Blue Cross — which is currently only available in Northern California, Santa Clara County and the Central Valley — will expand into the Central Coast, parts of the Central Valley, Los Angeles County and the Inland Empire. Anthem Blue Cross will now be available to about 59 percent of Californians.

“Californians continue to benefit from having a very competitive market — with non-profit, locally controlled public plans and for-profit plans competing to meet consumers’ needs on a level playing field,” Lee said. “The fact that we have a major national plan re-entering major markets and that we’re ensuring virtually everyone across California has a choice in coverage is proof that when you have a competitive market it can work for both consumers and health plans.”

Consumers can find out what they will pay for their 2020 coverage starting during the renewal period in October, when they can visit Covered California’s website at [www.CoveredCA.com](http://www.CoveredCA.com) and begin using the Shop and Compare Tool for 2020.

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Consumers who do not have health insurance will be able to begin signing up for 2020 coverage in the fall. Others with special qualifying life events, like losing their coverage or moving, can enroll year-round. Medi-Cal enrollment is also year-round.

Interested consumers should go to [www.CoveredCA.com](http://www.CoveredCA.com) to find out if they qualify for financial help and find free local help to enroll. They can contact the Covered California service center for enrollment assistance by calling (800) 300-1506.

**Table 1: California’s Individual Market Rate Changes**

	5-Year Average 2015-2019	2020 Plan Year	6-Year Average 2015-2020
Weighted Average Increase	8.4%	0.8%	7.1%
Actual Weighted Average Increase After Shopping and Saving*	7.9%	N/A	N/A
Lowest-Priced Bronze (unweighted)	6.7%	5.7%	6.5%
Lowest-Priced Silver (unweighted)	5.7%	- 4.3%	4.0%

\*While the “weighted average increase” represents the premiums that Covered California negotiated with its 11 health insurance companies, consumers traditionally pay less than that amount because they can shop around for a better value. The “actual weighted average increase” shows what consumers actually paid after they switched plans and saved money.

### About Covered California

Covered California is the state’s health insurance marketplace, where Californians can find affordable, high-quality insurance from top insurance companies. Covered California is the only place where individuals who qualify can get financial assistance on a sliding scale to reduce premium costs. Consumers can then compare health insurance plans and choose the plan that works best for their health needs and budget. Depending on their income, some consumers may qualify for the low-cost or no-cost Medi-Cal program.

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Covered California is an independent part of the state government whose job is to make the health insurance marketplace work for California's consumers. It is overseen by a five-member board appointed by the governor and the Legislature. For more information about Covered California, please visit [www.CoveredCA.com](http://www.CoveredCA.com).

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