

2022 Healthcare Affordability State Policy Scorecard

This Scorecard looks at both policies and related outcomes across four affordability-related areas that were implemented as of Dec. 31, 2021. Lawmakers, regulators, consumer advocates, and the public can use the Scorecards to understand how their state performs when it comes to healthcare affordability policies and outcomes relative to other states and identify opportunities to improve.

STATE:

CALIFORNIA

RANK:

12

out of 50 states + DC

POLICY SCORE

23.1

out of 40

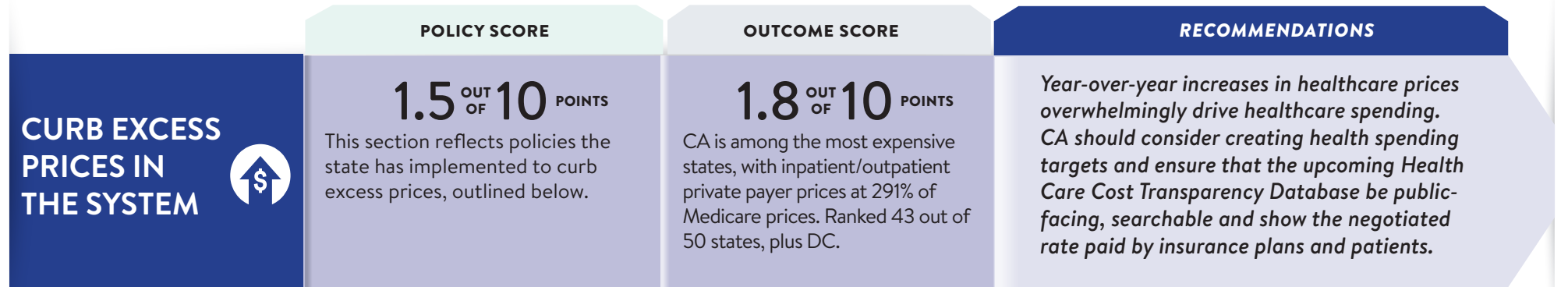
OUTCOME SCORE

21.5

out of 40

TOTAL
44.6 OUT OF 80
POSSIBLE POINTS

Setting the stage: According to SHADAC, 22% of California adults experienced affordability burdens as of 2020. According to the Personal Consumption Expenditure, healthcare spending per person in California grew 46% between 2013 and 2021, totaling \$8,501 in 2021. Please note some of the outcome measures in this Scorecard include data from 2020, which may have been impacted by the COVID-19 pandemic.



THIS CHECKLIST IDENTIFIES THE POLICIES THAT WERE EVALUATED FOR THIS SECTION.



Create an all-payer or multi-payer claims database to analyze healthcare price inflation, price variation and utilization

California had a voluntary all-payer claims database (APCD) run by a nonprofit public benefit corporation, but it is now defunct. In 2018, AB 1810 was passed authorizing the state to create an APCD, the Health Care Cost Transparency Database, which will collect information on healthcare costs and is intended to be used to deliver cost effective care by July 2023. There is also the California Regional Health Care Cost and Quality Atlas, a publicly available tool run by the Integrated Healthcare Association that looks at clinical quality, hospital utilization and cost of care metrics, with multiple recent publications on cost-reduction and quality.



Create a permanently convened health spending oversight entity

California did not have a permanently convened health spending oversight entity as of Dec. 31, 2021. Looking Forward: In 2022, California passed a budget with funding for the Office of Health Care Affordability. The office is 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.



Create all-payer healthcare spending and quality benchmarks for the state

California did not have active health spending benchmarks as of Dec. 31, 2021.



Implement free, public-facing healthcare price transparency that reflects negotiated rates and features treatment- and provider-specific prices

California did not have a tool that met the criteria to receive credit. To receive credit, a state's tool has to be public-facing, searchable by specific procedure and hospital and show the negotiated rate paid by insurance plans/patients (not chargemaster rate). Looking Ahead: California 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.

KEY:  = implemented by state  = not implemented by state  = the state has implemented policies, but could be enhanced

Full report and additional details at www.HealthcareValueHub.org/Affordability-Scorecard/California

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POLICY SCORE

1.9 OUT OF **10** POINTS

CA has not yet measured the extent of low-value care being provided. They require some forms of patient safety reporting. 96% of hospitals have adopted antibiotic stewardship.

OUTCOME SCORE

6.4 OUT OF **10** POINTS

California was among the states with the least low-value care, with 14% of residents having received at least one low-value care service. Ranked 8 out of 50 states, plus DC.

RECOMMENDATIONS

CA should consider using claims and EHR data to identify unnecessary care and enact a multi-stakeholder effort to reduce it.

REDUCE LOW-VALUE CARE



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...	Analyze claims and electronic health records data to understand how much is spent on low- and no-value services
	California did not measure the provision of low-value care as of Dec. 31, 2021.
...	Require validated patient-safety reporting for hospitals
	Central line-associated bloodstream infections (CLABSI) and catheter-associated urinary tract infections (CAUTI) are two common forms of hospital-acquired infections. California mandates reporting and validation for CLABSI, but not for CAUTI.
✔	Universally implement antibiotic stewardship programs using CDC's 7 Core Elements
	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, and states were scored on what share of their hospitals follow the CDC's stewardship program. 96% of California hospitals have adopted antibiotic stewardship. States with 90% adoption or more get the most credit.

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POLICY SCORE

9.7 OUT OF **10** POINTS

CA Medicaid coverage for childless adults extends to 138% of FPL. Only some immigrants can access state coverage options (see below). CA uses premium subsidies to reduce costs in the non-group market. Private payer rates are subject to affordability review.

OUTCOME SCORE

6.9 OUT OF **10** POINTS

7% of CA residents are uninsured. Ranked 22 out of 50 states, plus DC.

RECOMMENDATIONS

CA should consider offering coverage options for immigrants with incomes above the MediCal limit.

EXTEND COVERAGE TO ALL RESIDENTS



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	Expand Medicaid to cover adults up to 138% of the federal poverty level
	California has expanded Medicaid.
	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
	California 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.
	Provide options for immigrants that don't qualify for the coverage above
	California provides Medicaid coverage for eligible lawfully residing immigrant pregnant women and children without a 5-year wait. In 2019, California passed legislation providing coverage options for low-income undocumented immigrant youth up to age 26, building on coverage for youth up to age 19 authorized in 2016. The state also covers undocumented pregnant people through CHIP's "unborn child" option. In 2021, California passed a first-in-the-nation law expanding coverage options for undocumented immigrants age 50 and over. Looking Ahead: In 2022, California reached a budget deal including a Medicaid expansion that would cover all remaining undocumented residents ages 26-49 starting in January 2024, which will make it the first state to offer full-scope Medicaid coverage to undocumented residents of all ages. However, these plans will not be available to undocumented residents earning incomes above the eligibility threshold.
	Conduct strong rate review of fully insured, private market options
	California has incorporated some affordability criteria into the rate review process. California is an 'active purchaser,' which helps keep premiums down on the exchange. California 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.

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POLICY SCORE

10.0 OUT OF **10** POINTS

CA has banned or heavily regulated short-term, limited-duration health plans; has comprehensive protections against surprise medical bills and No Surprises Act loopholes; caps cost-sharing for some high-value services; and provides patient-centered, standard plan designs on their exchange.

OUTCOME SCORE

7.4 OUT OF **10** POINTS

CA ranked 11 out of 50 states, plus DC on affordability burdens but 22% of adults faced an affordability burden: not getting needed care due to cost (8%), delaying care due to cost (8%), changing medication due to cost (9%), problems paying medical bills (12%) or being uninsured due to cost (71% of uninsured population).

RECOMMENDATIONS

CA is a leader in select policies intended to make out-of-pocket costs more affordable, but residents still experience 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.

MAKE OUT-OF-POCKET COSTS AFFORDABLE



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Limit the availability of short-term, limited-duration health plans

California has banned short-term, limited duration health plans (STLDs). Some people choose STLD health plans for their lower monthly premiums compared to ACA-compliant plans. However, they offer poor coverage, can discriminate against people with pre-existing conditions and pose financial risks for consumers. States received credit depending on how much they limit these plans.



Protect patients from inadvertent surprise out-of-network medical bills

California has comprehensive protections against surprise medical bills (SMBs), plus additional protections for lab work bills not covered by the federal No Surprises Act. 'Comprehensive' 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 SMBs in most plans effective January 2022. However, it does not cover ground ambulances. States can still implement protections in this area—74% of ground ambulance rides in CA charged to commercial insurance plans had the potential for SMBs (2021).



Waive or reduce cost-sharing for high-value services

California caps cost-sharing for prescription drugs copays at \$250 and caps deductibles at \$500 in all plans but high deductible health plans. 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. California also issued an executive order to consolidate prescription drug purchasing and encourage direct contracting to manufacture generic medications, including insulin. However, more work can be done to lower costs for Californians. In 2021, California appropriated funds to cover premiums attributable to abortion services. However, because California requires plans to cover these services, but federal premium subsidies won't pay for certain abortion care, consumers eligible for \$0 premium plans had to pay the difference causing many to forgo insurance. In 2022, California Governor vetoed a proposal to use allocated dollars to lower cost-sharing for those enrolled in Covered California; later that year, the silver-level hospital deductible rose over \$1,000 dollars to \$4,750.



Require insurers in a state-based exchange to offer evidence-based standard plan designs

California has a state-based exchange with standard plan design. In California, insurers cannot offer non-standardized plans on the exchange. Standard plan design makes cost-sharing the same across plans within metal tiers, making it easier for consumers to compare plans. They also help regulators and exchanges negotiate or set rates with insurance carriers, which may translate to lower prices for consumers.

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