



## Health Reform in CA: 2011 in Review

### Big Early Benefits, Continued Progress to Get Ready

In 2011, Californians are getting new coverage and new consumer protections, as a result of the federal Patient Protection and Affordable Care Act and the state's active efforts to take advantage of the new resources and benefits for a beleaguered health system.

After federal passage of the health reform in 2010, California started its work implementing the law with the adoption of a "bridge to reform" Medicaid waiver agreement with the federal government, and the passage of several bills that established a new Health Insurance Exchange, instituted rate review, and adopted key consumer protections in the federal law.

That progress was not guaranteed to move forward, with a new Governor focused on a major budget crisis, and significant work left to do to ensure Californians get the health reform benefits that they need and are entitled to now, and for the state to be ready for the full implementation in 2014. Yet 2011 showed both meaningful results for California consumers and communities, and progress toward our overall goal of getting the best possible implementation of health reform for Californians.

- **NEW OPTIONS FOR THOSE DENIED COVERAGE: Patients with pre-existing conditions have new access to coverage** with over 5,000 Californians getting coverage in a new Pre-existing Condition Insurance Program (PCIP), and the implementation of a new state law to ensure that children have access to private coverage regardless of health status.
  - For children, the Affordable Care Act outlawed denials for pre-existing conditions, and a new state implementation law forced insurers to recommit to selling "child-only" health policies, and in limiting how much insurers could charge children with pre-existing conditions. State legislators, regulators, and consumer and community groups worked to publicize the open enrollment period that provides that **price protection for children**.
  - For adults, pre-existing condition denials will be no longer allowed in 2014. Until then, a new federally-funded PCIP is now available, and over **5,000 Californians are now enrolled**. At the urging of consumer groups, the Managed Risk Medical Insurance Board, which runs the new program, adopted a more aggressive approach to outreach.
- **FEDERAL FUNDS AND EARLY EXPANSIONS: Nearly 200,000 low-income Californians have coverage through county-based Low-Income Health Programs (LIHPs)**, and potentially over a half-million will get coverage in the next two years, prior to 2014.
  - The new program extends coverage to the uninsured, and allows counties to get a federal match for their existing funds for indigent care. This brings new funds into local health systems and the California economy, links uninsured people with a medical home based in the community safety-net, and provides a bridge to health reform as every enrolled person will be transferred onto fully federally-funded coverage in January 2014.
  - Ten large counties that already had pilot programs launched this expanded coverage effort on July 2011. Over 90,000 Californians are newly enrolled as of August, adding to over 100,000 rolled-over from those previous pilots. Most of the remaining counties are currently planning to start up a LIHP in early 2012.
- **INSURANCE RATE HIKES REVIEWED AND ROLLED BACK: California consumers saved hundreds of millions of dollars in health coverage premiums.**
  - Proposed **rate hikes were scaled back and withdrawn altogether** by health insurance companies, and one insurer even rebated money to consumers.

- These savings were partially as a result of new **rate review** requirements in federal and state law for insurers to publicly file justifications of their rates, aggressive implementation and negotiation by California's new Insurance Commissioner, and advocacy by consumer groups, as regulations were proposed and new filings reviewed.
- Legislation to further increase insurer oversight, AB52 (Feuer) which would give regulators the explicit authority to reject unjustified rate hikes, advanced in the Legislature as well, and is pending for next year.
- **NEW CONSUMER PROTECTIONS IN PLACE: California adopted additional consumer protections**, in accordance with federal law.
  - Governor Brown signed legislation, SB51 (Alquist), to authorize state regulators to enforce the new federal standards on a **medical loss ratio**—a minimum for how much of a premium goes to patient care rather than administration and profit.
  - The Governor also signed legislation—AB210 (Hernandez), SB222 (Evans)—to mandate **maternity coverage** as a basic benefit eighteen months prior to it being required by federal law, which gives California families the consumer protection earlier, and also provides our insurance market time to adjust.
- **NEW FEDERAL FUNDS FOR A HEALTHIER FUTURE:** Millions have been invested to start California's new health coverage marketplace of the future, encourage prevention, and more.
  - **California's new Health Insurance Exchange accomplished key goals in its first year**, including: hiring a new Executive Director, applying for and getting a \$40 million federal grant for its 2<sup>nd</sup> year of operation, adopting a mission, vision, and values statement, and more. Consumer and constituency groups have attended and actively participated in over ten public board meetings, and new stakeholder workgroups.
  - Beyond the Exchange grant, California agencies also got **significant federal grants** for everything from **rate review** (to the Department of Insurance and Department of Managed Health Care) to **community transformation grants to support prevention efforts** (to various county health departments and the Public Health Institute).
- **IMPROVING THE WAY CALIFORNIANS GET HELP WITH CARE AND COVERAGE: Other legislation signed by the Governor reformed key systems that help Californians get the care and coverage they need**—and which will become even more crucial in 2014 as four million more Californians get coverage, and millions more have new rights and options.
  - One law, AB1296 (Bonilla), set key guidelines for **revamping eligibility and enrollment**, toward the goal of a “no wrong door” approach.
  - Another, SB922 (Monning), enhanced and moved the Office of Patient Advocate to be a clearinghouse for questions and complaints about coverage, so Californians get **consumer assistance** and/or are triaged to the right place among many agencies

This list represents significant progress, especially as the state budget crisis continues to loom large, and other challenges to the federal health law loom.

The California legislature also advanced legislation this year, toward the goal of getting millions of Californians enrolled quickly into health coverage on day one in 2014. The measures, pending for a final vote next year, would help get Californians covered as soon as possible: AB714 (Atkins) would pre-enroll people who are connected to existing programs (parents of Healthy Families children, FamilyPACT enrollees, etc); AB792 (Bonilla) would help people automatically apply for coverage for those who become uninsured during life transitions (job loss, divorce, etc.). Next year's legislative agenda includes these measures, as well as other proposals to adopt the federal insurance market reforms, Medi-Cal expansions, and other key consumer protections.