California Progress Report

STATE ACTIONS PROTECTING PATIENTS IN THE EXCHANGE

OVERVIEW

States vary in terms of the patient-centeredness of their health insurance markets. While federal rules set minimum requirements for consumer protections, some states have taken extra steps to make their markets more patient-focused. This Progress Report measures a state across five principles to assess how well its insurance market is designed to meet the needs of people with chronic diseases and disabilities.

FIVE PATIENT-FOCUSED PRINCIPLES

NON-DISCRIMINATION

To ensure cost sharing and other plan designs do not discriminate or impede access to care.

- California prohibits issuers from altering product benefit design from copayment to coinsurance or vice versa, or shifting product types (e.g., PPO, HMO).
- Sixteen unique platinum plans in the 2015 exchange.
- California enacted legislation increasing provider network adequacy and timely access to care, and prohibited plans from narrowing networks beyond normal network churn.
- The premium for the 2nd lowest cost silver plan is 1% higher in 2015 than it was in 2014.[2]

For non-discrimination metrics, relative to other states, California is a

High-Performing State

TRANSPARENCY

To promote better consumer access to information about covered services and costs in exchange plans.

- California's website offers a cost calculator to help consumers estimate their annual medical spending for each plan offering. The enrollment portal allows consumers to filter plan options and has links to plans' provider directories and formularies. However, the website lacks formulary and provider search tools.
- No state action regarding contracting requirements for plan information transparency.

For transparency metrics, relative to other states, California is an

Average-Performing State

CALIFORNIA HIGHLIGHTS

California established a state-based exchange, called Covered California.

In the 2014 plan year, 1.2 million Californians selected an exchange plan through Covered California. About 37% of California residents who are eligible for exchange coverage enrolled in an exchange plan in 2014.[1]

California expanded Medicaid, effective January 1, 2014.

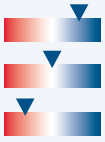
PROGRESS LEGEND

This report measures states using two methods of evaluation:

First, the report measures a state's performance on a series of metrics related to the five principles.

- Beneficial for Patients
- Neutral for Patients
- Negative for Patients

Second, the report compares a state's aggregate performance on all metrics within each principle to other states' performance on these same metrics.



High-Performing
Average-Performing
Low-Performing

STATE OVERSIGHT

To ensure all health insurance exchange plans meet applicable requirements.

- Active purchasing—the state actively negotiates with plans to participate in the exchange.
- California requires multi-year contracts, limits the number of bids submitted by issuers, and requires plans to offer products in specific metals levels, including catastrophic plans.
- Its effective rate review program allows the state to manage premium increases.[3]
- Eleven carriers in the 2015 exchange.

For state-oversight metrics, relative to other states, California is a

High-Performing State

UNIFORMITY

To create standards to make it easier for patients to understand and compare exchange plans.

- California standardized benefit designs.
- California rates exchange plans using a four-star quality rating system, derived from consumer survey results.
- California requires issuers to provide formularies online and update the information monthly. The state is developing a standard formulary template that will be implemented by January 1, 2017.

For uniformity metrics, relative to other states, California is a

High-Performing State

CONTINUITY OF CARE

To broaden sources of coverage and protect patients transitioning between plans.

- California is awaiting approval to implement Bridge Plans, which aim to reduce the effects of churn between Medicaid and the exchange. The state also requires managed care plans to allow enrollees to continue seeing providers who have left their plan's network per the enrollee's request, for select conditions or services in a specific time frame.[4]
- California expanded Medicaid, which now covers an estimated 2,343,000 people in the state.

For continuity-of-care metrics, relative to other states, California is a

High-Performing State

A MORE PATIENT-FOCUSED CALIFORNIA MARKETPLACE

California has achieved considerable success in fostering a patient-focused market, as they have taken numerous state actions, beyond the federal requirements, that better protect patients.

However, California has not exercised its full authority to regulate the exchange to promote patient protections. Notably, the state could enact contracting requirements to enhance plan information transparency. Though Covered California has an out-of-pocket calculator, it is limited in its ability to accurately assess estimated costs for patients. In order to best protect patients, California should develop a more robust and precise tool.

METHODOLOGY

Data by Avalere Health as of January 1, 2015. Avalere maintains a proprietary database of state policy developments for all 50 states and DC. Avalere also used key resources from publicly available websites, cited where applicable. Avalere conducted a focused review of state exchange insurance markets; this assessment is not intended to be a comprehensive review of state insurance markets. Avalere only included finalized actions established in the state, and did not include proposed measures or actions.

For definitions of key terms, see the National Health Council's Putting Patients First® glossary.

1 Kaiser Family Foundation, "Estimated Number of Individuals Eligible for Financial Assistance through the Marketplaces," November, 2014, accessed via: http://kff.org/other/state-indicator/estimated-number-of-individuals-eligible-for-premium-tax-credits-through-the-marketplaces/

2 Kaiser Family Foundation, "Analysis of 2015 Premium Changes in the Affordable Care Act's Health Insurance Marketplaces," January 06, 2015, accessed via: http://kff.org/health-reform/issue-brief/analysis-of-2015-premium-changes-in-the-affordable-care-acts-health-insurance-marketplaces/

3 The Center for Consumer Information & Insurance Oversight, "State Effective Rate Review Programs," April 16, 2014, accessed via: http://www.cms.gov/CCIIO/Resources/Fact-Sheets-and-FAQs/rate_review_fact_sheet.html

4 Families USA, "Standards for Health Insurance Provider Networks: Examples from the States," November 2014, accessed via: http://familiesusa.org/sites/default/files/product_documents/ACT_Network%20Adequacy%20Brief_final_web.pdf