

California

2021 Healthcare Affordability Policy Checklist

KEY

-  = implemented by state
-  = the state has implemented policies, but could improve
-  = not implemented by state

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 checklist identifies areas where California is doing well and areas where it can improve.

1. CURB EXCESS HEALTHCARE PRICES:

- Implement free, public-facing healthcare price transparency that reflects negotiated rates and features treatment- and provider-specific prices.¹ 
- Create an all-payer or multi-payer claims database to analyze healthcare price inflation, price variation and utilization. 
- Create a permanently convened health spending oversight entity.² 
- Create all-payer healthcare spending and quality benchmarks for the state. 

2. REDUCE LOW-VALUE CARE:

- Require validated patient-safety reporting for hospitals. 
- Universally implement antibiotic stewardship programs using CDC's 7 Core Elements. 
- Analyze claims and EHR data to understand how much is spent on low- and no-value services. 

3. EXTEND COVERAGE TO ALL RESIDENTS:

- Expand Medicaid to cover adults up to 138% of the federal poverty level. 
- Provide high-quality, affordable coverage options for people whose incomes are too high to qualify for Medicaid, e.g., Basic Health Plan, reinsurance or augmented premium subsidies.³ 
- Provide options for recent immigrants that don't qualify for the coverage above.⁴ 
- Conduct strong rate review of fully insured, private market options.⁵ 

4. MAKE OUT-OF-POCKET COSTS AFFORDABLE:

- Protect patients from inadvertent surprise out-of-network medical bills. 
- Limit the availability of skimpy and confusing short-term, limited-duration health plans.⁶ 
- Waive or reduce cost-sharing for high-value services.⁷ 
- Require insurers in a state-based exchange to offer evidence-based standard plan designs. 

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Additional detail is available at:

WWW.HEALTHCAREVALUEHUB.ORG/AFFORDABILITY-SCORECARD/CALIFORNIA

NOTES

1. Looking Ahead: California law requires that a Health Care Cost Transparency Database be “substantially completed” by July 1, 2023.
2. This Office included in Gov. Newsom's 2021-2022 budget. California considered establishing an Office of Health Care Affordability in 2020 that would be charged with increasing price and quality transparency, developing specific strategies and cost targets for the different healthcare sectors and financial consequences for entities that fail to meet these targets. The goal would be to return the savings to consumers who are directly impacted by increasing healthcare costs.
3. California temporarily extended premium subsidies to people earning 200-600% of the Federal Poverty Level for 2020-2022 only.
4. Since 2016, California has allowed children under 18 to get taxpayer-funded health insurance, regardless of immigration status. A 2019 law extends Medicaid coverage to low-income undocumented adults ages 25 and younger.
5. California is also an "active purchaser" in approving plans for their state-based exchange. For private plans, they require insurers to disclose information on recent cost containment efforts for all rate filings, however the department does not have the authority to approve or deny rate increases.
6. California banned short-term limited duration plans in 2019.
7. California caps cost-sharing for Rx drugs in fully insured market; Update: Almost all outpatient services for Covered California individual market products receive first-dollar coverage, which is excluded from deductibles. Deductibles now apply primarily to high-cost infrequent services. <https://advocacy.consumerreports.org/wp-content/uploads/2017/07/Healthcare-By-Design-July-2017.pdf>



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