



# FUNDAMENTALS OF CALIFORNIA HEALTH INSURANCE

Presented by

Adara Citron, MPH  
An-Chi Tsou, PhD  
Anna Pickrell, MPH

*February 12, 2026*



[CLICK FOR  
MORE INFO](#)

# WHAT IS CHBRP?



Receives Requests  
from the  
Legislature



Neutral Analysis



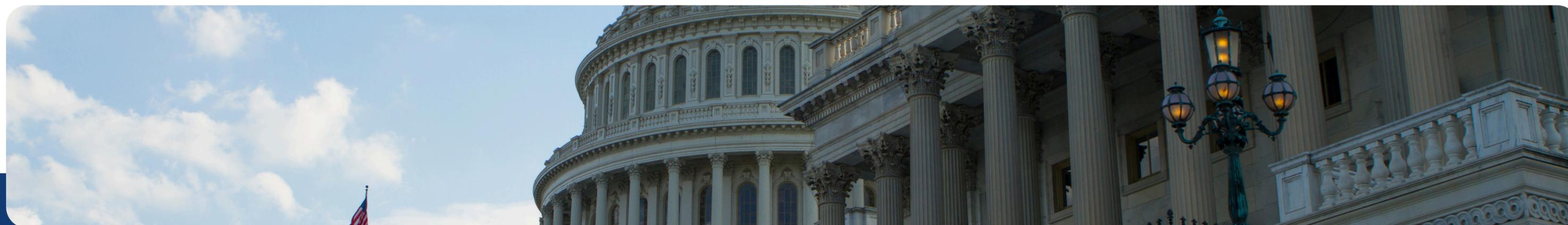
Resources on  
Health Insurance  
Policy



Evidence-based  
Information



Established in  
2002 Through  
Legislation



# Structure of **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?

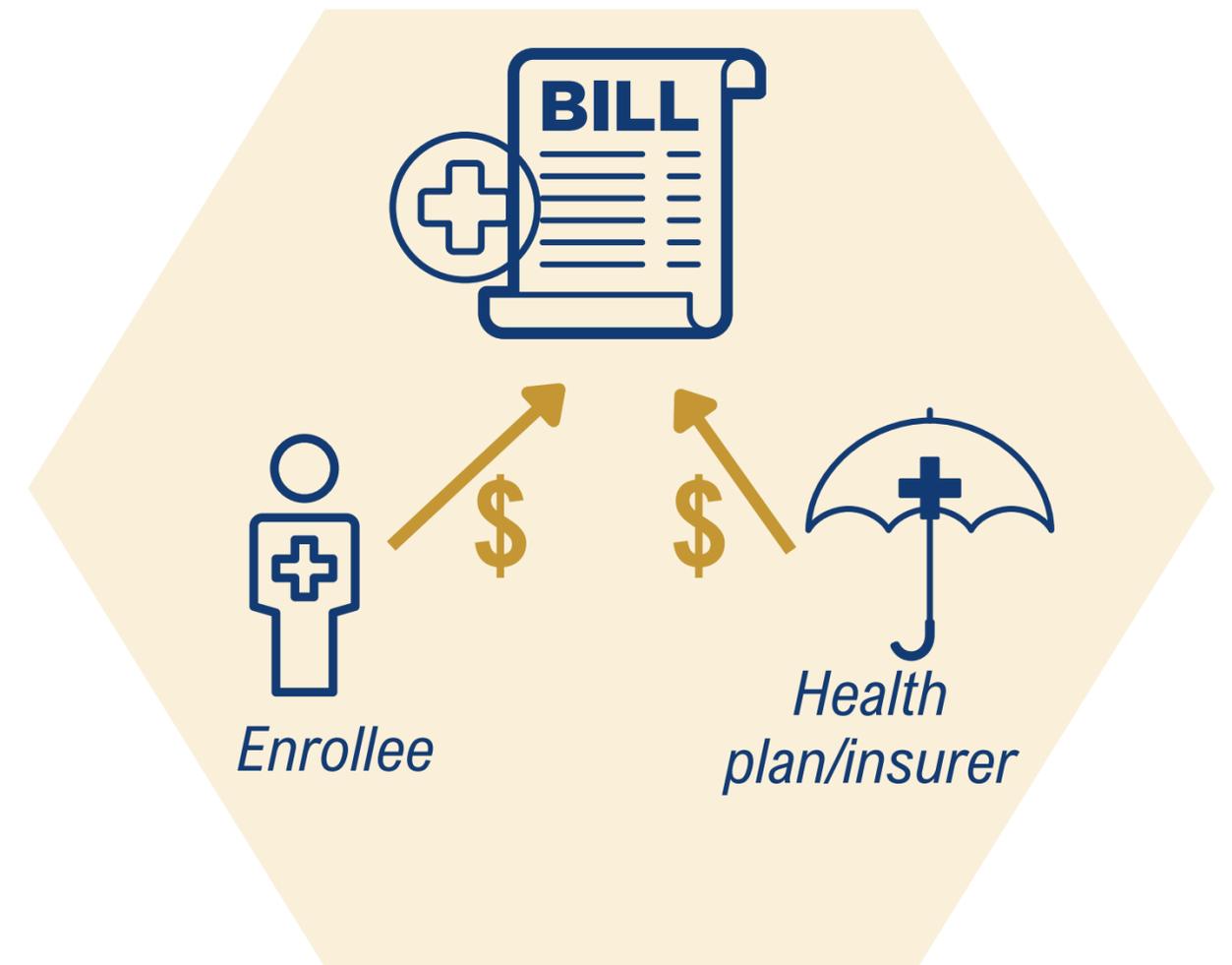
# WHAT IS HEALTH INSURANCE?

- Design
- Benefits
- Expenditures



# Health Insurance

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



# Types of Covered Benefits:

## Medical vs. Pharmacy



### MEDICAL BENEFIT

- Hospital care
- Outpatient care including primary care, specialty care, outpatient procedures
- Laboratory tests and diagnostic services
- Emergency and urgent care
- Prescription drugs administered under physician supervision



### PHARMACY BENEFIT

- Self-administered medications obtained through a pharmacy, mail order pharmacy, or specialty pharmacy
  - E.g., oral medications, self injections, patches, etc.

# 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"> <li>Often includes integrated care and focus on prevention/wellness</li> <li>Typically has a lower premium</li> </ul>
Preferred Provider Organization (PPO)	Broad	No	Often includes a coinsurance for high cost services/medications	<ul style="list-style-type: none"> <li>Premiums tend to be higher than those for HMOs</li> </ul>
Exclusive Provider Organization (EPO)	Limited	No	No out-of-network benefit (enrollee pays full cost)	<ul style="list-style-type: none"> <li>Managed Care Plan that combines features of HMO and PPO</li> </ul>
Point of Service (POS)	Broad	Yes	Lower cost sharing when using in-network providers	<ul style="list-style-type: none"> <li>Combines features of HMO and PPO</li> </ul>
High-deductible health plan	Varies	Varies	Higher deductible and out-of-pocket maximum, lower premium	<ul style="list-style-type: none"> <li>Deductible limit set by the IRS</li> <li>HSA-eligible</li> </ul>

# Health Insurance Expenditures

## Premiums



The monthly fee paid by an enrollee (or an enrollee and their employer) to a health plan or insurer for health insurance.

Like other forms of insurance, premiums must be paid regardless of utilization of healthcare services.

 Premiums  $\neq$  Cost Sharing

## Cost Sharing



### **Deductible**

A fixed dollar amount an enrollee must pay out-of-pocket before the health plan begins to pay for covered services.\*



### **Coinsurance**

A percentage of covered costs for which an enrollee is responsible.



### **Copayment**

A predetermined, flat dollar payment required at the time of service, e.g., \$5 for a prescription drug or \$20 for PCP visits.

## Noncovered Services



**Cost sharing** only applies for services **covered** by an enrollee's health plan or policy.



**Enrollees** are **fully responsible** for payment of any **noncovered** services utilized. Some examples include hearing aids or experimental procedures.

\*The ACA allows for certain costs (e.g., preventive care services, primary care visits, certain generic prescriptions) to be covered 100% or with a copay and thus accessible before a deductible is met.

# 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

# HSA and FSA

Health Savings Account (HSA)	Flexible Spending Account (FSA)
<p>Must be enrolled in a high-deductible health plan or ACA Bronze or Catastrophic plan.* Cannot be enrolled in Medicare or claimed as a dependent.</p>	<p>Must be offered by a group health plan by employer. Not available to self-employed individuals.</p>
<p>Can be used for long- and short-term medical, dental, and vision costs</p>	<p>Can be used for short-term medical, dental, and vision costs. Some plans also provide an FSA for dependent care (DCFSA).</p>
<p>Owned by the individual for life</p>	<p>Owned by the employer</p>
<p>Contribution limit in 2026: \$4,400 for individual coverage, \$8,750 for family coverage. Additional \$1,000 catch-up for those 55+.</p>	<p>Contribution limit in 2026: \$3,400 per employer</p>
<p>Contributions can be made until tax filing deadline for the year</p>	<p>Choose your contribution amount at the start of the year, cannot be changed during the year. Employer can also contribute.</p>
<p>Unused contributions roll over to the next year</p>	<p>Funds must usually be used by the end of the plan year. Some plans allow a small rollover amount or grace period.</p>

\*ACA Bronze and Catastrophic plan HSA eligibility began 1/1/2026

# Benefit Coverage Mandates



## Essential Health Benefits

ACA requirement for some plans to cover 10 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

# TYPES OF HEALTH INSURANCE

- State and federal insurance
- Medi-Cal: Fee-For-Service vs. Managed Care



# State-regulated health insurance

[CLICK FOR  
MORE INFO](#)

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
Small group	Private	Californians with employer-sponsored health insurance in a workplace of 1 to 100 employees
Large group	Private	Californians with employer-sponsored health insurance in a workplace of 101+ employees
Individual	Private	Individual purchasers. Financial assistance is available for income-qualifying Californians.

\*Medicaid is a joint state-federal program. Federal rules set a floor for program requirements; states have flexibility to design and run their own programs within federal guidelines.

# Federally-regulated health insurance

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

# Medi-Cal: Fee-For-Service & Managed Care

Feature	Fee For Service (FFS)	Managed Care
<b>Design</b>	"Traditional" system in which providers bill on a per-service basis	Delivery system organized to manage cost, utilization and quality by emphasizing primary and preventive care
<b>Payment Structure</b>	Providers are paid for each individual service they provide	State pays MCOs a monthly per-person payment to manage patient care. MCOs pay providers.
<b>Provider Incentives</b>	Maximize volume of services	Improve patient outcomes and reduce costs
<b>Provider Choice</b>	Members can see any provider who accepts Medi-Cal	Members choose provider from MCO network
<b>Care Coordination</b>	Generally siloed	Financially rewarded
<b>Risk Distribution</b>	Providers bear minimal financial risk, paid regardless of outcomes	MCOs and providers share financial risk and accountability for patient outcomes and cost of care
<b>Examples of Use</b>	Traditional Medicare (Part A and Part B)	Medi-Cal (with some exceptions)*

\*Most Medi-Cal members are in managed care, but there are some exceptions, including new enrollees (can enroll in FFS before choosing a managed care plan), and people with specific needs eligible to remain in FFS plans.

# HEALTH INSURANCE IN CALIFORNIA

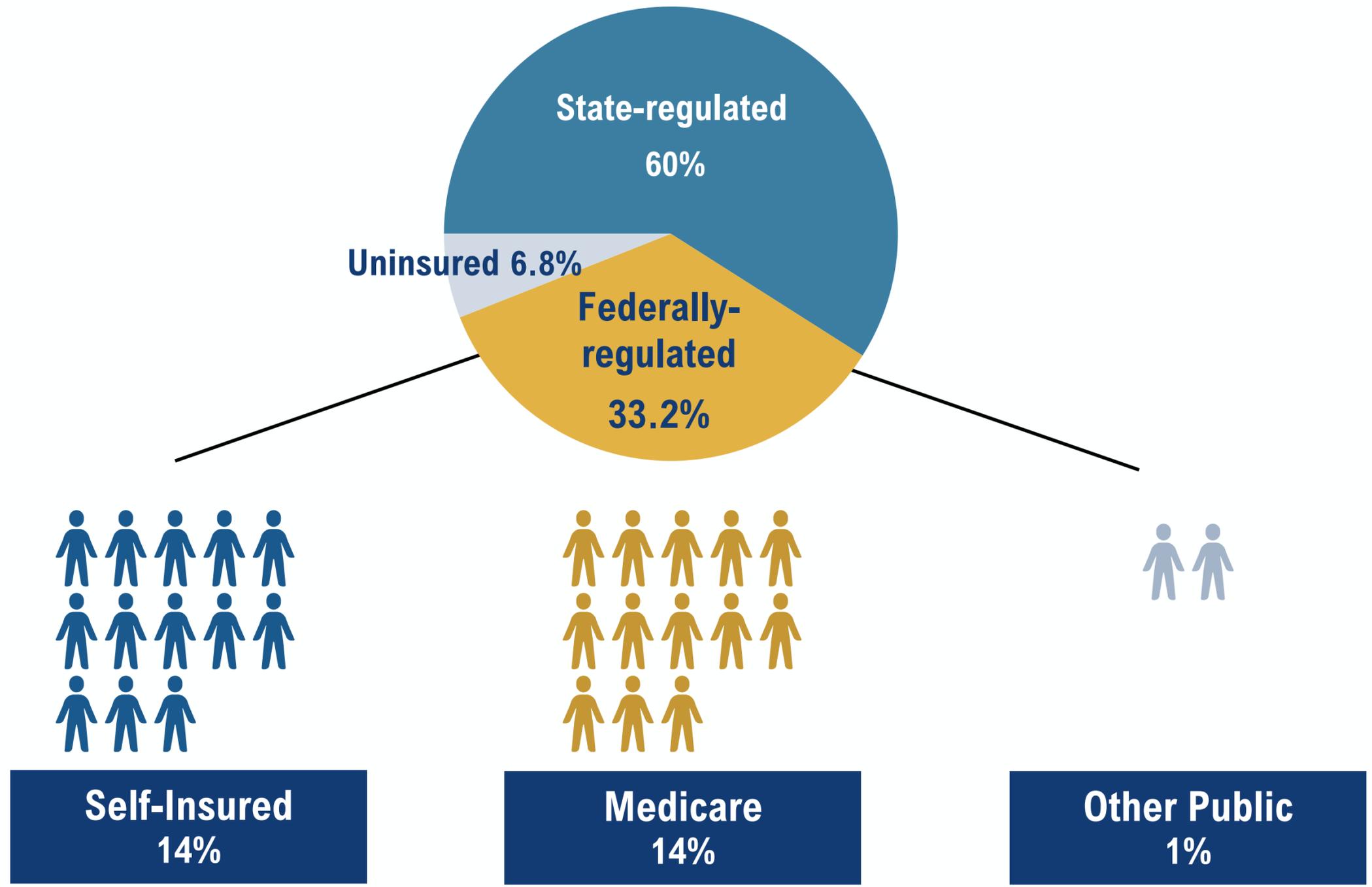
- Enrollment
- Regulators



# California Enrollment

## Estimates: Federally-regulated

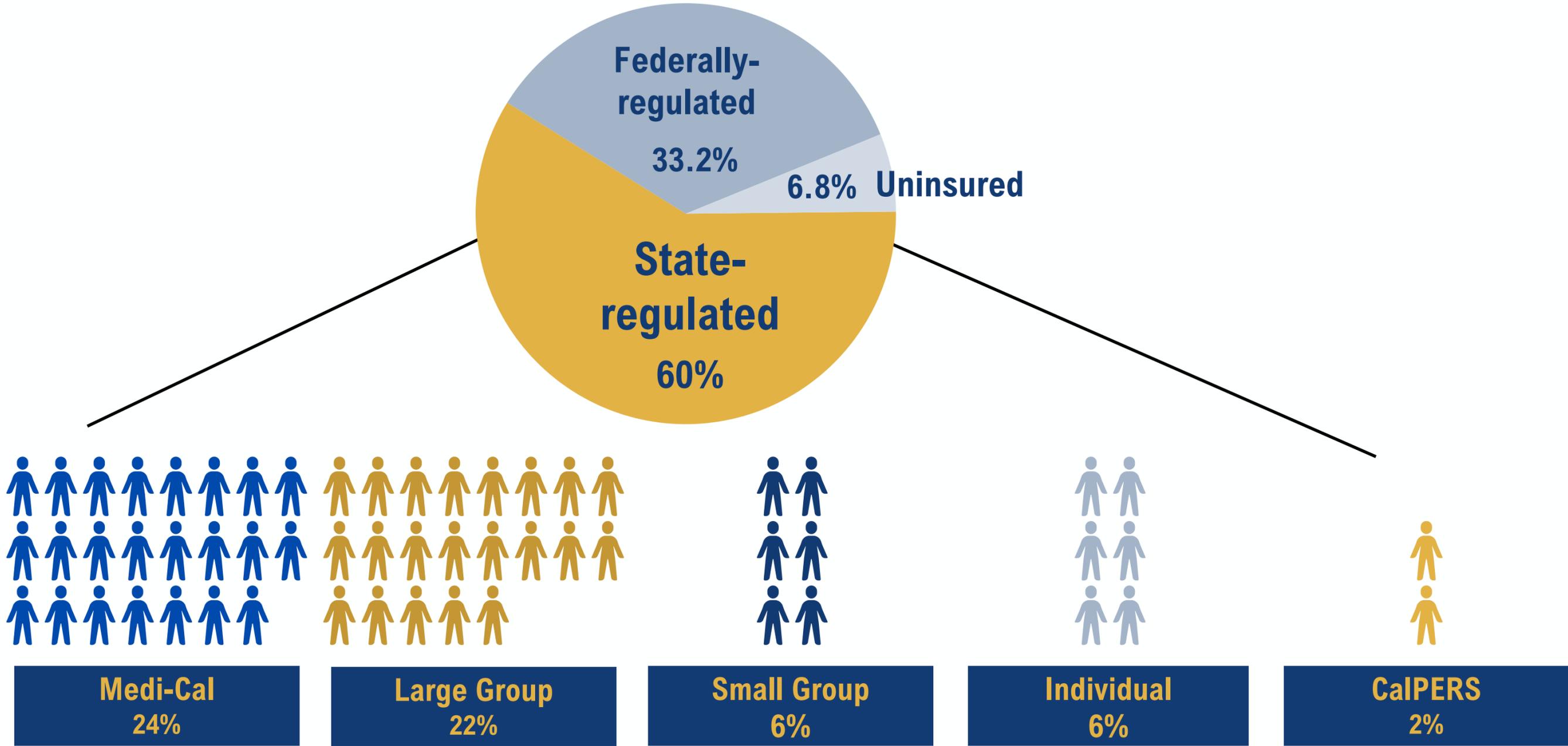
[CLICK FOR MORE INFO](#)



[CLICK FOR MORE INFO](#)

# California Enrollment

## Estimates: State-regulated

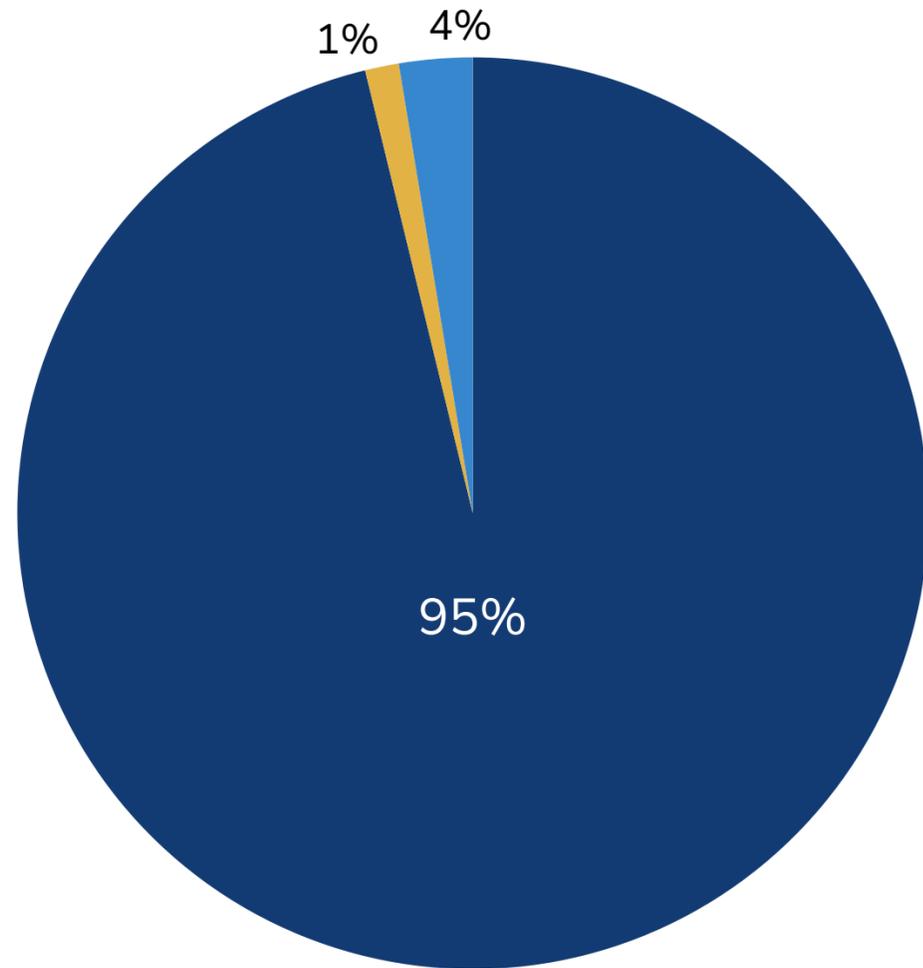


# Pharmacy Benefit

[CLICK FOR MORE INFO](#)

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

*state-regulated!*



**Commercial and CalPERS Enrollees**

- Other coverage



**Medi-Cal Beneficiaries**

# 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

# 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
  - Proposed 2027 Essential Health Benefits
  - AB 144
  - State Health Alliances
  - HR1 Medicaid provisions timeline
  - Sources of health insurance in CA
  - Enrollee health care expenditures

## PREVENTIVE SERVICES IN CALIFORNIA

### HEALTH CARE NUTS AND BOLTS with CHBRP

Current as of August 29, 2024

#### What are preventive services?

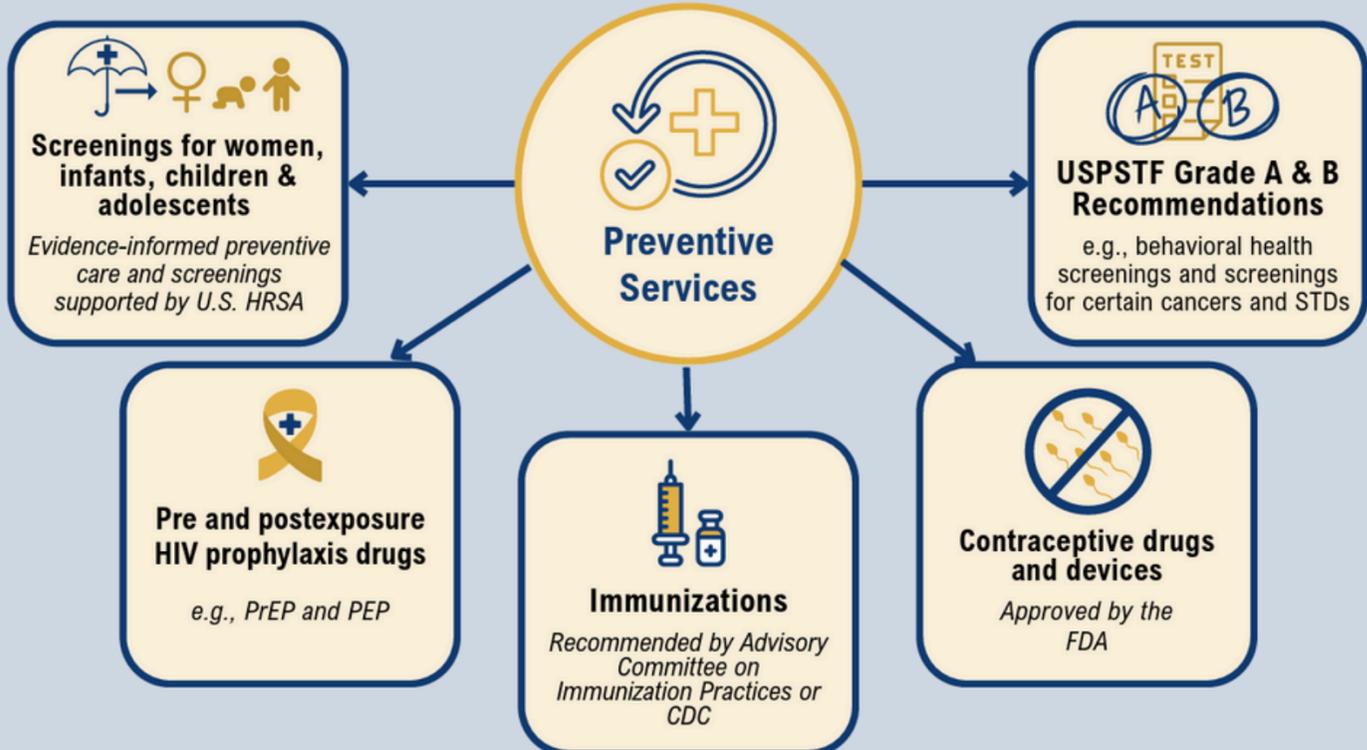
 Routine health care services, including screenings, check-ups, and patient counseling, that help prevent illnesses, disease, or other health problems.

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**.



```
graph TD; PS((Preventive Services)) --> S["Screenings for women, infants, children & adolescents"]; PS --> P["Pre and postexposure HIV prophylaxis drugs"]; PS --> I["Immunizations"]; PS --> C["Contraceptive drugs and devices"]; PS --> R["USPSTF Grade A & B Recommendations"]
```

**Screenings for women, infants, children & adolescents**  
*Evidence-informed preventive care and screenings supported by U.S. HRSA*

**Pre and postexposure HIV prophylaxis drugs**  
*e.g., PrEP and PEP*

**Immunizations**  
*Recommended by Advisory Committee on Immunization Practices or CDC*

**Contraceptive drugs and devices**  
*Approved by the FDA*

**USPSTF Grade A & B Recommendations**  
*e.g., behavioral health screenings and screenings for certain cancers and STDs*

## Level 2: Explainers



[CLICK FOR  
MORE INFO](#)

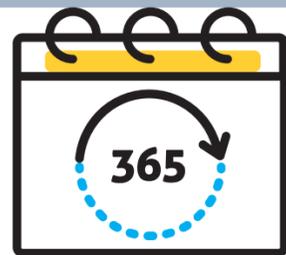
- Mid-length
- More background and definitions
- Often driven by topics discussed by Legislature

### Topics Covered

- Health Insurance in CA 101
- What is cost sharing?
- Utilization management
- OHCA
- Medi-Cal Rx
- Drug supply chain

# Level 3: Resources, Issue Briefs & Policy Snapshots

[CLICK FOR MORE INFO](#)



## Annual Resources

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



## Issue Briefs & Policy Snapshots

- AI and healthcare in CA
- 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](mailto:info@chbrp.org)  
or find us on social media!

[CHBRP](#)  
[Listserv](#)





**Thank you!**

**Any  
questions?**