

# 2021 Healthcare Affordability State Policy Scorecard

Polling data repeatedly shows that healthcare affordability is the number one issue that state residents, on both sides of the political aisle, want their policymakers to work on. This scorecard identifies areas where California is doing well and areas where it can improve. It reflects policies implemented as of Dec. 31, 2020.

STATE:

**CALIFORNIA**

RANK:

**12**

out of 47 states + DC

**TOTAL SCORE: 44.9 OUT OF 80 POSSIBLE POINTS**

California has many policies to address affordability, but still has much work to do to ensure wise health spending and affordability for its residents. According to SHADAC, 12% of CA adults could not get needed medical care due to cost as of 2019, and the share of people with other affordability burdens is far higher. While CA's uninsurance rate (7.7%) may be a factor, healthcare is increasingly unaffordable largely due to high costs that affect everyone. According to the PCE, healthcare spending per person in CA grew 38% between 2013 and 2019, totaling \$8,005 in 2019.\*

	POLICY SCORE	OUTCOME SCORE	RECOMMENDATIONS
<b>CURB EXCESS PRICES IN THE SYSTEM</b> 	<b>3.0 OUT OF 10 POINTS</b> Beyond establishing an APCD, CA has few policies to curb the rise of healthcare prices.	<b>1.7 OUT OF 10 POINTS</b> High private prices are one factor driving costs. CA is among the most expensive states, with inpatient private payer prices at 222% of Medicare prices. Ranked 44 out of 48 states, plus DC.	<i>Year-over-year increases in healthcare prices overwhelmingly drive state healthcare spending. CA should consider strong price transparency requirements, establishing a health spending oversight entity and creating health spending targets.</i>
<b>REDUCE LOW-VALUE CARE</b> 	<b>1.8 OUT OF 10 POINTS</b> CA requires some forms of patient safety reporting. 93% of hospitals have adopted antibiotic stewardship. CA has not yet measured the extent of low-value care being provided.	<b>5.0 OUT OF 10 POINTS</b> CA's use of low-value care is close to the national average. Ranked 21 out of 50 states, plus DC.	<i>CA should consider using claims and EHR data to identify unnecessary care and enacting a multi-stakeholder effort to reduce it.</i>
<b>EXTEND COVERAGE TO ALL RESIDENTS</b> 	<b>10 OUT OF 10 POINTS</b> Medicaid coverage for childless adults extends to 138% of FPL. CA also leads in coverage options for legally residing & undocumented immigrants. CA uses premium subsidies to reduce costs in the non-group market. Private payer rates are subject to affordability review.	<b>6.9 OUT OF 10 POINTS</b> 8% of CA residents are uninsured. Ranked 23 out of 50 states, plus DC.	<i>CA is a leader in select policies intended to extend coverage to all residents, but some remain uninsured. CA should also consider expanding its current policies and/or exploring new interventions targeting the remaining uninsured population.</i>
<b>MAKE OUT-OF-POCKET COSTS AFFORDABLE</b> 	<b>10 OUT OF 10 POINTS</b> CA has banned or heavily regulated short-term, limited-duration health plans; has comprehensive SMB protections; caps cost-sharing for some high-value services; and has patient-centered, standard plan designs in its exchange.	<b>6.5 OUT OF 10 POINTS</b> 12% of CA adults could not get needed medical care due to cost. The share of people with other affordability burdens is far higher.	<i>CA is a leader in select policies intended to make out-of-pocket costs more affordable, but residents still suffer from affordability problems. CA should consider exploring new policies targeting high deductibles and prescription drugs, although there are limits to state influence on employer insurance and Medicare.</i>

APCD = All-Payer Claims Database CHES = Consumer Healthcare Experience State Survey CMS = Centers for Medicare and Medicaid Services EHR = Electronic Health Records FPL = Federal Poverty Level PCE = Personal Consumption Expenditure (Healthcare PCE measures spending growth among households as well as nonprofit, commercial and government hospitals/nursing homes) SHADAC = State Health Access Data Assistance Center SMB = Surprise Medical Bill STLD = Short-Term, Limited-Duration

# Healthcare Affordability State Policy Scorecard

STATE:

CALIFORNIA

RANK:

12

out of  
42 states  
+ DC

## CALIFORNIA NOTES

### Methodological Notes:

State rank reflects the weighted sum of the policy and outcome scoring components. A lower state rank number (i.e. close to 1) reflects a higher overall score and better performance when compared to other states. For a complete discussion of methodology, please see [healthcarevaluehub.org/affordability-scorecard/methodology](https://healthcarevaluehub.org/affordability-scorecard/methodology).



### Curb Excess Prices in the System:

In order to receive credit for price transparency tools, a state's tool had to be public-facing, searchable by specific procedure and hospital and show the negotiated rate paid by insurance plans/patients (not chargemaster rate). CA did not have a tool that met this criteria in 2020. Looking Ahead: CA law requires that a Health Care Cost Transparency Database be "substantially completed" by July 1, 2023, in part to inform policy decisions to reduce healthcare costs and disparities. CA has an APCD. CA considered establishing an Office of Health Care Affordability in 2020 that would be charged with increasing price and quality transparency, setting healthcare cost targets, setting a statewide goal for adoption of alternative payment models and developing contracting standards for use by payers and providers, among other responsibilities. The ultimate goal would be to return the savings to consumers who are directly impacted by increasing healthcare costs.



### Reduce Low-Value Care:

According to the Johns Hopkins Overuse Index created using Medicare data, CA's overuse of low-value care is 0.3 standard deviations above the national average, which is undesirable (however the value is still relatively close to the national average). California mandates reporting and validation for CLASBI, but not for CAUTI. Improper use of antibiotics is another type of low-value care. Antibiotic stewardship is the effort to measure and improve how antibiotics are prescribed by clinicians and used by patients—states were scored on what share of their hospitals follow the CDC's stewardship program.



### Extend Coverage to All Residents:

CA temporarily extended premium subsidies to people earning 200-600% of the Federal Poverty Level for 2020-2022 only. A 2021 law established the Health Care Affordability Reserve Fund and requires the Exchange to develop options for providing cost-sharing reduction subsidies for low- and middle-income residents. CA provides Medicaid coverage for eligible lawfully residing immigrant pregnant women and children without a 5-year wait. In 2019 CA passed a law providing coverage options for undocumented immigrants up to age 26. Looking Ahead: in 2021 CA passed a first-in-the-nation law expanding coverage options for undocumented immigrants ages 50 and over, among others. CA is an 'active purchaser,' which helps keep premiums down on the exchange. CA also requires health plans to disclose information on recent cost containment efforts for all rate filings submitted to the Department of Managed Health Care; however, the department does not have the authority to approve or deny rate increases.



### Make Out-of-Pocket Costs Affordable:

High-deductible health plans create barriers to care for many families. According to SHADAC, the average family deductible among employer insurance plans in CA rose 40% between 2013 and 2019, totaling \$3,329 in 2019. States should consider exploring new policies to reduce financial barriers to care for people with high-deductible health plans, although there are limits to how much states can influence employer insurance and Medicare. In response to rising insurance costs, some people turn to STLD health plans, which offer lower monthly premiums compared to ACA-compliant plans. However, these policies offer less coverage, can discriminate against people with pre-existing conditions and pose significant financial risks for consumers. States received credit depending on how much they limit or protect against these plans. CA has comprehensive protections against surprise medical billing. 'Comprehensive' surprise medical billing protections include emergency departments and hospitals, apply to all insurance types, hold consumers harmless/prevent balance billing and adopt adequate payment standard or dispute resolution process. States with only some of these policies have 'partial' protections. The federal No Surprises Act prohibits surprise medical billing in most plans effective January 2022. However, it does not cover ground ambulances which often result in surprise bills. States can still implement protections in this area—74% of ground ambulance rides in CA charged to commercial insurance plans had the potential for surprise medical billing.\* CA caps cost-sharing for prescription drugs in the fully-insured market. Additionally, almost all outpatient services for Covered California plans receive "first-dollar coverage," which is excluded from deductibles. Deductibles apply primarily to high-cost, infrequent services. In CA, insurers cannot offer non-standardized plans on the exchange.

\* Informational data, not used in state score or ranking. Scorecard Updated: Oct. 26, 2021