

California's Health Coverage Gains Under the Affordable Care Act: What's at Stake in *California v. Texas*?

By Laurel Lucia, Miranda Dietz, and Ken Jacobs

This fact sheet highlights the key health coverage gains made in California under the state's robust implementation of the Affordable Care Act (ACA) since it was enacted over 10 years ago on March 23, 2010. These achievements show how much is at stake in *California v. Texas*, the case the Supreme Court is scheduled to hear on November 10, 2020, under which the ACA could be overturned.¹

Millions of Californians gained coverage under the ACA

- California had the largest reduction in its uninsured rate under the ACA of any state as of 2017.²
- The number of uninsured Californians under the age of 65 fell from 6.5 million in 2012 to 3.5 million in 2017.³
- As of March 2020, over 3.3 million low-income adults were enrolled in full Medi-Cal benefits due to the ACA expansion.⁴
- Nearly 1.2 million Californians received federal financial assistance to make coverage through Covered California more affordable as of June 2019.⁵
- Hundreds of thousands of California young adults are able to enroll in a parent's plan until age 26.⁶

ACA coverage is benefiting many Californians during the COVID-19 pandemic and recession

- Research has shown that people with insurance are more likely to seek testing and the care they need than those who are uninsured,⁷ which means that the reduced uninsured rate under the ACA benefits us all, especially during a public health emergency.
- An estimated 24 percent of Californians at risk of losing their jobs in this recession already had Medi-Cal coverage prior to the pandemic, in part due to the ACA.⁸

- An estimated 16 percent of California essential/frontline workers are enrolled in Medi-Cal, including ACA expansion coverage.⁹
- The ACA reduced uninsured rates for unemployed workers prior to this recession, and many Californians are anticipated to enroll in Medi-Cal and subsidized insurance through Covered California as they lose job-based coverage due to this recession. Among unemployed California adults ages 19 to 64 who were looking for work, the uninsured rate fell from 39 percent in 2011-2013 to 21 percent in 2014-2018 after the ACA coverage expansions were implemented.¹⁰

Coverage inequities narrowed under the ACA

- Uninsured rates fell for all California racial and ethnic groups under the ACA, with Latinos experiencing the largest reduction in uninsured rate, from 26.3 percent in 2013 to 11.6 percent in 2017. While the ACA significantly narrowed inequities in coverage rates between racial and ethnic groups, the uninsured rate for Latinos (11.6 percent), American Indians and Alaska Natives (11.1 percent), and Blacks (5.7 percent) continued to be higher than the rate for non-Latino whites (3.9 percent) in California in 2017.¹¹
- Low-income Californians with income at or below two times the Federal Poverty Level (\$25,520 for a single individual) experienced a larger drop in the uninsured rate (from 29 percent in 2013 to 11 percent in 2017) than Californians at or above that income level (from 12 percent in 2013 to 5 percent in 2017).¹²
- The San Joaquin Valley experienced the largest decline in uninsured rate of any California region, from 18.1 percent in 2013 to 7.6 percent in 2017.¹³
- The uninsured rate of self-employed Californians fell significantly under the ACA from 33.8 percent in 2013 to 17.9 percent in 2015.¹⁴
- The uninsured rate of small business employees in California fell significantly under the ACA from 31.0 percent in 2013 to 18.8 percent in 2015.¹⁵

Californians with private insurance gained new protections

- Due to the ACA's "guaranteed issue" provision, over 6 million California adults do not have to worry about being denied coverage based on a pre-existing condition.¹⁶ Californians who have tested positive for COVID (over 780,000 as of September 20, 2020) will not be denied coverage in the future as a result of having been infected.
- Many of the 18 million Californians with job-based coverage¹⁷ now have an affordable fallback option through the ACA Medi-Cal expansion or Covered California if they lose their job-based coverage.
- Californians with job-based or individual market coverage can access certain preventive services with no cost-sharing. Nearly 16 million Californians benefited from this provision in 2015.¹⁸
- Insurers can no longer limit the amount of benefits paid in a year or a lifetime. Prior to the ACA, 40 percent of California workers with job-based coverage in 2010 had a lifetime cap on benefits.¹⁹

- The ACA limits annual out-of-pocket spending to \$8,150 for individuals and \$16,300 for families in 2020. Reaching these limits is rare but many families that incur expenses at this level are likely to struggle to afford out-of-pocket costs even with these maximum limits. However, before passage of the ACA, researchers estimated that about 1 in 5 California workers with job-based coverage in 2010 had an out-of-pocket limit even higher than those limits required by the ACA.²⁰

The ACA brings \$27 billion in federal investment in our state's health care and economy each year

- California is projected to receive over \$20 billion in federal support for the ACA Medi-Cal expansion in budget year 2020-21.²¹
- Californians received nearly \$7 billion in federally-funded premium subsidies (advanced premium tax credits) for insurance through Covered California in 2019.²²
- The potential loss of \$27 billion in federal investment is enormous in the context of the state budget. To put this amount in perspective, it approaches the \$29 billion in total projected state spending on Corrections and Rehabilitation and Higher Education (University of California, California State University, and Community Colleges) combined in 2020-21.²³
- This federal spending has an economic ripple effect throughout the state economy and supports hundreds of thousands of jobs in the state, not only in health care but also in other industries.²⁴

While the pandemic has further demonstrated the importance of the ACA to California, it has also reinforced that despite California's progress, there is much work still to be done to achieve health care access and affordability for all Californians. Even before the pandemic, approximately 3.5 million Californians continued to lack insurance, many Californians with insurance struggled to afford coverage and care, and inequities in access to and affordability of coverage and care persisted for low-income and immigrant families and communities of color. The pandemic and associated recession are likely to exacerbate these problems. California has continued to build on the ACA through such policies as expanding Medi-Cal to undocumented children and young adults and providing state subsidies to improve affordability of insurance through Covered California. But further progress is needed, both nationally and at the state level, in order to ensure that health care is accessible and affordable for all.

However, if the Supreme Court in *California v. Texas* overturns major provisions or the entirety of the ACA, California would be facing a situation in which millions lose their health insurance and millions of others lose the important protections provided under the law. Inequities in access to health coverage would grow, with likely reversals in the coverage gains made under the ACA for Latinos, Blacks, and American Indians and Alaska Natives, along with low-income Californians. To make matters worse, these major losses in health care access and affordability would occur in the middle of a recession, during which great numbers may lose job-based coverage and income, as well as the middle of a global pandemic, during which access to care could not be more crucial for individual and community health and well-being.

Endnotes

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Institute for Research on Labor and Employment
University of California, Berkeley
2521 Channing Way
Berkeley, CA 94720-5555
(510) 642-0323
laborcenter.berkeley.edu



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