Resource
Sources of Health Insurance in California for 2023

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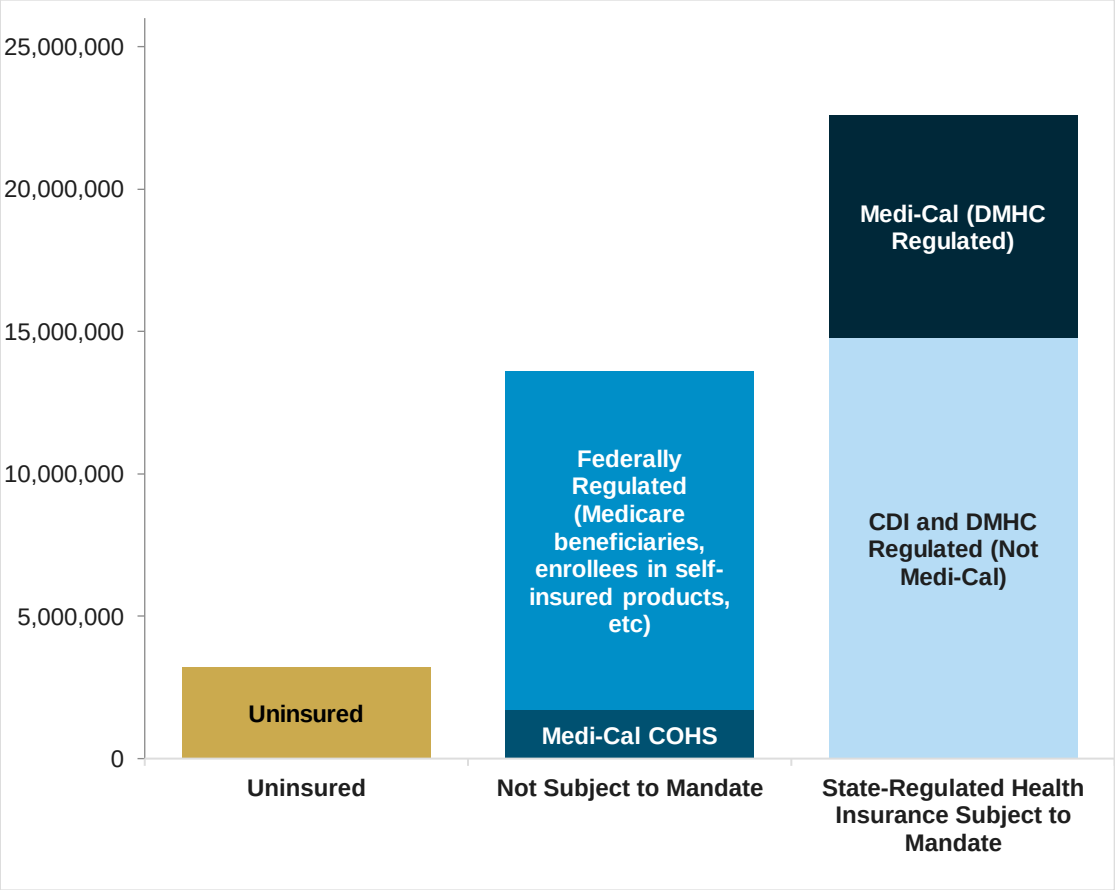
OVERVIEW

At the request of the California State Legislature, the California Health Benefits Review Program (CHBRP) provides prompt, independent, and rigorous evidence-based analyses of proposed health insurance benefit[1] laws that would impact Californians enrolled in health plans regulated by the California Department of Managed Care (DMHC) and health policies regulated by the California Department of Insurance (CDI). These are enrollees whose benefits are subject to state regulation and can be influenced by the proposed state-level legislation.

As shown in Figure 1, most Californians will be enrolled in health insurance regulated by either the California Department of Managed Health Care (DMHC) or the California Department of Insurance (CDI). Other Californians will have other types of health insurance or will remain uninsured.

Figure 1. Health Insurance by Regulator in California, 2023



Source: California Health Benefits Review Program, 2022.
Key: COHS = County-Organized Health System; CDI = California Department of Insurance; DMHC = California Department of Managed Health Care

In 2023, CHBRP estimates that California's population will be 39.4 million. Figure 1 presents several key elements regarding the sources of health insurance in California:

- 57.9% will be enrolled in DMHC-regulated health care service plans or CDI-regulated health insurance policies. This figure includes beneficiaries of Medi-Cal (California's Medicaid program) who are enrolled in DMHC-regulated plans (about 82.4% of all Medi-Cal beneficiaries).

[1] Established in 2002, CHBRP's authorizing statute is available at: http://www.chbrp.org/faqs.php.

- 34% will have health insurance associated with some other regulator. These are primarily Californians who are Medicare beneficiaries or who are enrolled in self-insured products. This figure also includes Medi-Cal beneficiaries enrolled in County-Organized Health System (COHS) managed care plans. These Californians will have health insurance that is not subject to state-level health insurance laws.
- Approximately 8.1% of Californians will be uninsured in 2023.

CHBRP most frequently analyzes state-level health insurance laws to which only DMHC-regulated plans or CDI-regulated policies may be subject.

ESTIMATES OF SOURCES

Annually, CHBRP updates its Cost and Coverage Model to estimate baseline health insurance enrollment and to project marginal, incremental impacts on benefit coverage, utilization, and cost of proposed health insurance benefit legislation.[2] The California Legislature generally proposes laws that would take effect in the following calendar year or later (if enacted, bills proposed in 2022 would generally take effect in 2023). For this reason, CHBRP annually projects the state's future distribution of health insurance by market segment for the calendar in which analyzed legislation would go into effect (following January).

As noted, health insurance available through DMHC-regulated plans and CDI-regulated policies may be subject to state-level benefit-related legislation written into one or two sets of laws: the Health and Safety Code (enforced by DMHC) and/or the Insurance Code (enforced by CDI). However, such legislation may be written to exempt some health insurance market segments or to exempt health insurance associated with certain purchasers. To correctly determine the impact of proposed legislation, CHBRP determines estimates of Californians' sources of health insurance, as displayed in Table 1 (Appendix A).[3]

Although some Californians have more than one type of health insurance either at the same time or throughout the year, for analytic purposes, CHBRP identifies (excepting those dually eligible for Medi-Cal and Medicare) enrollment in the person's primary form of health insurance and presents a snapshot in time. For this reason, some estimates of sources of insurance may be different than the numbers CHBRP estimates. Medi-Cal, for example, reported annual enrollment of almost 14 million beneficiaries in 2021.[4] The Department of Health Care Services (DHCS) reports every individual receiving benefits through Medi-Cal at any point during the year, which is a different type of estimate than that presented by CHBRP.

Enrollment by Regulator

Among Californians with health insurance coverage:

- 13.9 million Californians will be enrolled in non-CalPERS commercial DMHC-regulated plans or CDI-regulated policies.
- 9.75 million Californians will be Medi-Cal beneficiaries, the majority of whom are enrolled in DMHC-regulated plans.

[2] Information on the Cost and Coverage Model is available at: http://www.chbrp.org/analysis_methodology/cost_impact_analysis.php.
[3] Technically, some sources of what are commonly referred to as "health insurance," such as Medicare, are actually "entitlements." For ease of communication CHBRP has grouped all sources together.
[4] Medi-Cal enrollment figures are available at: https://www.dhcs.ca.gov/dataandstats/Pages/Medi-Cal-Eligibility-Statistics.aspx.

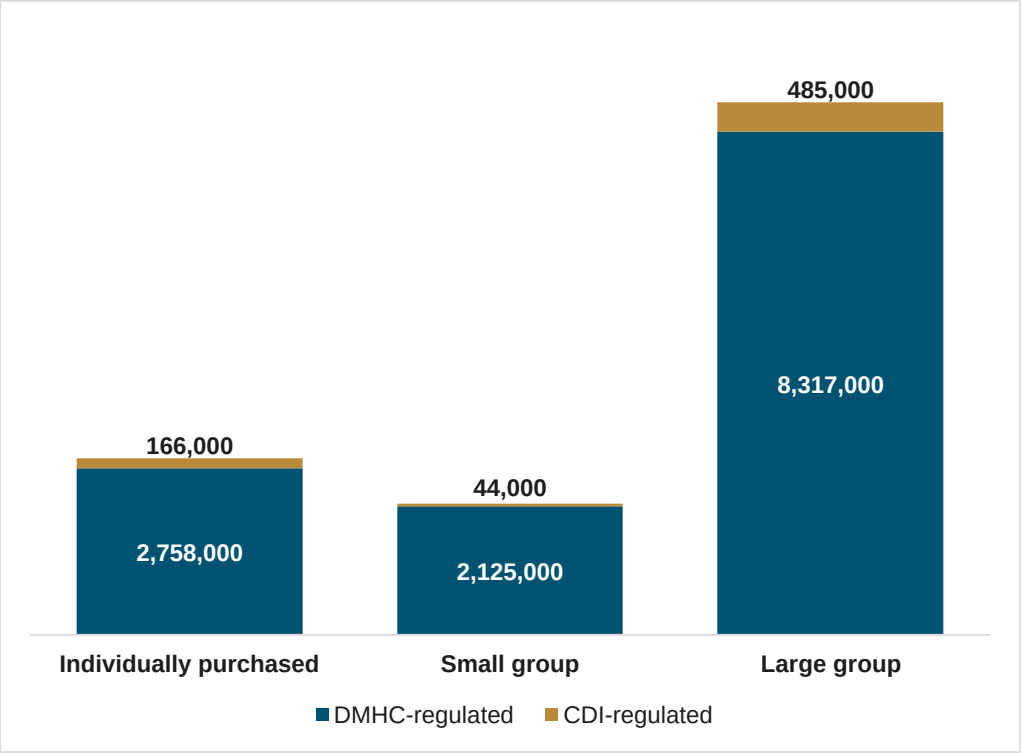
- 1.2 million Californians will have health insurance associated with CalPERS, the majority of whom are enrolled in DMHC-regulated plans.

- As will 325,000 enrollees associated with CalPERS, 5.4 million more Californians will be enrolled in self-insured products, which are not subject to state-level health insurance legislation. Almost 6 million Californians will be enrolled in Medicare (non-Duals) or other public coverage such as TRICARE or Veterans Affairs health care.

Enrollment by State-Regulated Market Segment

As shown in Figure 2, 63.3% of enrollees in privately funded commercial DMHC-regulated plans or CDI-regulated policies will be associated with the large group market (101+ enrollees). A majority of these enrollees will be in DMHC-regulated plans.

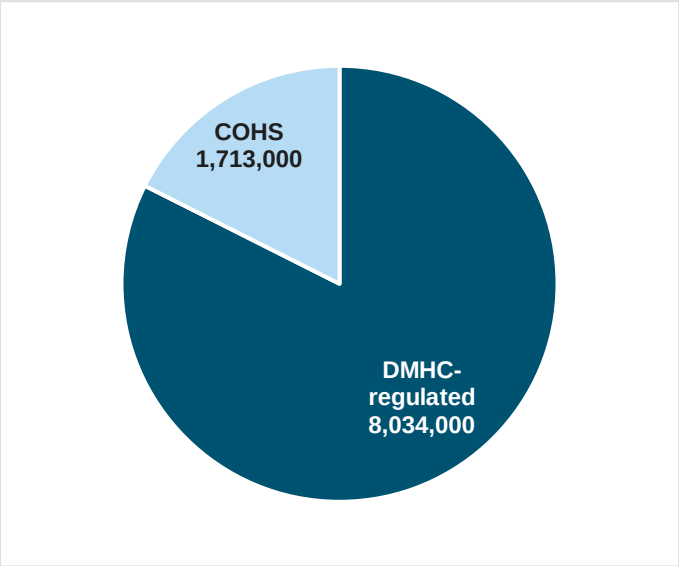
Figure 2. Enrollment in Privately Funded Commercial DMHC-Regulated Plans or CDI-Regulated Policies, 2023



Source: California Health Benefits Review Program, 2022.

Key: DMHC = California Department of Managed Health Care; CDI = California Department of Insurance

Figure 3. Enrollment in Medi-Cal, 2023

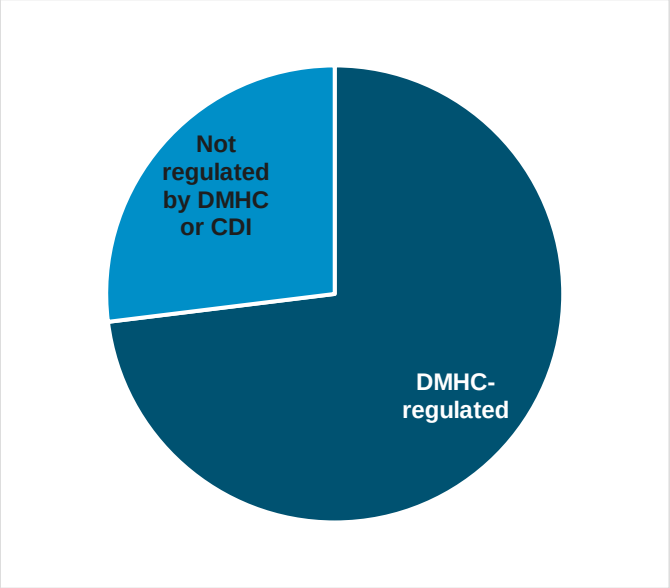


More than three-quarters (82.4%) of Medi-Cal beneficiaries will be enrolled in DMHC-regulated plans. The rest will be enrolled in County-Organized Health System (COHS) managed care.[5]

Source: California Health Benefits Review Program, 2022.

Key: DMHC = California Department of Managed Health Care; COHS = County-Organized Health System

Figure 4. Enrollment in CalPERS, 2023



Approximately 73.1% of CalPERS enrollees will be enrolled in DMHC-regulated plans. The remaining CalPERS enrollees are associated with CalPERS' self-insured health insurance products, which are not subject to state-level health insurance legislation.

Source: California Health Benefits Review Program, 2022.

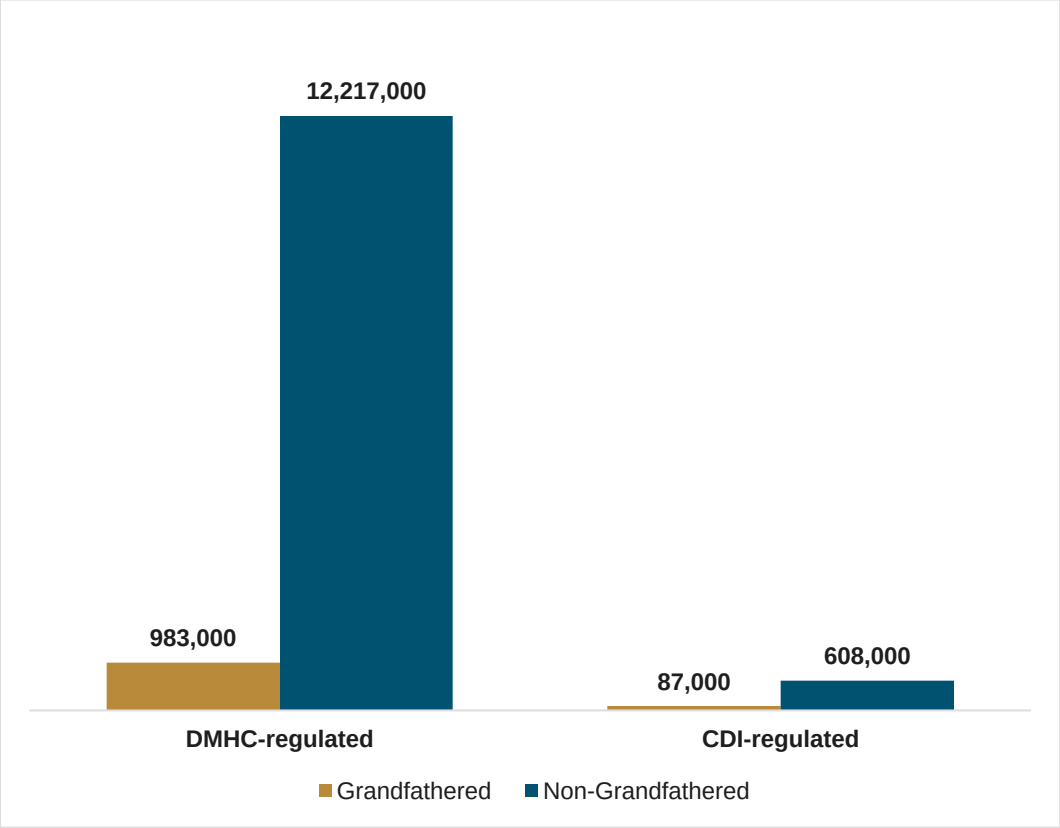
Key: DMHC = California Department of Managed Health Care; CDI = California Department of Insurance

[5] Beginning in 2022, the Department of Health Care Services (DHCS) began implementing the California Advancing and Innovating Medi-Cal (CalAIM) initiative. Major changes include a shift of most beneficiaries from fee-for-service to DMHC-regulated Medi-Cal managed care plans. Of those who remain in fee-for-service, the benefits are not equivalent to full-scope Medi-Cal and, for CHBRP's purposes, beneficiaries are therefore classified as uninsured or with other insurance sources, if present. More information about CHBRP's approach is included in the *2022 Cost Impact Analyses: Data Sources, Caveats, and Assumptions* document, available at: https://www.chbrp.org/analysis_methodology/cost_impact_analysis.php.

Grandfathered Plans and Policies

The continued, although diminishing, presence of grandfathered plans and policies [privately funded plans and policies in existence before the Affordable Care Act (ACA) was signed] is relevant to CHBRP's analyses of health insurance bills because these plans and policies are not subject to the same requirements as are others (and so could be differently affected by a new health insurance law).[6] For example, grandfathered plans and policies are not required by the ACA to: (1) cover specific preventive services without cost sharing; (2) restrict cost sharing for emergency services; or (3) cover essential health benefits (EHBs).[7,8] As shown in Figure 5, 7.45% of DMHC-regulated plans are grandfathered and 12.52% of CDI-regulated policies are grandfathered.

Figure 5. Grandfathered vs. Non-Grandfathered DMHC-Regulated Plans and CDI-Regulated Policies



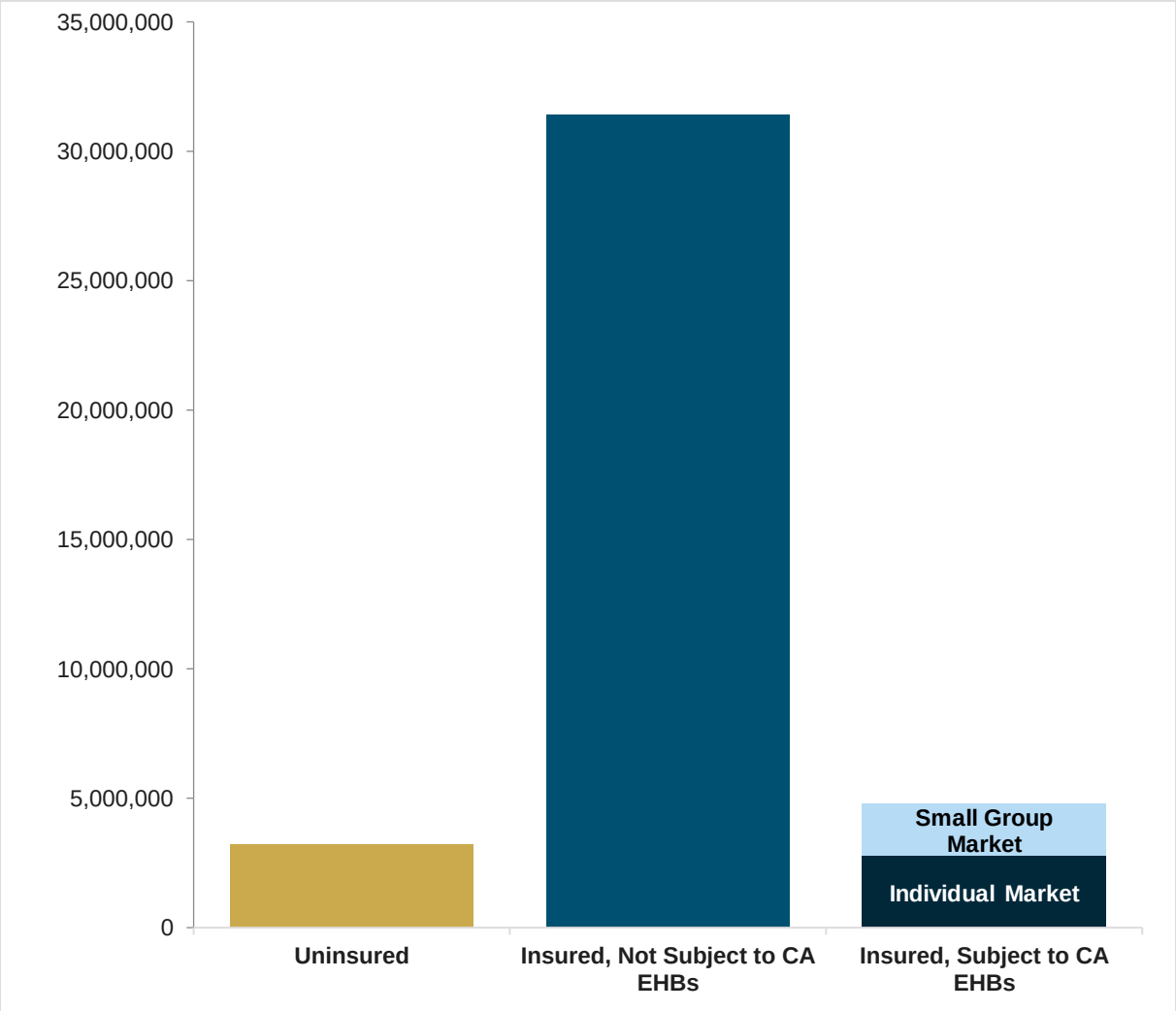
Source: California Health Benefits Review Program, 2022.
Key: DMHC = California Department of Managed Health Care; CDI = California Department of Insurance

[6] A grandfathered health plan is "a group health plan that was created—or an individual health insurance policy that was purchased—on or before March 23, 2010. Plans or policies may lose their 'grandfathered' status if they make certain significant changes that reduce benefits or increase costs to consumers." See http://www.healthcare.gov/glossary/grandfathered-health-plan, accessed on December 7, 2021.
[7] As indicated in federal and California state law, non-grandfathered group and individual health insurance plans and policies must cover certain preventive services. See CHBRP's resource, *Federal Preventive Services Mandate and California Benefit Mandates*, available at: http://chbrp.org/other_publications/index.php.
[8] The essential health benefits categories are: ambulatory patient services, emergency services, hospitalization, maternity and newborn care, mental health and substance abuse services, including behavioral health treatment, prescription drugs, rehabilitation and habilitation services and devices, laboratory services, preventive and wellness services and chronic disease management, pediatric services, including oral and vision care. See CHBRP's brief, *California's State Benefit Mandates and the Affordable Care Act's "Essential Health Benefits*," available at: http://chbrp.org/other_publications/index.php.

Essential Health Benefits

The Affordable Care Act requires each state to create a set of essential health benefits (EHBs) that some state-regulated health insurance must cover.[9] In California, individual and small-group health insurance regulated by DMHC or CDI is generally required to cover EHBs. As noted in Figure 6 below, approximately 12.1% of California's population (4.77 million enrollees) has health insurance required to cover EHBs. Approximately 2.1 million enrollees purchase individual or small group coverage directly through Covered California and 916,000 enrollees purchase off-exchange mirror plans. The remaining 1.75 million enrollees purchase other off-exchange non-grandfathered individual and small group coverage.

Figure 6. Enrollees in California Health Insurance Subject to Essential Health Benefits, 2023



Source: California Health Benefit Review Program, 2022.
Notes: *"Insured, Not Subject to CA EHBs" includes Medicare beneficiaries, enrollees in self-insured or large group plans/policies, and enrollees in grandfathered individual and small group plans/policies
Key: CA = California; EHBs = Essential Health Benefits

[9] Essential Health Benefits requirements and parameters are discussed in Section 1302 of the Affordable Care Act. More information is available online at https://www.healthcare.gov/glossary/essential-health-benefits/.

CONCLUSION

To estimate potential impacts of health insurance benefits legislation, CHBRP develops forward-looking estimates of health insurance enrollment in California. Annual updates to CHBRP's Cost and Coverage Model are necessary to project insurance enrollments by market segment and associated with certain purchasers.

The resulting projections of sources of health insurance in California are key to CHBRP's analytic work, and may be of use to the Legislature and to others interested in California health policy.

APPENDIX A

Table 1. Sources of Health Insurance in California, 2023

Publicly Funded Health Insurance				
	Age	**DMHC-regulated**	**Not regulated by DMHC or CDI**	**Total**
Medi-Cal	0-17	3,349,000	**	3,349,000
	18-64	3,271,000	**	3,271,000
	65+	56,000	**	56,000
Medi-Cal COHS	All	-	1,713,000	1,713,000
Other Public	All	-	-	544,000
Dually eligible Medicare & Medi-Cal	All	1,358,000	0	1,358,000
Medicare (non Medi-Cal)	All	-	-	5,388,000
CalPERS	All	881,000	325,000	1,206,000

Privately Funded Health Insurance						
		DMHC-regulated		**CDI-regulated**		
	Age	*Grand-fathered*	*Non-Grand-fathered*	*Grand-fathered*	*Non-Grand-fathered*	**Total**
Self-insured	All	-	-	-	-	5,404,000
Individually purchased, Subsidized CovCa	0-17	-	66,000	-	2,000	68,000
	18-64	-	1,719,000	-	53,000	1,772,000
	65+	-	-	-	-	-
Individually purchased, Non-Subsidized CovCA and outside CovCA	0-17	15,000	174,000	16,000	6,000	211,000
	18-64	61,000	708,000	64,000	24,000	857,000
	65+	1,000	14,000	1,000	*	16,000
Small group	0-17	38,000	450,000	*	10,000	498,000
	18-64	124,000	1,476,000	*	33,000	1,633,000
	65+	3,000	34,000	*	1,000	38,000
Large group	0-17	203,000	2,080,000	2,000	132,000	2,417,000
	18-64	525,000	5,363,000	4,000	339,000	6,231,000
	65+	13,000	133,000	*	8,000	154,000

Uninsured	
Age	**Total**
0-17	323,000
18-64	2,839,000
65+	36,000
California's Total Population	**39,382,000**

Source: California Health Benefits Review Program, 2022.
Notes: *Less than 500 enrollees.

**The implementation of CalAIM will result in most fee-for-service Medi-Cal beneficiaries migrating to managed care. Of those who remain in fee-for-service, the benefits are not equivalent to full-scope Medi-Cal and, for CHBRP's purposes, beneficiaries are therefore classified as uninsured or with other insurance sources, if present.
Key: CDI = California Department of Insurance; CalPERS = California Public Employees' Retirement System; COHS = County-Organized Health System; CovCA = Covered California (the state's health insurance marketplace); DMHC = California Department of Managed Health Care

Table 1 includes CHBRP's estimates of Californians' sources of health insurance. Table 1 is organized by column (regulation) and row (market segment) and divided in two (publicly and privately funded health insurance).

This table indicates: (1) the number of Californians enrolled in health insurance market segments and (2) the number of Californians associated with a purchaser that might be of interest to the California Legislature - including enrollees associated with Medi-Cal, California Public Employees' Retirement System (CalPERS), and Covered California.

ABOUT CHBRP

The California Health Benefits Review Program (CHBRP) was established in 2002. As per its authorizing statute, CHBRP provides the California Legislature with independent analysis of the medical, financial, and public health impacts of proposed health insurance benefit-related legislation. The state funds CHBRP through an annual assessment on health plans and insurers in California.

Detailed information on CHBRP's analysis methodology, authorizing statute, as well as all CHBRP analyses and other publications are available at http://www.chbrp.org/.

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