



FUNDAMENTALS OF CALIFORNIA HEALTH INSURANCE

Presented by

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What is CHBRP?



Established in
2002 through
Legislation



Receives
requests from
the Legislature



Independent,
multi-disciplinary



Evidence-based
information



Neutral analysis,
does not provide
recommendations



Resource on health
insurance policy

Analyses

Policy Context & Background

- What health insurance would have to comply?
- Are related laws already in effect?

Medical Effectiveness

- Which services and treatments are most relevant?
- Does evidence indicate impact on outcomes?

Impacts

- Would benefit coverage utilization or cost change?
- Would the public's health change?

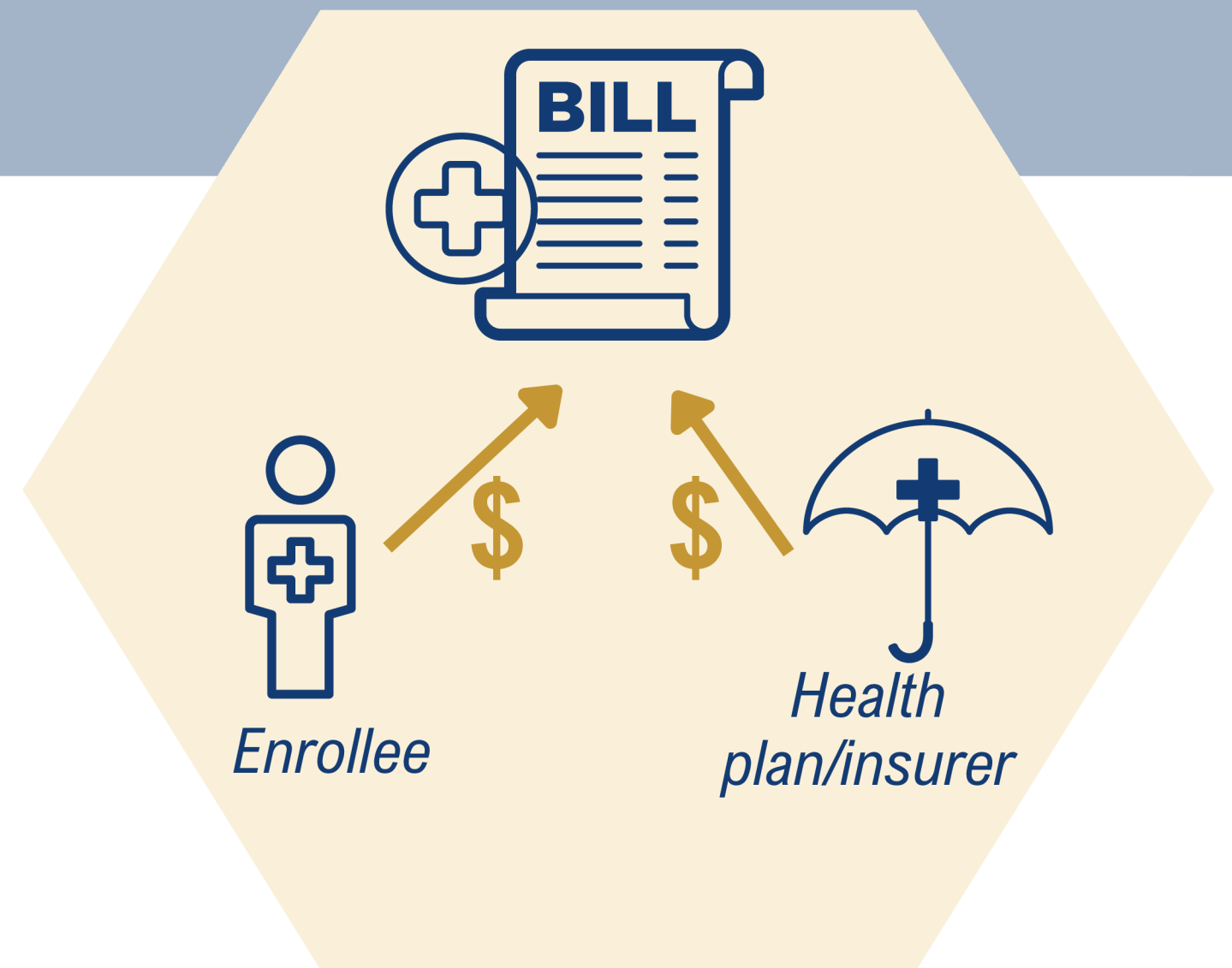
WHAT IS HEALTH INSURANCE?

- Design
- Benefits
- Expenditures



Health Insurance

- Covers medically necessary tests, treatments, and services (usually includes some exclusions)
- Protects against some or all financial loss due to health-related expenses



Enrollee Health Insurance Expenditures

Premiums

Monthly amount paid by:
Enrollee + Employer
or
Enrollee only

Deductible

Amount an enrollee pays before health insurance pays for covered benefits

Coinsurance

A % of cost of test, treatment, or service an enrollee is responsible for (after meeting the applicable deductible)

Copayment

A flat \$ an enrollee pays when receiving a test, treatment, or service (after meeting the applicable deductible)

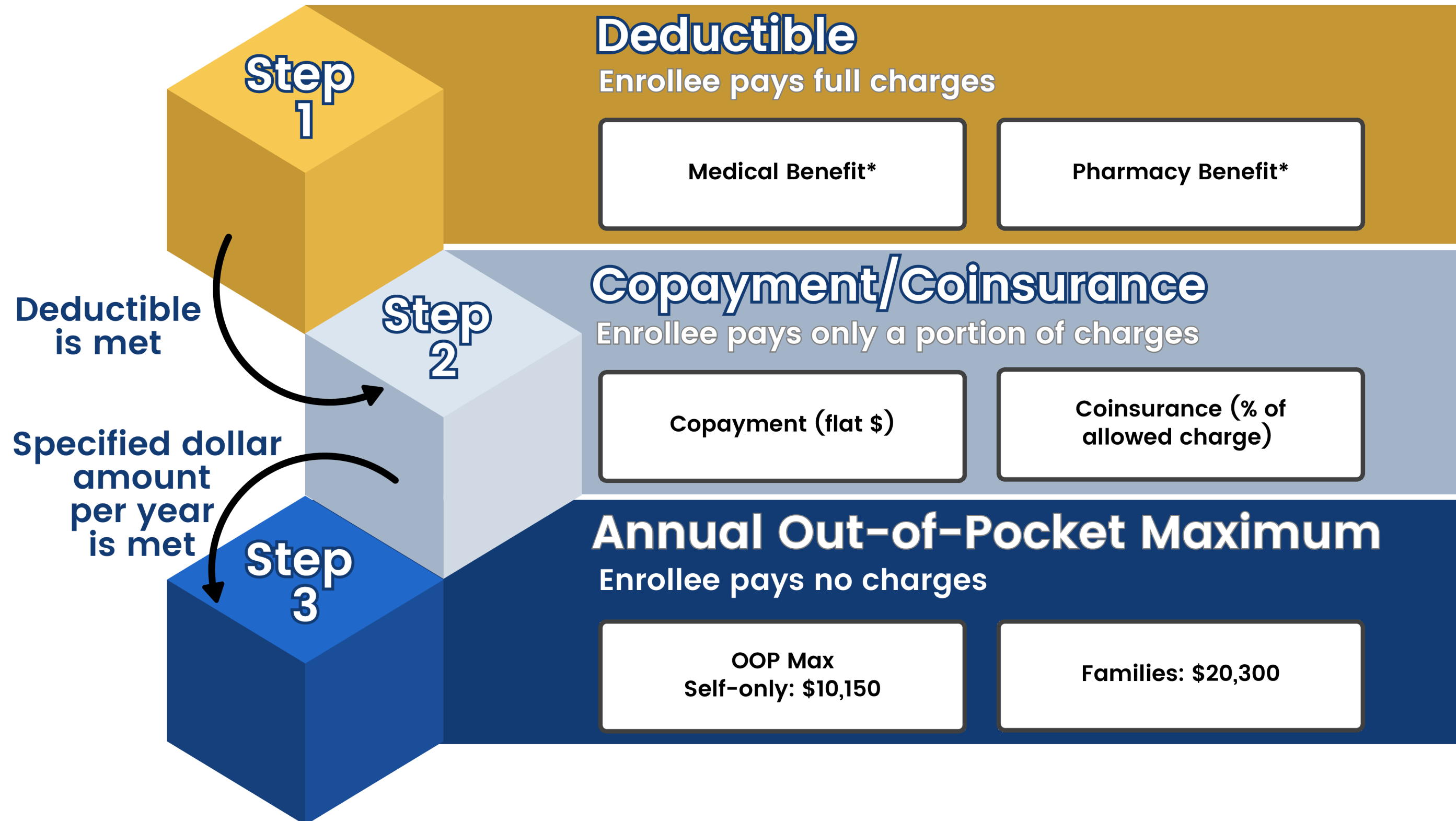
Noncovered Benefits

Services an enrollee receives not covered by insurance. The enrollee is fully responsible for the costs.



Enrollee Cost Sharing

Cost Sharing



Cost Sharing: There is Variation!



Number of deductibles applicable varies

- Medical vs. pharmacy vs. both



More variability: Low vs. High vs. HSA-qualified

- Annual changes
- Federal rules for health savings accounts (HSA)-qualified HDHP



Some plans don't have cost sharing

- CalPERS (no deductibles)
- Medi-Cal (no deductibles, copays, or coinsurance)



Service-specific prohibitions and waivers

- Preventive services mandate
- Covered CA
- Specific health plan policy

Plan and Policy Design

Type	Network	Requires referral to see specialist	Cost Sharing Structure	Other features
Health Maintenance Organization (HMO)	Limited	Yes	Copay structure	<ul style="list-style-type: none"> • Often includes integrated care and focus on prevention/wellness • Typically has a lower premium
Preferred Provider Organization (PPO)	Broad	No	Often includes a coinsurance for high cost services/ medications	<ul style="list-style-type: none"> • Premiums tend to be higher than those for HMOs
Exclusive Provider Organization (EPO)	Limited	No	No out-of-network benefit (enrollee pays full cost)	<ul style="list-style-type: none"> • Managed Care Plan that combines features of HMO and PPO
Point of Service (POS)	Broad	Yes	Lower cost sharing when using in-network providers	<ul style="list-style-type: none"> • Combines features of HMO and PPO

Covered Benefits



Medical

- Hospital care
- Outpatient care including primary care, specialty care, outpatient procedures
- Laboratory tests and diagnostic services
- Emergency and urgent care



Pharmacy

- Prescription medications obtained through a pharmacy, mail order pharmacy, or specialty pharmacy

Benefit Coverage Mandates



Essential Health Benefits

Affordable Care Act requirement for some plans to cover ten benefit categories



Basic Health Care Services

California law requires health plans to cover medically necessary services



Preventive Services

Requires coverage of preventive services without cost sharing



Other Mandates

Many other benefit mandates in federal and state law

HEALTH INSURANCE IN CALIFORNIA

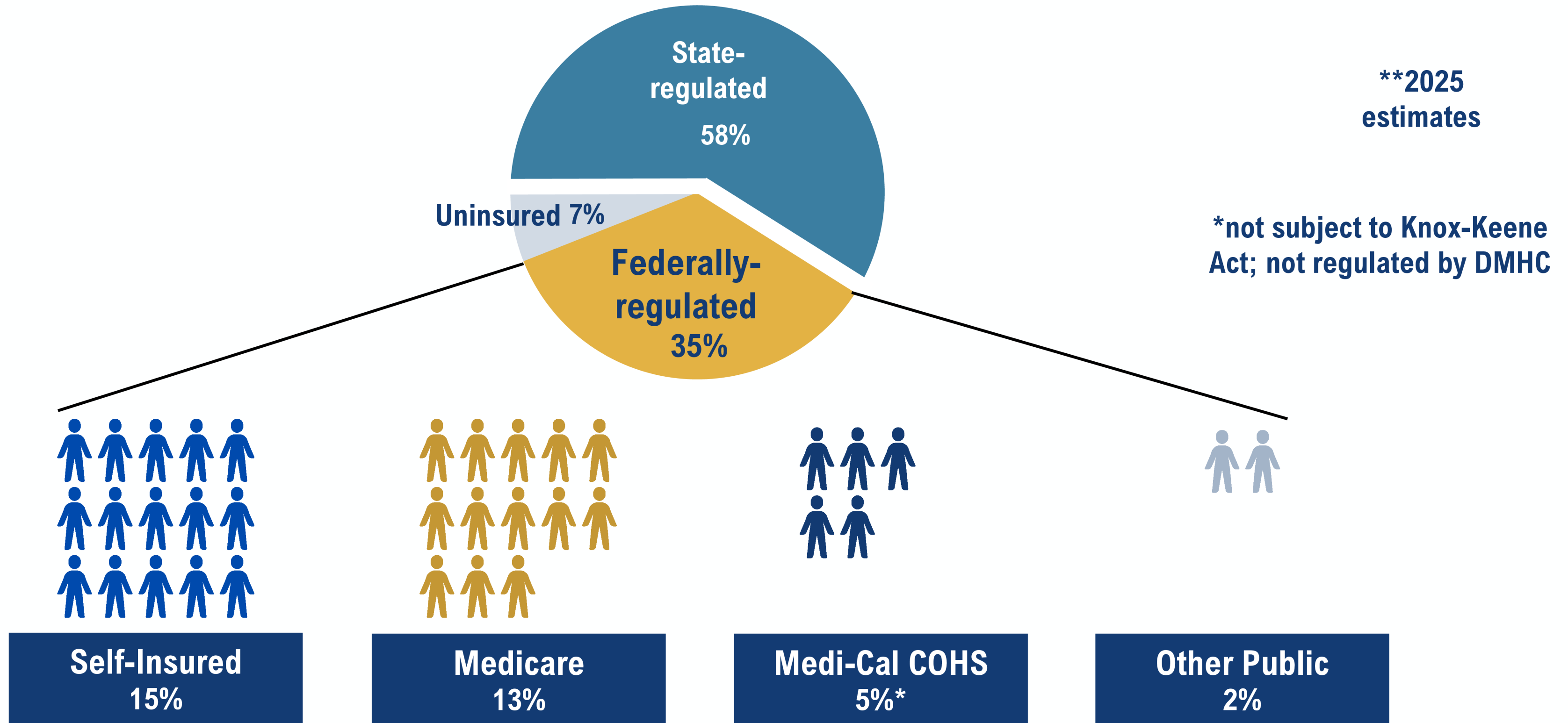
- Regulators
- Enrollment
- Pharmacy benefits



Federally-regulated health insurance

Program/Insurance Type	Funding Source	Eligible population
Medicare	Public	Californians age 65+ and some specified groups
TRICARE	Public	Military personnel, retirees, and dependents
Self-insured plans	Private	Californians whose employers provide self-insured options. This includes a small portion of CalPERS enrollees.

California Enrollment Estimates: Federally-regulated



State-regulated health insurance

Program/Insurance Type	Funding Source	Eligible population
Medicaid (Medi-Cal)	Public	Californians at or below 138% federal poverty level (FPL)
CalPERS	Public	Public employees, retirees, and their dependents
Commercial small group	Private	Californians with employer-sponsored health insurance in a workplace of 1 to 100 employees
Commercial large group	Private	Californians with employer-sponsored health insurance in a workplace of 101+ employees
Marketplace (Covered California)	Private	Individual purchasers. Financial assistance is available for income-qualifying Californians.

California Regulators and Administrators

Department of Managed Health Care



- Regulates commercial and CalPERS plans, Medi-Cal managed care plans
- Health and Safety Code (Knox-Keene Act)

California Department of Insurance



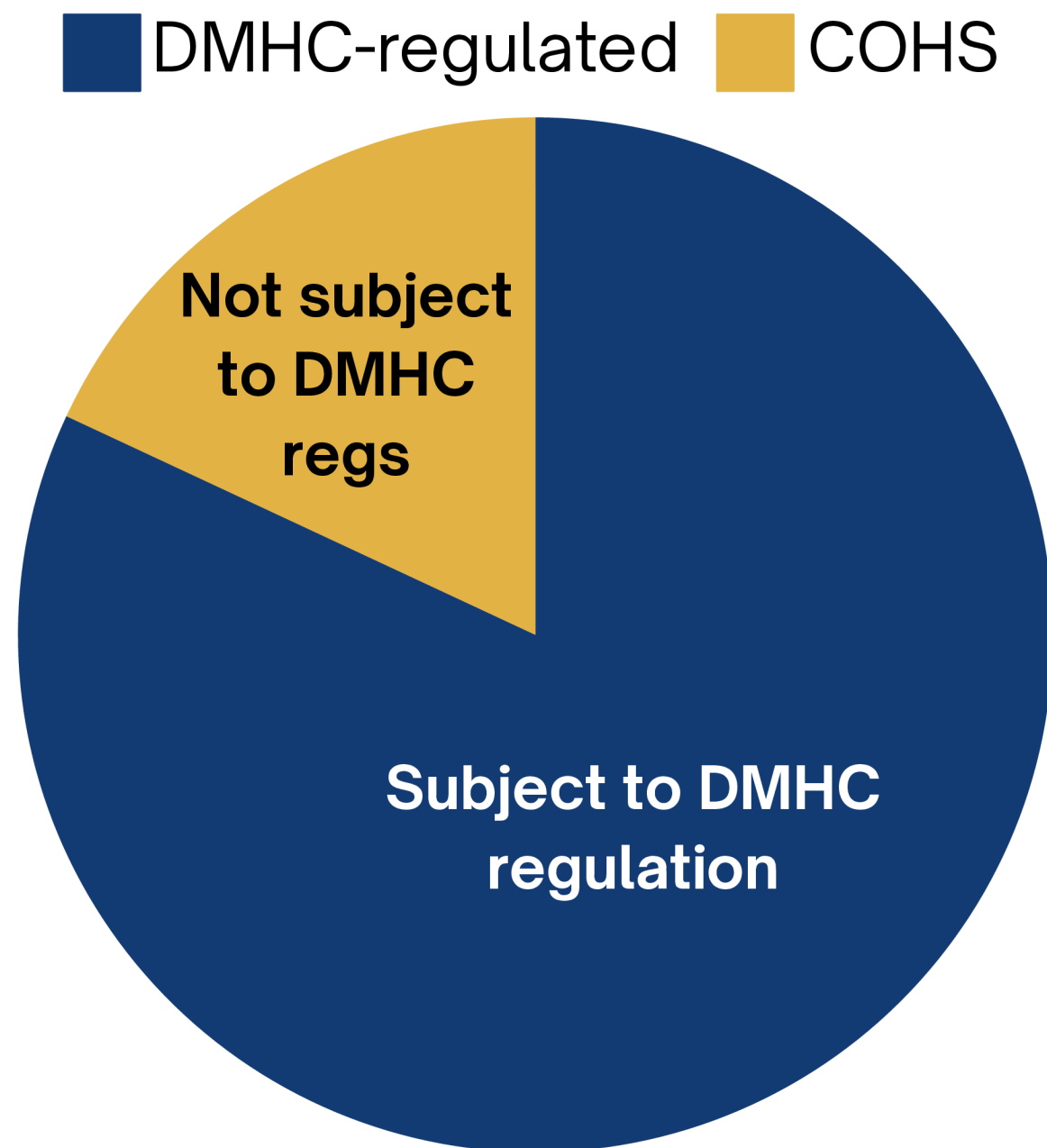
- Regulates commercial policies
- Insurance Code

Department of Health Care Services



- Administers Medi-Cal
- Responsible for program management and financing

Medi-Cal Managed Care



What is managed care?

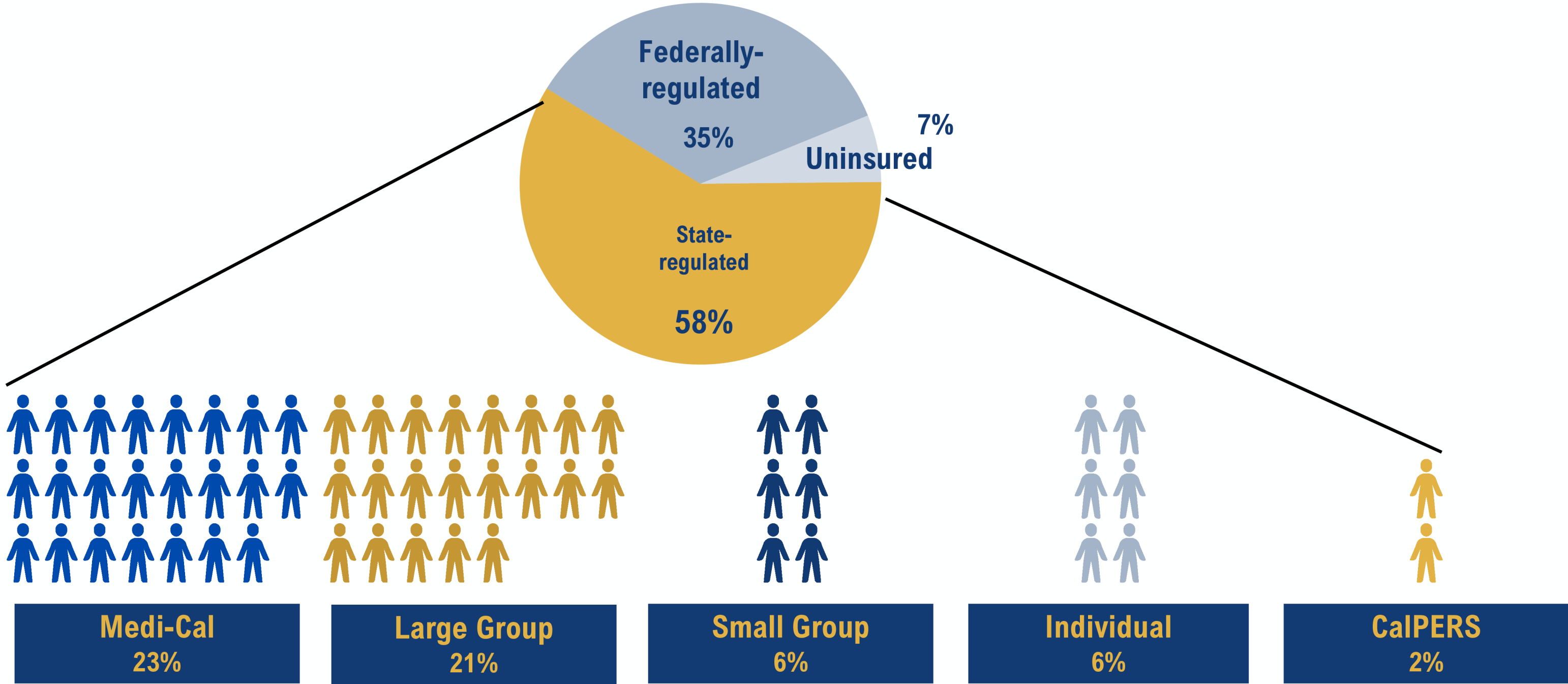
- Contracts for health care services through established networks of organized systems of care.
- Monthly capitated payment model.

County Organized Health Systems

- Health plans run by a county government entity.
- Authorized by federal statute.
- Exempt from federal managed care regulations and Knox-Keene, not regulated by DMHC.

California Enrollment Estimates: State-regulated

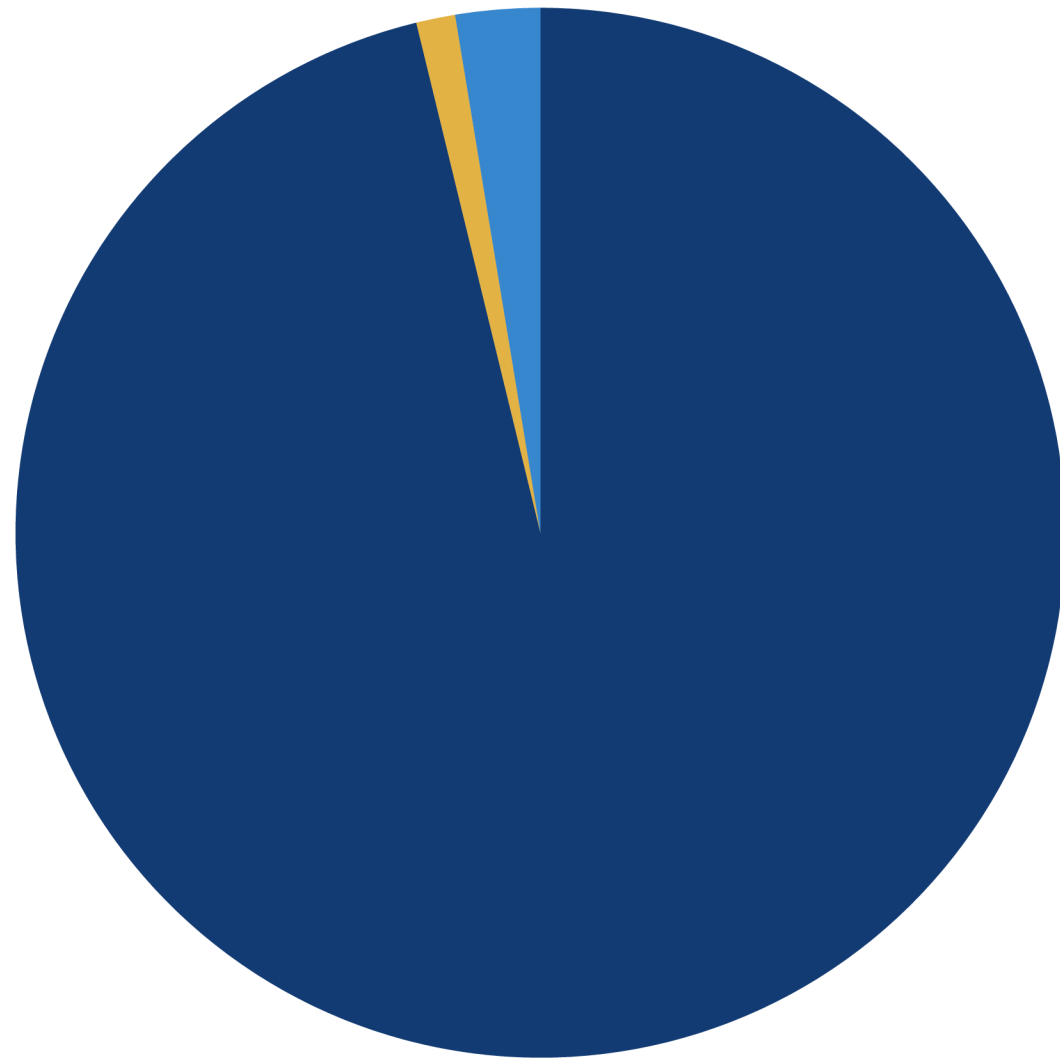
*2025 estimates



Pharmacy Benefit

- Brand name and generic
- No pharmacy benefit
- Other coverage

state-regulated!



Commercial and CalPERS
Enrollees

- Other coverage



Medi-Cal Beneficiaries

CHBRP PUBLICATIONS



Person trying hard to understand California's health care system



CHBRP Publications

Select Level



Level 1: Glossary & Nuts and Bolts

- [Glossary](#): key insurance terms
- [Nuts and Bolts](#): High-level snapshot, 1-2 pages
 - Essential health benefits
 - Preventive services
 - Basic health care services
 - Pharmacy benefit managers
 - Enrollee health care expenditures
 - Sources of health insurance in California

PREVENTIVE SERVICES IN CALIFORNIA

HEALTH CARE
NUTS AND BOLTS
with
 CHBRP

Current as of August 29, 2024

What are preventive services?



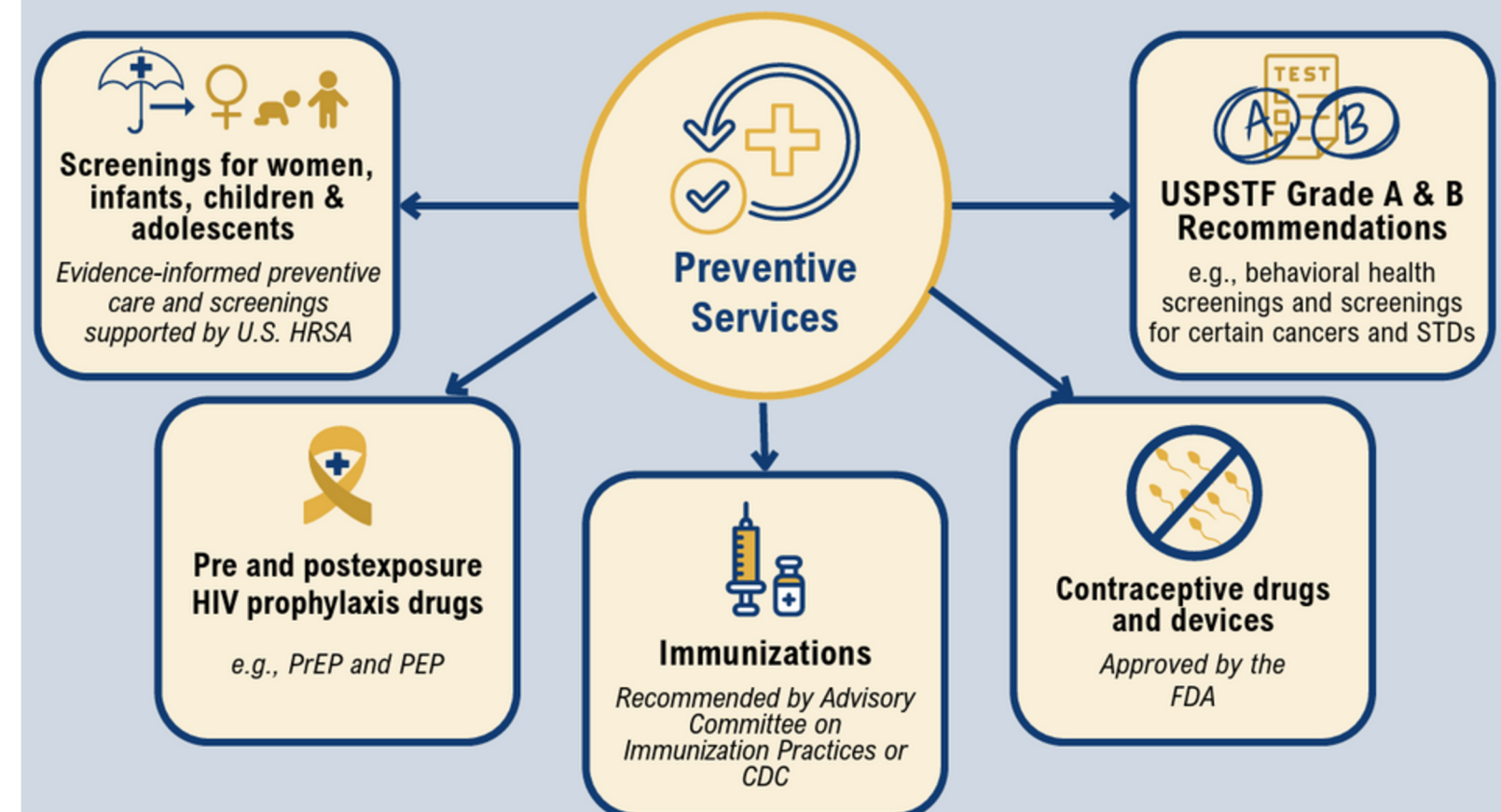
Routine health care services, including screenings, check-ups, and patient counseling, that help prevent illnesses, disease, or other health problems.

California law states that when a recommendation is made for items and services that fall into one of the preventive services categories (see below), coverage for the benefit must go into effect within the next 12 months.

Who has coverage for them?

Coverage for preventive services is **required** for Californians in **state-regulated** health plans and policies, i.e., those regulated by the Department of Managed Health Care and the California Department of Insurance.

These services must be provided at **no cost** to the enrollee, i.e., without cost sharing. However, they are only free when **delivered** by a provider in the enrollee's **plan network**.



Level 2: Explainers

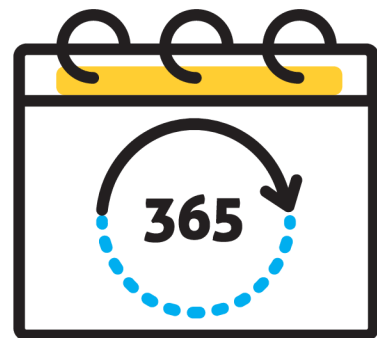


- Mid-length
- More background and definitions
- Often driven by topics discussed by Legislature

Topics Covered

- Health Insurance in CA 101
- What is cost sharing?
- Network adequacy
- California's population aged 65+ years old
- Claims data, utilization, and unit cost
- Systemic racism and CHBRP's health policy analysis

Level 3: Resources, Issue Briefs & Policy Snapshots



Annual Resources

- Sources of health insurance in California
- Pharmacy benefit coverage
- Deductibles in state-regulated health insurance
- Federal and state health insurance benefit mandates

Level 3: Resources, Issue Briefs & Policy Snapshots



Timely Topics

- Federal and California preventive services mandates
- Essential health benefits and benchmark plans
- Outpatient prescription drug cost sharing
- Telehealth
- Medical necessity determination process

Boss Level: New Topics



Can't find what you're looking for?

Have a topic suggestion for other publications?

Email us at info@chbrp.org
or find us on social media!

CHBRP
Listserv



**Join us for
more on
health care!**

UC Student and Policy Center and the California
Health Benefits Review Programs Present

R_x

Rx-treme

Understanding Drug
Costs and Forecasting
the Future

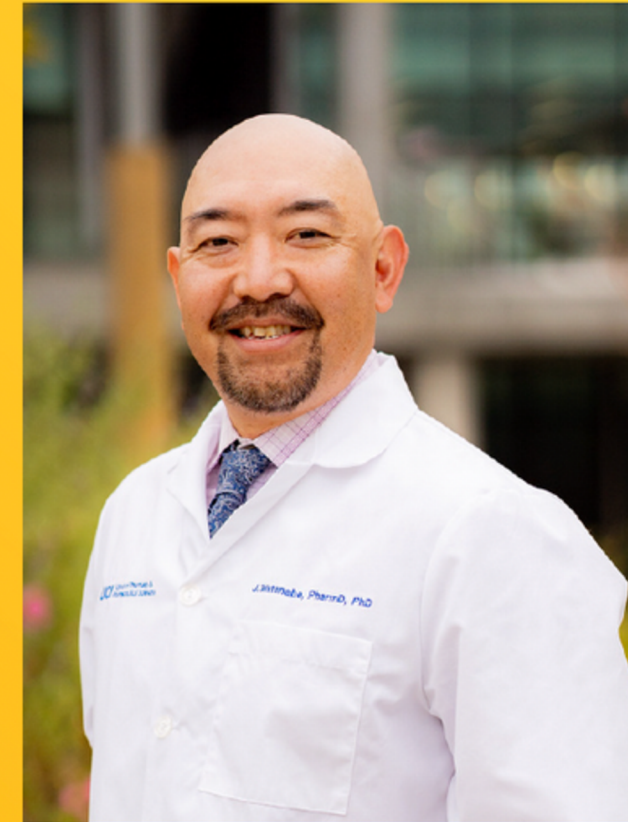
March 5

12:00 to 1:15 pm

UC Student and Policy Center

1115 11th Street

Sacramento, CA 95814



Jonathan H. Watanabe



Jim Wood



Thank you!

**Any
questions?**