



## Resource

# Deductibles in State-Regulated Health Insurance for 2024

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**California Health Benefits Review Program**

[www.chbrp.org](http://www.chbrp.org)

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## OVERVIEW

At the request of the California State Legislature, the California Health Benefits Review Program (CHBRP) provides independent and rigorous evidence-based analyses of proposed health insurance benefit legislation 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. CHBRP estimates the presence of various kinds of deductibles, a form of cost sharing, among these enrollees because the bills CHBRP analyzes sometimes directly address application of a deductible.<sup>1</sup>

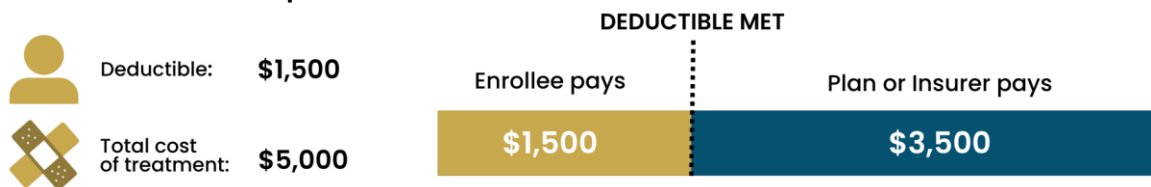
Approximately 46% of commercial and California Public Employees' Retirement System (CalPERS) enrollees in plans and policies regulated by DMHC or CDI have a medical deductible and approximately 50% of these enrollees have a pharmacy benefit regulated by DMHC or CDI that includes a deductible.<sup>2</sup>

This resource discusses deductibles and their interaction with other forms of cost sharing, as well as estimates regarding their presence among state-regulated health insurance and related state and federal law.

### Deductibles – One Form of Cost Sharing

When present, a deductible is the amount an enrollee is generally required to pay out-of-pocket (OOP) before the health plan or insurer begins to reimburse medically necessary use of covered benefits (see Figure 1).

**Figure 1. Deductible Examples**



When applicable, once the deductible amount is paid, other forms of cost sharing (such as coinsurance<sup>3</sup> or copays<sup>4</sup>) may still be applicable to the use of covered benefits. Premiums do not count towards a deductible. The presence of deductibles and their sizes vary depending on the enrollee's plan or policy design and relevant laws and regulations.

Plans regulated by DMHC with CalPERS enrollees or Medi-Cal beneficiaries do not include any deductibles. However, deductibles are present for many commercial enrollees in DMHC-regulated plans and CDI-regulated policies. When deductibles are present, their amount typically varies from \$500 per year to the Internal Revenue Service (IRS)-specified "high deductible threshold" of \$1,500 per year, to perhaps as much as the current out of pocket (OOP) maximums.<sup>5</sup> In 2024 OOP maximums are expected

<sup>1</sup> Recent examples include CHBRP's analyses of SB 568 (2021) and AB 97 (2021), both available at: <https://www.chbrp.org/analysis/completed-analyses>.

<sup>2</sup> Estimates based on the results of surveys of California's largest (by enrollment) plans and insurers regulated by DMHC or CDI.

<sup>3</sup> Coinsurance is a form of cost sharing in which an enrollee pays a percentage of covered health care costs, such as 20% of a hospital stay.

<sup>4</sup> Copays are a form of cost sharing in which an enrollee pays a predetermined, flat dollar amount out-of-pocket at the time of receiving a health care service, such as a \$20 copay for a physician office visit.

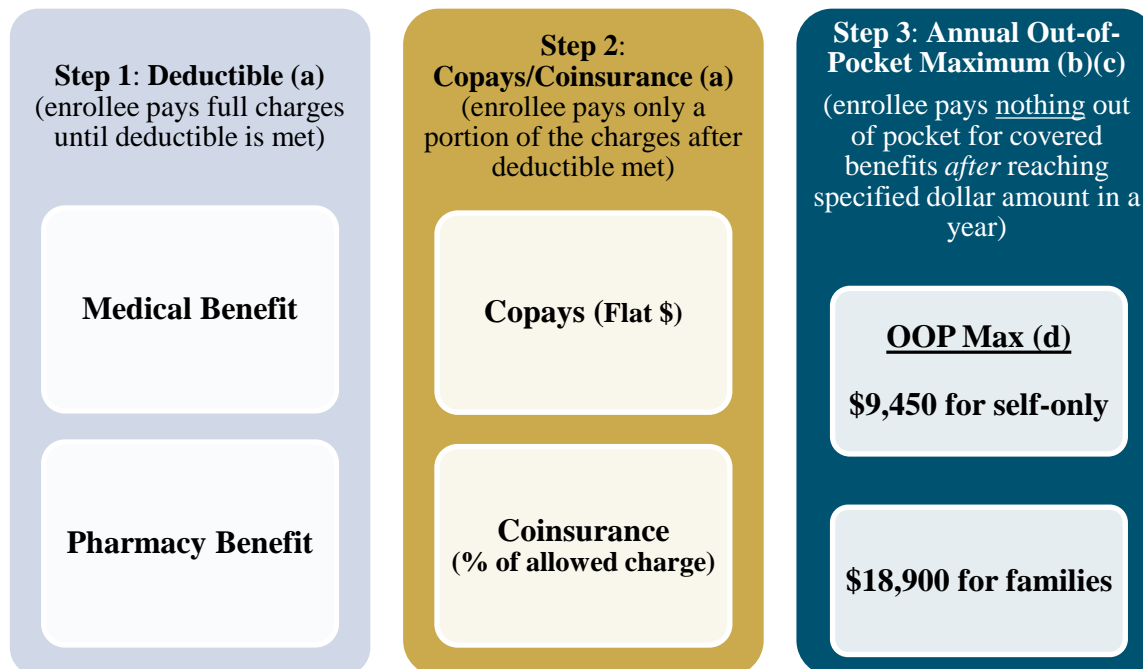
<sup>5</sup> Out-of-pocket (OOP) maximum is the most an enrollee could pay for cost-sharing (copays, coinsurance, and deductibles) towards covered benefits in a 1-year period.

to be \$7,500 for self-only Health Savings Account (HSA)-qualified High Deductible Health Plans (HDHPs)<sup>6</sup> and \$9,450 for other self-only plans and policies.<sup>7</sup> Enrollees may have annual cost-sharing limits that are lower than the OOP limit. Lower income individuals and families may qualify for reduced OOP maximums through Enhanced Silver plans with cost-sharing reductions (CSR) subsidies (Covered CA, n.d.). OOP maximums can limit deductibles as well as other forms of cost sharing.

The number of deductibles applicable for an enrollee also varies. Deductibles applicable to a medical benefit (which covers hospitalization and office visits) are somewhat more common than deductibles applicable to an outpatient pharmacy benefit (which generally covers self-administered medications accessed at a pharmacy). Among enrollees with a medical deductible, most also have a pharmacy deductible. Additionally, deductibles can be designed to be applicable to both the medical and pharmacy benefit, as is the case for most enrollees in HSA-qualified HDHPs.

To better understand how plans and policies with a deductible work on a yearly basis, it is useful to think of stages before and after the deductible is met (see Figure 2).

**Figure 2. Overview of the Intersection of Cost-Sharing Methods Used in Health Insurance**



Source: California Health Benefits Review Program, 2021

Note: (a) Steps 1 and 2 are not mutually exclusive. Under certain circumstances (i.e., preventive screenings or therapies), enrollees may pay coinsurance or copays prior to their deductible being met; also, copays and coinsurance may be applied against the deductible in some circumstances. The figure assumes that the enrollee is in a plan with a deductible. If no deductible, then enrollee pays a coinsurance and/or a copay beginning with the first dollar spent (Step 2).

(b) The annual out-of-pocket maximums listed in Step 3 increase each year according to methods detailed in CMS' Notice of Benefit and Payment Parameters (CMS, 2021).

(c) Lower income individuals and families may qualify for reduced OOP maximums through Enhanced Silver plans with CSRs (Covered CA, n.d.).

<sup>6</sup> UnitedHealthcare's resource *2023 health savings account and high-deductible health plan limits announced*, available at: <https://www.uhc.com/broker-consultant/news-strategies/resources/2023-health-savings-account-and-high-deductible-health-plan-limits-announced#:~:text=One%20plan%20for%20self%2Donly,and%20%249%2C100%20for%20a%20family>

<sup>7</sup> Hylant's maximum out-of-pocket limits resource available at: <https://www.hylant.com/2022/12/2024-maximum-out-of-pocket-limits-released/>

(d) OOP Max differs for enrollees in HSA-qualified HDHPs.

Key: CSR = cost sharing reduction subsidy; HSA = health savings account; HDHP = high deductible health plan; OOP Max = annual out-of-pocket maximum.

The beginning of Step 1 is marked by the first day of the plan or policy year. As noted above, for some enrollees in some plans and policies, service-specific deductible prohibitions or waivers may allow for first dollar coverage for some covered benefits. However, during Step 1, an enrollee generally pays the full price of most covered benefits until they meet their deductible. The beginning of Step 2 is marked by the enrollee meeting their deductible. During Step 2, an enrollee pays any applicable coinsurance and/or copays, and plans or insurers reimburse the rest of the price of covered benefits. The beginning of Step 3 is marked by the date an enrollee meets their OOP maximum. During Step 3, the enrollee pays nothing OOP for covered benefits for the remainder of the plan or policy year. The duration of each step depends on an enrollee's use of covered benefits. For example, an enrollee could have an inpatient procedure early in the plan or policy year<sup>8</sup> and meet their deductible in the first month. Then, through copays and coinsurance for additional covered benefits throughout the next two months, the enrollee could meet their OOP maximum. This enrollee would spend one month in Step 1, the following two months in Step 2, and the rest of the plan or policy year in Step 3. Conversely, an enrollee could never meet their deductible in a plan or policy year because the enrollee, for that plan or policy year, used no covered benefits to which a deductible would have been applicable. This enrollee spends the entire year in Step 1.

There are situations where the application of a deductible is not as straightforward as described above. For example, enrollees in Preferred Provider Organization (PPO) plans and policies, where out-of-network coverage is expected to be regularly used, only the cost sharing associated with a "reasonable" price can count towards any applicable deductible. The remainder of the price that might be "balance billed" is not subject to the deductible limits and does not accrue to the deductible.<sup>9</sup>

There are some covered benefits for which application of a deductible (or even all cost sharing) may be prohibited or waived for some enrollees. In such cases, enrollees could receive "first dollar" coverage for those covered benefits.<sup>10</sup> Examples of service-specific deductible prohibitions and waivers include:

- For some enrollees in non-grandfathered group and individual health insurance plans and policies, federal and California state laws prohibit all cost sharing (including any applicable deductibles) for certain preventive services when delivered by in-network providers.<sup>11</sup> For example, recommended biennial screening mammograms for women aged 40-74 years must be covered without any cost sharing for enrollees.
- For some enrollees with health insurance through Covered California, plans and insurers may be obligated to not apply a deductible for certain tests, treatments or services (see Appendix A).
- For some enrollees, in the absence of a service-specific deductible prohibition or obligation (see the two preceding bullets), plans and insurers may waive an otherwise applicable deductible for a particular covered benefit. For example, although there is no service-specific deductible prohibition for diagnostic mammograms (which may follow a screening mammogram should those results cause concern), for some enrollees in state-regulated plans and policies, applicable deductibles are waived for that particular service.<sup>12</sup>

<sup>8</sup> Deductibles are applicable to each plan year. For example, if a plan year aligns with the calendar year, the deductible will be applicable from January through December and will reset in January of the following year.

<sup>9</sup> For more information about balance billing, see CHBRP's *Balance Billing Prohibitions and the No Surprises Act*, available as an issue brief at: [https://www.chbrp.org/other\\_publications/index.php](https://www.chbrp.org/other_publications/index.php).

<sup>10</sup> "First dollar" coverage is when plans or policies have no applicable deductible and the plan or insurer reimburses the price of covered benefits for the first dollar spent. Other forms of cost sharing, including copays and coinsurance may still apply.

<sup>11</sup> See CHBRP's *Federal Preventive Services Mandates and California Mandates*, available as a resource at: [www.chbrp.org/other\\_publications/index.php](https://www.chbrp.org/other_publications/index.php).

<sup>12</sup> See CHBRP's analysis of SB 974 (2022), available at: [https://chbrp.org/completed\\_analyses/index.php](https://chbrp.org/completed_analyses/index.php).

## Estimates of Deductibles for Californians Enrolled in State-Regulated Health Insurance

Approximately 22.8 million (58.6% of all) Californians<sup>13</sup> are enrolled in plans or policies regulated by DMHC or CDI and so have health insurance that can be subject to the benefit bills CHBRP is asked to analyze. Tables 1 and 2 display CHBRP's estimates regarding the presence of deductibles for these Californians. These estimates do not differentiate between self-only and family deductibles. These estimates based on the results of surveys of California's largest (by enrollment) plans and insurers regulated by DMHC or CDI. See Appendix B for information about how CHBRP's estimates of deductibles compare to other California and national estimates.

Tables 1 and 2 note the variation in presence of deductibles for California's commercial and CalPERS enrollees in plans and policies regulated by DMHC or CDI. Table 1 notes the presence of medical deductibles and Table 2 notes the presence of pharmacy deductibles<sup>14</sup> among enrollees with state-regulated health insurance.

**Table 1. Medical Deductibles among Commercial and CalPERS Enrollees in State-Regulated Plans and Policies, 2024**

Market Segment	Enrollment	Any Deductible Present	Low Deductible			High Deductible (a)		HSA-Qualified HDHP	
			\$1 to \$1,399	\$1,400 to \$3,499	≥ \$3,500	\$1,400 to \$3,499	≥ \$3,500		
DMHC/CDI Large Group	8,151,000	32%	22%	2%	1%		6%		1%
DMHC/CDI Small Group	2,247,000	71%	37%	21%	4%		4%		4%
DMHC/CDI Individual	2,745,000	82%	24%	1%	50%		0%		6%
DMHC CalPERS (b)	882,000	0%	0%	0%	0%		0%		0%
<b>Total</b>	<b>14,025,000</b>	<b>46%</b>	<b>23%</b>	<b>5%</b>	<b>11%</b>		<b>4%</b>		<b>2%</b>

Source: California Health Benefits Review Program, 2023.

Notes: (a) Does not include enrollees in HSA-qualified plans or policies. (b) CalPERS enrollees in DMHC-regulated plans do not have deductibles.

Key: CalPERS = California Public Employees' Retirement System; CDI = California Department of Insurance; DMHC = Department of Managed Health Care; HDHP = high deductible health plan; HSA = health savings account.

<sup>13</sup> See CHBRP's *Sources of Health Insurance in California*, available as a resource at: [http://chbrp.org/other\\_publications/index.php](http://chbrp.org/other_publications/index.php).

**Table 2. Pharmacy Deductibles among Commercial and CalPERS Enrollees in State-Regulated Plans and Policies with a State-Regulated Pharmacy Benefit, 2024**

Market Segment (a)	Enrollment	No Deductible	Combined Medical and Pharmacy Deductible	Low Deductible (>\$500)	High Deductible (b) (≥ \$500)	HSA-Qualified HDHP
DMHC/CDI Large Group	7,748,000	53%	7%	26%	7%	7%
DMHC/CDI Small Group	2,247,000	54%	3%	33%	2%	9%
DMHC/CDI Individual	2,732,000	26%	10%	48%	10%	7%
DMHC CalPERS (c)	684,000	100%	0%	0%	0%	0%
<b>Total</b>	<b>13,411,000</b>	<b>50%</b>	<b>7%</b>	<b>30%</b>	<b>6%</b>	<b>7%</b>

Source: California Health Benefits Review Program, 2023.

Notes: (a) approximately 95.6% of enrollees in DMHC or CDI regulated plans and policies have a pharmacy benefit also regulated by DMHC or CDI.<sup>15</sup> (b) Does not include enrollees in HSA-qualified plans or policies. (c) CalPERS enrollees in DMHC-regulated plans do not have deductibles.

Key: CalPERS = California Public Employees' Retirement System; CDI = California Department of Insurance; DMHC = Department of Managed Health Care; HDHP = high deductible health plan; HSA = health savings account.

## Health Savings Account-Qualified and Other High Deductible Health Plans and Policies

High deductible health plans and policies (HDHPs) have a higher deductible than a traditional health insurance plan and are subject to requirements set by federal regulation (HealthCare.gov Glossary, n.d.). For the 2024 plan year, the IRS defines a HDHP as any plan with a deductible of at least \$1,500 for an individual and \$3,000 for a family.<sup>16</sup>

HDHPs can be paired with health savings accounts (HSAs), which are pre-tax instruments that allow enrollees (generally without the involvement of any employer)<sup>17</sup> to put aside money for qualified healthcare expenses, including any healthcare services subject to a deductible (HealthCare.gov Glossary, n.d.). HSA-qualified HDHPs are not allowed to have separate medical and pharmacy deductibles.<sup>18</sup> To be eligible to establish an HSA for taxable years beginning after December 31, 2003, a person must be enrolled in an HSA-qualified HDHP. In order for a HDHP to be HSA-qualified, it must follow specified rules regarding cost sharing and deductibles, as set by the IRS. For example, Silver plans available through Covered California are not HSA-qualified even though some have a high deductible because they offer numerous service-specific deductible waivers (Covered CA, n.d.).

<sup>15</sup> See CHBRP's *Pharmacy Benefit Coverage in State-Regulated Health Insurance*, available as a resource at: [http://chbrp.org/other\\_publications/index.php](http://chbrp.org/other_publications/index.php)

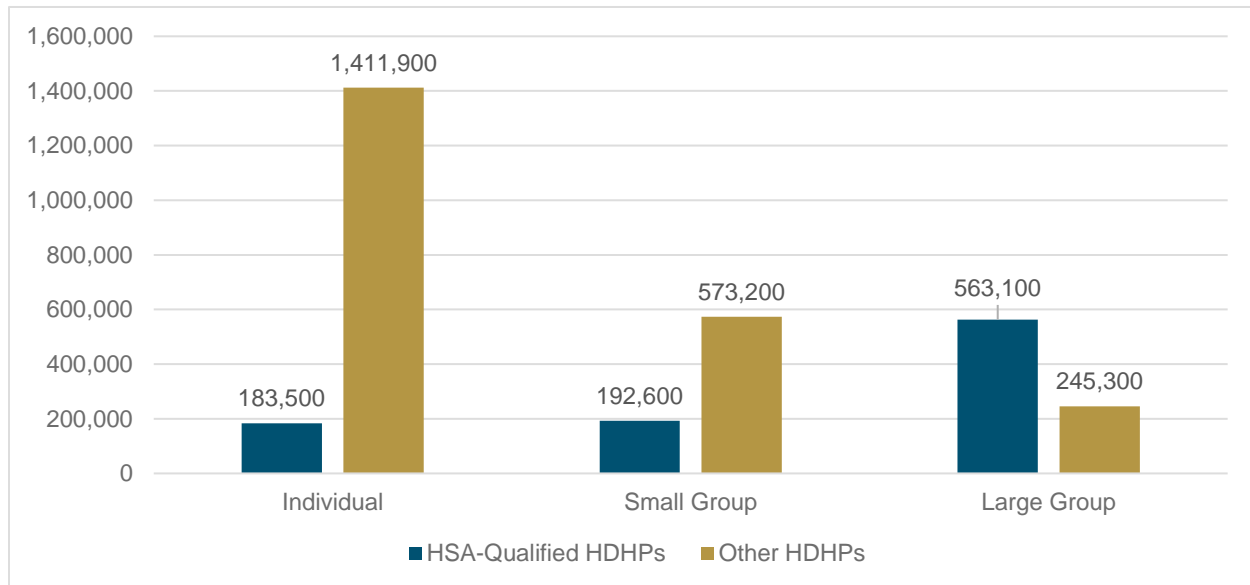
<sup>16</sup> UnitedHealthcare's resource *2023 health savings account and high-deductible health plan limits announced*, available at: <https://www.uhc.com/broker-consultant/news-strategies/resources/2023-health-savings-account-and-high-deductible-health-plan-limits-announced#:~:text=One%20plan%20for%20self%2Donly,and%20%249%2C100%20for%20a%20family>

<sup>17</sup> HSAs may have employer involvement as employers can contribute to the HSA in addition to employees. For other pre-tax instruments, such as a health reimbursement arrangement (HRA), employers must be involved. HRAs, for example are funded solely by employers.

<sup>18</sup> HSA-qualified HDHPs have a combined medical and pharmacy deductible generally ranging from \$1500 to \$7000.

Although the phrase “high deductible health plan” is frequently used to reference HSA-qualified plans and policies, in California there are many more commercial enrollees in non-HSA plans and policies that also have a “high” (\$1,500 or greater) deductible (see Figure 3).<sup>19</sup> As seen in Figure 3, HDHPs are most common among enrollees in the Individual Market.

**Figure 3. Enrollment in State-Regulated High Deductible Health Plans and Policies, 2024\***



Source: California Health Benefits Review Program, 2023.

Notes: \*This figure uses enrollment in plans and policies with a medical deductible. All of the enrollees in HSA-qualified HDHPs would have a single deductible applicable to both their medical and pharmacy benefits. Enrollees in other HDHPs may have a deductible applicable to their pharmacy benefit.

Key: HDHP = high deductible health plan; HSA = health savings account.

As is the case for most plans and policies, the Federal Preventive Services Mandate also requires HDHPs to cover select preventive services at no cost to enrollees on a pre-deductible basis.<sup>20</sup> For example, for an enrollee who is 12 to 16 weeks pregnant, a urine culture to test for bacteriuria is covered on a pre-deductible basis (and is not subject to other cost sharing). Federal guidance does allow, but does not require, HSA-qualified HDHPs to cover select additional preventive care benefits without applying a deductible.<sup>21</sup> For example, for an enrollee who is pregnant or has a new child, routine prenatal and well-child care can be covered on a pre-deductible basis (but would still be subject to any other cost sharing). Federal guidance also allows, but does not require, HSA-qualified HDHPs to cover certain additional medical services and purchased items, including prescription drugs, for certain chronic conditions that are classified as preventive care on a pre-deductible basis.<sup>22</sup> For example, for enrollees diagnosed with hypertension, a blood pressure monitor would be considered preventive care and could be covered on a pre-deductible basis (but would still be subject to any other cost sharing).

<sup>19</sup> Flexible Spending Accounts (FSAs) and Health Reimbursement Arrangements (HRAs) are other pre-tax strategies for covering health costs. HRAs are established and funded solely by employers. Enrollees in HDHPs that are not HSA-qualified may have HRAs, FSAs, or no account specific to paying medical expenses.

<sup>20</sup> See CHBRP's *Federal Preventive Services Mandates and California Mandates*, available as a resource at: [www.chbrp.org/other\\_publications/index.php](http://www.chbrp.org/other_publications/index.php).

<sup>21</sup> IRS Notice 2004-23 provides a safe harbor that lets HSA-qualified HDHPs waive the deductible for preventive care benefits. More information available at: <https://www.irs.gov/pub/irs-drop/n-04-23.pdf>.

<sup>22</sup> IRS Notice 2019-45 expands the list of preventive care benefits permitted to be provided by a HDHP under section 223(c)(2) of Internal Revenue Code without a deductible, or with a deductible below the applicable minimum deductible for an HDHP. More information available at: <https://www.irs.gov/pub/irs-drop/n-19-45.pdf>.



## Potential Impacts of New Service-Specific Deductible Prohibitions

CHBRP has analyzed bills that would prohibit or limit application of a deductible. The approaches have varied. Senate Bill (SB) 473 (2021) proposed to limit all cost sharing for insulin (copays, coinsurance, and deductibles).<sup>23</sup> SB 568 (2021), proposed to prohibit the application of a deductible for some drugs, but permitted application of copays and coinsurance.<sup>24</sup>

When prohibitions only apply to a deductible, but not other cost sharing, the other cost sharing amounts enrollees have to pay may still represent substantial costs. Among enrollees in HDHPs, high coinsurance and copays are common. Therefore, while a bill may prohibit a deductible for some services, enrollees with a HDHP may still need to pay high coinsurance or copays for those services. Some enrollees would have to pay high coinsurance and copays on a monthly basis for some benefits, such as a medication that is prescribed for indefinite use. This is why prohibition of a deductible alone may not produce a substantial change in annual cost sharing (or in adherence to prescribed use) for some enrollees.

### Impact of Prohibition Depends on Plan or Policy Compliance Prior to Mandate

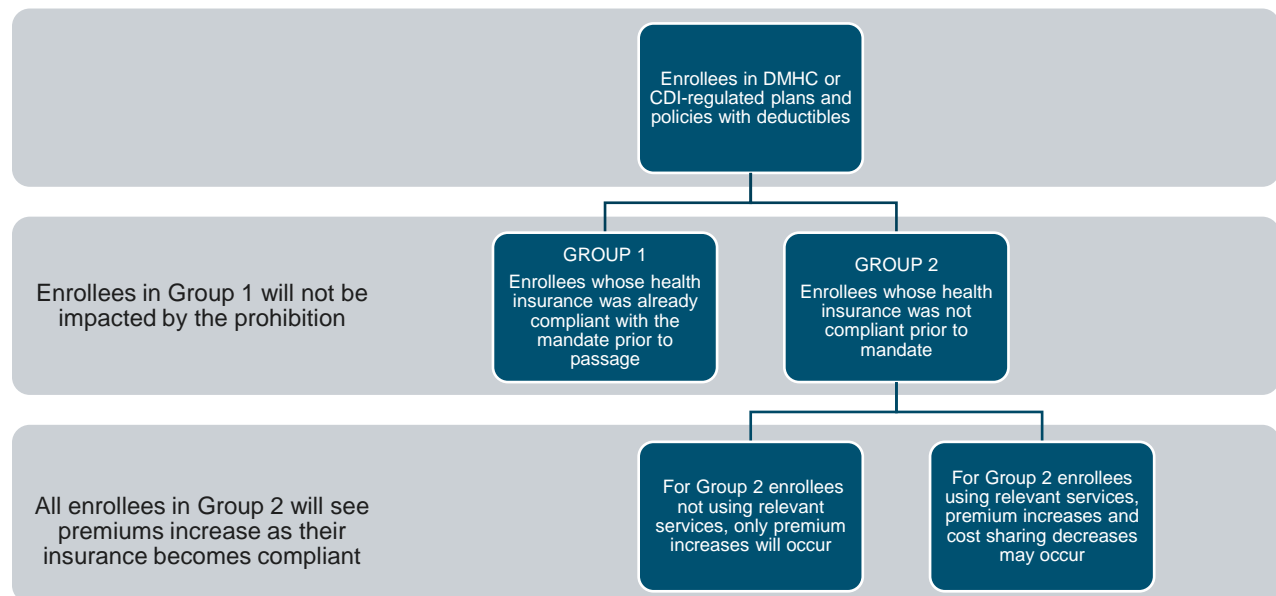
Enrollees in DMHC-regulated plans or CDI-regulated policies with deductibles may fall into two groups (see Figure 4). Enrollees in Group 1 will not see an immediate impact as a result of a service-specific deductible prohibition because the plans or policies are already compliant with the prohibition. Enrollees in Group 2 will be impacted because the plans or policies are not already compliant. The impact to enrollees in Group 2 varies. All enrollees in Group 2 will see premiums increase. However, while some of these enrollees will additionally see changes in cost sharing, others will see no change because they will meet their deductible through the use of other medical care services, services still subject to the deductible.

<sup>23</sup> See CHBRP's analysis of SB 473 (2021), available at: [https://chbrp.org/completed\\_analyses/index.php](https://chbrp.org/completed_analyses/index.php).

<sup>24</sup> See CHBRP's analysis of SB 568 (2021), available at: [https://chbrp.org/completed\\_analyses/index.php](https://chbrp.org/completed_analyses/index.php).



**Figure 4. Flow Chart of Impact to Enrollees when State-Regulated Plan or Policy is Subject to a Service-Specific Deductible Prohibition**



Source: California Health Benefit Review Program, 2023

## State and Federal Laws Related to Deductibles

A number of state and federal health insurance laws place requirements regarding deductibles and all cost sharing (including deductibles) on plans and policies regulated by DMHC or CDI.

- **Federal Requirement of Presence of Deductible for HSA-Qualified Plans/Policies:** As previously discussed in the HDHP section, for HSA-qualified plans and policies, federal law requires the presence of a deductible but prohibits application of the deductible for selected preventive care – see IRS specifications,<sup>25</sup> which reference the Social Security Act<sup>26</sup> as well as IRS Notice 2019-45.<sup>27</sup>
- **Federally Selected Preventive Service Coverage Requirement:** The Federal Preventive Services Mandate requires that non-grandfathered group and individual health insurance plans and policies cover certain preventive services for some enrollees without cost sharing (including deductibles) when delivered by in-network providers and as soon as 12 months after a recommendation for such services appears in any of a number of federal lists (CCIO, 2010).<sup>28</sup>
- **Federally Mandated Cost Sharing Reduction Subsidies.** The Affordable Care Act establishes a requirement for insurers to offer plans with cost sharing reduction subsidies (CSRs) for persons and families who earn an income below 250% of the federal poverty level (HealthCare.gov, n.d.; Norris, 2022; Levitt et al., 2017). These are Enhanced Silver plans that have lower deductibles, lower OOP maximums, and service-specific deductible waivers.
- **Federally Declared Public Health Emergency COVID-19 Testing and Vaccination Coverage Requirement:** For the duration of the federally declared public health emergency,

<sup>25</sup> Section 223(c)(2)(C) of Title 26 of the United States Code.

<sup>26</sup> Section 1861 of the Social Security Act.

<sup>27</sup> The IRS notice is available at: <https://www.irs.gov/pub/irs-drop/n-19-45.pdf>.

<sup>28</sup> See CHBRP's *Federal Preventive Services Mandates and California Mandates*, available as a resource at: [https://chbrp.org/other\\_publications/index.php](https://chbrp.org/other_publications/index.php).

FDA-approved COVID-19 testing and vaccinations must be covered without cost sharing (including deductibles)<sup>29</sup> when delivered by in-network or out-of-network providers.<sup>30</sup>

- **State of California Prescription Drug Coverage Requirement:** The annual deductible for outpatient prescription drugs, if any, shall not exceed \$500.<sup>31</sup> However, this statute has different terms for enrollees in plans/policies with an actuarial value at or equivalent to bronze level.<sup>32</sup>

## Conclusion

Approximately 6.5 million Californians are enrolled in plans and policies regulated by DMHC or CDI that include a deductible. Depending on a number of factors, including other forms of applicable cost-sharing and OOP maximums, the impact of a state-level deductible prohibition on enrollee's total cost-sharing for the plan or policy year would vary, and could have little or no impact for some enrollees.

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<sup>29</sup> 2020 Families First Coronavirus Response Act (FFCRA).

<sup>30</sup> 2020 Coronavirus Aid, Relief, and Economic Security (CARES) Act

<sup>31</sup> HSC 1342.73; INS 10123.1932. These laws have a scheduled expiration date of January 1, 2024. The cost sharing limit is relevant to non-grandfathered plans/policies issued, amended, or renewed on or after January 1, 2015.

<sup>32</sup> For plans and policies with an actuarial value at or equivalent to bronze level, the pharmacy benefit deductible shall not exceed \$1000.

## APPENDIX A

As noted in the Covered California table,<sup>33</sup> for some enrollees with health insurance through Covered California, plans and insurers may be obligated to not apply a deductible for certain tests, treatments or services



### 2022 Patient-Centered Benefit Designs and Medical Cost Shares

Benefits in blue are NOT subject to a deductible. Benefits in blue with a white corner are subject to a deductible after the first three visits.

Coverage Category	Minimum Coverage	Bronze	Silver	Enhanced Silver 73	Enhanced Silver 87	Enhanced Silver 94	Gold	Platinum
Percent of cost coverage	Covers 0% until out-of-pocket maximum is met	Covers 60% average annual cost	Covers 70% average annual cost	Covers 73% average annual cost	Covers 87% average annual cost	Covers 94% average annual cost	Covers 80% average annual cost	Covers 90% average annual cost
Cost-sharing Reduction Single Income Range	N/A	N/A	N/A	\$25,761 to \$32,200 (>200% to ≤250% FPL)	\$19,321 to \$25,760 (>150% to ≤200% FPL)	up to \$19,320 (100% to ≤150% FPL)	N/A	N/A
Annual Wellness Exam	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Primary Care Visit	After first 3 non-preventive visits, full cost per instance until out-of-pocket maximum is met	\$65*	\$35	\$35	\$15	\$5	\$35	\$15
Urgent Care		\$65*	\$35	\$35	\$15	\$5	\$35	\$15
Specialist Visit	Full cost per service until out-of-pocket maximum is met	\$95*	\$70	\$70	\$25	\$8	\$65	\$30
Emergency Room Facility		40% after deductible is met	\$400	\$400	\$150	\$50	\$350	\$150
Laboratory Tests		\$40	\$40	\$40	\$20	\$8	\$40	\$15
X-Rays and Diagnostics		40% after deductible is met	\$85	\$85	\$40	\$8	\$75	\$30
Imaging			\$325	\$325	\$100	\$50	\$150 copay or 20% coinsurance***	\$75 copay or 10% coinsurance***
Tier 1 (Generic Drugs)	Full cost per script until out-of-pocket maximum is met	\$18**	\$15**	\$15**	\$5	\$3	\$15	\$5
Tier 2 (Preferred Drugs)		40% up to \$500 per script after drug deductible is met	\$55**	\$55**	\$25	\$10	\$55	\$15
Tier 3 (Non-preferred Drugs)			\$85**	\$85**	\$45	\$15	\$80	\$25
Tier 4 (Specialty Drugs)		20% up to \$250** per script	20% up to \$250** per script	20% up to \$250** per script	15% up to \$150 per script	10% up to \$150 per script	20% up to \$250 per script	10% up to \$250 per script
Medical Deductible	N/A	Individual: \$6,300 Family: \$12,600	Individual: \$3,700 Family: \$7,400	Individual: \$3,700 Family: \$7,400	Individual: \$800 Family: \$1,600	Individual: \$75 Family: \$150	N/A	N/A
Pharmacy Deductible	N/A	Individual: \$500 Family: \$1,000	Individual: \$10 Family: \$20	Individual: \$10 Family: \$20	N/A	N/A	N/A	N/A
Annual Out-of-Pocket Maximum	\$8,700 individual \$17,400 family	\$8,200 individual \$16,400 family	\$8,200 individual \$16,400 family	\$6,300 individual \$12,600 family	\$2,850 individual \$5,700 family	\$800 individual \$1,600 family	\$8,200 individual \$16,400 family	\$4,500 individual \$9,000 family

Drug prices are for a 30 day supply.

\* Copay is for any combination of services (primary care, specialist, urgent care) for the first three visits. After three visits, future visits will be at full cost until the medical deductible is met.

\*\* Price is after pharmacy deductible amount is met.

\*\*\* See plan Evidence of Coverage for imaging cost share.

<sup>33</sup> Available at <https://www.coveredca.com/pdfs/2022-Health-Benefits-table.pdf>.

## APPENDIX B

CHBRP is aware of some other estimates of enrollees in high deductible health plans (HDHPs) in California as well as some estimates of national HDHP enrollment trends. Although it can be difficult to compare different estimates, due to variations in how the estimates are generated and/or the group or groups addressed by the estimates, these other estimates are broadly congruent with CHBRP's estimates of enrollees in HDHPs.

Besides the results from CHBRP's own survey of the largest (by enrollment) California plans and insurers, which are presented in this document, CHBRP is aware of two other recent California-specific sets of estimates of enrollees in HDHPs.

One of the estimates sets is from a 2020 analysis of data from the California Health Interview Survey (CHIS) (Planalp and Hartman, 2020). The analysis was completed by the State Health Access Data Assistance Center (SHADAC). The SHADAC and CHBRP estimates agree that enrollment in HDHPs is higher in the individual market than in the group market. The SHADAC and CHBRP estimates of HDHP enrollment in the individual market are comparable, 44% and 56%, respectively. The difference in the SHADAC and CHBRP estimates of enrollment in HDHPs in the group market is more marked, 32% and 13%, respectively. Variations in approach between the two surveys are the likely reason for the difference. These variations include the following:

- CHIS surveys a sample of California residents, whereas CHBRP surveys plans and insurers.
- The SHADAC estimates include self-insured plan enrollees, whereas the CHBRP estimates include only enrollment in plans and policies regulated by DMHC or CDI.
- SHADAC defined a high deductible as \$2,000+, whereas CHBRP defined it as \$1,400+.

The other set of California-specific estimates of enrollment in HDHPs is from the 2020 California Employer Health Benefits Survey (CEHBS) (Whitmore and Satorius, 2021). The CEHBS survey was completed by the California Health Care Foundation (CHCF) and NORC at the University of Chicago. The CEHBS and CHBRP estimates agree that enrollment in HDHPs is higher in the small group market than in the large group market. Although the CEHBS estimates (72% of small group enrollees and 48% of large group enrollees) are greater than the CHBRP estimates (35% of small group enrollees and 9% of large group enrollees), variations in approach between the two surveys are the likely reason for the differences. These variations include the following:

- The CEHBS survey asked employers about plans and policies available to employees, whereas CHBRP's survey of plans and insurers asked about enrollment.
- The CEHBS estimates include self-insured plan enrollees, whereas the CHBRP estimates include only enrollment in plans and policies regulated by DMHC or CDI.
- CEHBS defined large groups as 200+ enrollees, whereas CHBRP defined them as 100+ enrollees.
- CEHBS defined a high deductible as \$1000+, whereas CHBRP defined it as \$1,400+.

In terms of trends in deductibles over time, the SHADAC analysis estimates that the percentage of Californians enrolled in HDHPs is growing. The SHADAC analysis estimates that between 2013 and 2018 there was an overall increase in enrollees in HDHPs from 16% to 31% (Planalp and Hartman, 2020). Several national estimates also indicate increasing enrollment in HDHPs over time (Claxton et al., 2021; Miller and Keenan, 2021; Collins et al., 2022).

The national estimates of enrollment in HDHPs are higher than the CHBRP and SHADAC estimates for California. Estimates from the 2021 Kaiser Family Foundation Employer Health Benefits Survey, the 2018 National Compensation Survey, and the 2017 National Health Interview Survey all estimate, with varying definitions and methodology, that in recent years enrollment in HDHPs is higher nationally than in California (57%, 45%, and 43.4% enrollment in HDHPs nationally, respectively) (Claxton et al., 2021; BLS, 2020; Cohen and Zammitti, 2018). This is congruent with a 2017 estimate from SHADAC showing that California had the 5<sup>th</sup> lowest percent of employees in HDHPs out of all states (SHADAC, 2018). Some reasons for California's lower enrollment in HDHPs include:

- California's relatively greater market penetration of managed care.
- California's history of relatively more stringent regulation of health insurance markets.

The several California-specific estimates of HDHP enrollment, all of which are based on surveys, agree directionally on many points. Differences between them are likely due to substantial differences in survey methodology and the definitions used in making the estimates. All of the California specific estimates as well as national estimates suggests that California has relatively fewer enrollees in HDHPs than the national average, but California's trends in increasing presence and size of deductibles align with national trends.

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## 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.

An analytic staff based at the University of California, Berkeley, supports a task force of faculty and research staff from multiple University of California campuses to complete each CHBRP analysis. A strict conflict-of-interest policy ensures that the analyses are undertaken without bias. A certified, independent actuary helps to estimate the financial impact. Content experts with comprehensive subject-matter expertise are consulted to provide essential background and input on the analytic approach for each report. 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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