CALIFORNIA and the ACA: A State Update

The following is a summary of different actions the Legislature took recently in implementing the ACA and the Exchange’s activities.

**Covered California** is California’s health insurance exchange, a marketplace where individuals, families, and small businesses will be able to find and purchase affordable health coverage. Individuals and small businesses will be able to compare health insurance plans on a Web site so they may purchase the plan that best meets their health and budget requirements. The federal government will provide financial assistance (based on a sliding scale) to help reduce health insurance costs for those who qualify. Small businesses will be able to purchase competitively priced health plans to offer their employees.

Many Californians do not understand the ACA and are unaware of how it will impact them. A number of fact sheets, including a health insurance plan cost calculator produced by Covered California, is online at http://www.coveredca.com/getting_covered.html. Covered California will begin open enrollment on October 1, 2013, for health insurance plan coverage beginning on January 1, 2014.

Outreach efforts to promote and maximize health insurance enrollment are gearing up. Covered California will launch its $80 million paid media campaign in August 2013 with messages in 13 languages in urban and rural areas of the state. To promote public awareness, Covered California recently awarded $37 million in grants to community-based organizations; higher education and other schools; union, trade, and business associations; and others. Covered California also is establishing an enrollment assistance program to provide in-person assistance to consumers. Furthermore, staff are being hired and trained for three service centers, which will open soon.

Governor Brown issued a proclamation on January 24, 2013, to convene the Legislature in this extraordinary session on January 28, 2013, to consider and act upon legislation necessary to further implement the ACA in the areas of: (1) California’s private health insurance market, and rules and regulations governing the individual and small group markets; (2) California’s Medi-Cal program and changes necessary to implement federal law; and (3) options that allow low-cost health coverage through Covered California to be provided to individuals who have income up to 200 percent of the federal poverty level.

The session closed with five bills passing the Legislature addressing the areas identified in the Governor’s proclamation:

- **SB1X 1** (Hernandez and Steinberg) -- **Ensures that Medi-Cal recipients newly eligible under the ACA receive the same services and benefits as current Medi-Cal recipients.** Expands Medi-Cal coverage to include new mental health and substance abuse services and expands coverage to all former foster youth up to age 26. Makes recent legal immigrant adults eligible for Medi-Cal benefits as specified. The measure also implements a number of ACA provisions to simplify the eligibility, enrolment and renewal processes for Medi-Cal.

- **AB1X 1** (Perez) -- **Expands Medi-Cal coverage**, effective January 1, 2014, to include adults with incomes up to 138 percent of the federal poverty level who are under age 65, not pregnant, and not otherwise currently eligible for Medi-Cal. Includes provisions that streamline Medi-Cal eligibility to a new simplified income standard for families, children, and newly eligible Medi-Cal recipients. This income standard, known as the Modified Adjusted Gross Income (MAGI), moves to a tax-based system for counting income. This new standard does not apply to seniors and persons with disabilities.

- **SB2X 1** (Hernandez) -- **Applies the individual insurance market reforms of the ACA** to health care service plans (health plans) regulated by the Department of Managed Health Care (DMHC) and updates the small group market laws for health plans to be consistent with final federal regulations. This measure prohibits insurers from denying coverage based on preexisting conditions. More specifically, insurers or group plans cannot discriminate based on previous health claims, medical history, genetic information, disability, or other health-status factors. Requires health plans to market and sell all of the plan’s health benefits to all individuals and dependents in their respective service areas. Permits rating factors based only on age, geographic location and family size.

- **AB2X 1** (Pan) -- Similar to SB2X 1, **applies the individual insurance market reforms of the ACA to insurers** regulated by the Department of Insurance (CDI). This measure requires guaranteed issue of individual market health insurance policies; prohibits the use of preexisting condition exclusions; prohibits conditioning issuances or offering based on specified rating factors, requires guaranteed renewability of plans; and permits rating factors based only on age, geographic region, and family size.

- **SB3X 1** (Hernandez) -- **Creates a health insurance “bridge” plan for low-income Californians**, the parents of Medi-Cal and Health Family Program-eligible individuals and those moving from Medi-Cal coverage to subsidized coverage through Covered California. The bridge plan is intended to help individuals whose household incomes often change or are likely to change and therefore affect their eligibility for subsidized health coverage. For example, life changes such as the birth of a child, marriage or divorce, getting or losing a job, receiving a pay raise or reduction, and the aging of a child from coverage all have an effect on income eligibility. The bridge plan will allow individuals to remain within their current health plan when they shift health subsidy programs, preventing disruptions and improving continuity of care.

Submitted by Kim Flores, Principal Consultant, Senate Office of Research – for use at NCSL Health Summit, Aug. 11-12, 2013