




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.³ 
- Universally implement antibiotic stewardship programs using CDC's 7 Core Elements.⁴ 
- 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.⁵ 
- Provide options for immigrants that don't qualify for the coverage above.^{6,7} 
- Conduct strong rate review of fully insured, private market options.⁸ 

4. MAKE OUT-OF-POCKET COSTS AFFORDABLE:

- Protect patients from inadvertent surprise out-of-network medical bills.^{9,10} 
- Limit the availability of short-term, limited-duration health plans.¹¹ 
- Waive or reduce cost-sharing for high-value services.¹² 
- Require insurers in a state-based exchange to offer evidence-based standard plan designs.¹³ 

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Additional detail is available at:

WWW.HEALTHCAREVALUEHUB.ORG/AFFORDABILITY-SCORECARD/CALIFORNIA

NOTES

1. 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.
2. 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.
3. Central line-associated bloodstream infections (CLABSI) and catheter-associated urinary tract infections (CAUTI) are two common forms of hospital-acquired infections. CA mandates reporting and validation for CLABSI, but not for CAUTI. For more information, see: https://www.cdc.gov/hai/data/portal/progress-report.html#Data_tables.
4. 93% of CA hospitals have adopted antibiotic stewardship. For more information, see: <https://www.cdc.gov/antibiotic-use/stewardship-report/current.html>.
5. 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.
6. 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.
7. Looking Ahead: In 2021 CA passed a first-in-the-nation law expanding coverage options for undocumented immigrants ages 50 and over, among others.
8. 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.
9. 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. For more information, see: <https://www.commonwealthfund.org/publications/maps-and-interactives/2021/feb/state-balance-billing-protections>.
10. 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 for consumers. An analysis by Johns Hopkins University conducted specially for Altarum revealed that 74% of ground ambulance rides in CA charged to commercial insurance plans had the potential for surprise medical billing.
11. California banned short-term limited duration plans in 2019.
12. 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.
13. In CA, insurers cannot offer non-standardized plans on the exchange.



ABOUT ALTARUM'S HEALTHCARE VALUE HUB

With support from Arnold Ventures and the Robert Wood Johnson Foundation, the Healthcare Value Hub provides free, timely information about the policies and practices that address high healthcare costs and poor quality, bringing better value to consumers. The Hub is part of Altarum, a nonprofit organization with the mission of creating a better, more sustainable future for all Americans by applying research-based and field-tested solutions that transform our systems of health and healthcare.

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