

WHO GETS HELP?

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One of the main criticisms of the individual mandate is its underlying assumption of the problem, that somehow people don't want coverage in the first place. It is our belief that people overwhelmingly want coverage, desperately. The issue, in our analysis, is that people find barriers of availability, affordability, and administrative complexity too high to overcome. People want coverage--the issue is whether we can expand access and remove the barriers that exist.

So the question is not the mandate, it is whether the plan provided enough help to meet the mandate, to get the coverage that people overwhelmingly want.

The Governor's original plan failed that test, and in fact put many people in a worse situation from the status quo:

- * It downgraded coverage for many who have public coverage now.
- * It placed too much financial burden on low-income populations.
- * It placed a mandate without condition or exemption even on low-income people who weren't eligible for public programs or subsidies.
- * It only extended help up to 250% of the poverty level, not recognizing the level of help needed by many over 250%.
- * The individual mandate had no provision or condition or exemption for affordability or hardship.
- * It didn't provide sufficient help to people from their employers—or provide a purchasing pool that could bargain for lower rates.

The current plan resolves those issues, and offers significant help to millions of Californians. It is as much help as we sought for consumers? No. But it's a significant improvement in the status quo for consumer in virtually every category.

So here's the help...

FOR THE UNINSURED

- * All **uninsured children** (800,000-1 million) get Healthy Families, comprehensive coverage, with minimal cost-sharing. This also includes tens of thousands of children now enrolled in "county health initiatives" that are running out of money and would otherwise have to disenroll if the ballot measure is not successful.
- * Those **uninsured Californian citizens between 0-250 percent** of the federal poverty level (or those who fall into that category when they are between jobs) would be eligible for comprehensive coverage like Medi-Cal or Healthy Families. If they don't have access to public coverage or employer-based coverage that

costs less than 5% of their income for health care, they are exempt from the mandate.

* For those **uninsured from 250-400 percent** (up to 80K for a family of four), many are more likely to get an employer contribution toward their health care. But even if they don't, they get a subsidy so that a mid-level ("tier 3"--undefined so far) product is no more than 5.5 percent of income. This means that folks can use whatever subsidy they get to buy a comprehensive plan for more than 5.5 percent (maybe 8 or 9 percent), or buy a cheaper plan (for 2 or 3 percent) that has a higher deductible. This gives them a bunch of help they don't have now: guaranteed issue, a subsidy/tax credit they didn't have before, maybe an employer contribution they didn't have before, and a purchasing pool they didn't have before to negotiate on their behalf. And they have a choice of paying a little and getting catastrophic coverage, or getting a comprehensive top-tier plan that is still a reasonable percent of income.

* For the **uninsured over 400 percent** of FPL (less than 1%-350,000), very few of the uninsured are over 400 percent for more than a few months. They get guaranteed issue, a Section 125 ability to pay premiums with pre-tax dollars (which in this income range is probably a 30 percent or more discount), etc. They are the most likely to get a contribution from an employer. There's also some money booked for subsidy for early retirees, who are the ones most likely to continue to have an issue, given the higher premiums for those over 50. Finally, there is an exemption process if needed, so that people can say that they want temporary or long-term exemptions, based on affordability or hardship.

FOR THE INSURED:

In general, the benefits for the *insured* are in three categories:

* **Direct financial assistance:** Many insured are spending large percentages of their income on health coverage and care; The public program expansions, subsidies, required worker contributions, and Section 125 benefits provides additional financial relief for most people, concentrated at the lower-incomes but including Californians up and down the income scale.

* **A better-funded, improved health care system:** Those who are insured will appreciate the elements of the proposal to better fund the system in the front end, including billions in new federal matching funds, and to control costs in the back end, including prevention, public health, transparency, information technology, bulk purchasing, and other efforts.

* **Security:** Even those who are insured now are concerned that it won't be there for them when they need it. In the case of a job change, divorce, loss of income, or other change in life circumstance, these reforms make it more likely that a Californians will get the help they need to get the coverage they want.

Here's how specific populations are impacted:

* The many **Californians who now buy coverage in the individual market** (2.1 million) could get help in a couple of ways. Some will find that their employer will now provide coverage. Those still in the individual market--working but without an employer contribution--will still get the benefit of a Section 125 plan to use pre-tax dollars to pay for premiums. Some may also get, on top of that, a subsidy for those under 400% (or early retirees above 400%). These folks also get the benefit of buying coverage through a purchasing pool. In addition, these folks will have greater security that their premiums can't be jacked up because of their health status, so people don't have to fear that they would "use it or lose it."

* **Those who get employer-based coverage** now (19 million Californians) would have additional security that their employer won't be able to completely drop coverage altogether, and the likelihood that they can get coverage even after a job change or other life event, such as divorce, loss of income, etc. Those with lower-incomes might get a subsidy or improved coverage through the public program expansion. Finally, the cost containment may help them in the long term deal with potential rising costs.

* **Medi-Cal recipients** (6.8 million low-income children, parents, seniors, and people with disabilities) get better access to doctors, hospitals and other providers, due to increased Medi-Cal reimbursement rates; they also get better security to keep their coverage, with the removal of the "asset test" that now prohibits their ability to save.

* **Those left uninsured**, such as the undocumented, visitors to the state, those exempted due to affordability or hardship, and others, would get better funded community clinics and public hospitals as a safety-net.