

Healthcare Affordability State Policy Scorecard

Polling data repeatedly shows that healthcare affordability is the top issue that state residents, on both sides of the political aisle, want their policymakers to work on. This scorecard identifies areas where California is doing well and areas where it can improve.

STATE:

CALIFORNIA

RANK:

6

out of 42 states + DC

California has relatively high healthcare spending per person with very high recent spending growth. Yet, the percent of residents reporting affordability problems is comparatively low, likely due to meaningful policymaking efforts. Attention to price growth may be key to sustaining this result.

POLICY SCORE

OUTCOME SCORE

RECOMMENDATIONS

EXTEND COVERAGE TO ALL RESIDENTS



7 OUT OF 10 POINTS

Medicaid coverage for childless adults extends to 138% of FPL. Additionally, CA is a leader in terms of coverage for recent and undocumented immigrants.

7 OUT OF 10 POINTS

In 2018, CA was in the middle third of states in terms of covering the uninsured, ranking 22 out of 50 states, plus DC, for this measure.

With state provided Marketplace subsidies beginning in 2020, CA should use its existing policy tool set to extend coverage to the remaining uninsured.

MAKE OUT-OF-POCKET COSTS AFFORDABLE



7 OUT OF 10 POINTS

CA bans skimpy, confusing STLD health plans; provides comprehensive SMB protections; and offers patient-centered, standardized plan designs on the Exchange.

9 OUT OF 10 POINTS

CA out-performs many states in reducing healthcare affordability burdens (although 26% adults are still burdened). CA ranked 4 out of 49 states, plus DC, for this measure.

CA should consider strategies to lower the cost of high-value care.

REDUCE LOW-VALUE CARE



2 OUT OF 10 POINTS

CA requires some forms of patient safety reporting and is a leader in hospital antibiotic stewardship. CA has not measured the provision of low-value care.

7 OUT OF 10 POINTS

CA ranks 28 out of 50 states, plus DC, for reducing C-sections for low-risk mothers and 4 out of 50 states, plus DC, for per capita antibiotic prescribing.

Curtailing low- and no-value care is a key part of a comprehensive approach to affordability. CA should use claims and EHR data to identify unnecessary care and enact a multi-stakeholder effort to reduce it. In addition, CA should stop paying for services related to 'never events' and use other techniques to reduce medical harm.

CURB EXCESS PRICES IN THE SYSTEM



3 OUT OF 10 POINTS

Beyond establishing an APCD, CA has enacted few policies to curb the rise of healthcare prices.

5.3 OUT OF 10 POINTS

Private payer prices in CA are well above the national median. The state ranked 42 out of 42 states, plus DC, for this measure.

Year-over-year increases in healthcare prices overwhelmingly drive state healthcare spending. CA should consider strengthening price transparency requirements; establishing a health spending oversight entity; and creating health spending targets.

APCD = All-Payer Claims Database FPL = Federal Poverty Level EHR = Electronic Health Records OOP = Out-of-Pocket Costs SMB = Surprise Medical Bill STLD = Short-Term, Limited-Duration

See state notes on page 2.

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

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CALIFORNIA NOTES

Methodological Notes:

State rank reflects the weighted sum of the policy and outcome scoring components. In this summation, the Extend Coverage to All Residents category received the biggest weight (reflecting its large impact on the uninsured population) and Reduce Low-Value Care received the smallest weight, reflecting its smaller impact on spending. A lower state rank number (i.e. close to 1) reflects a higher overall score and better performance when compared to other states.

For a complete discussion of methodology, please see healthcarevaluehub.org/affordability-scorecard/methodology.

The Problem:

California out-performs many states in reducing healthcare affordability burdens – ranking 4 out of 49 states, plus DC, for this measure. Nevertheless, 26% adults are still financially burdened. The most common burden reported was ‘made changes to medical drugs because of cost’ (19% of adults), followed by ‘trouble paying medical bills.’ According to the BEA, healthcare spending in California totalled \$7,543 per person in 2018.* Moreover, between 2013 and 2018, healthcare spending per person grew 33.4%.* California has much work to do to ensure wise health spending and affordability for residents.



Extend Coverage to All Residents:

The state provides Medicaid coverage to lawfully residing immigrant children and pregnant women without a 5-year wait and offers some healthcare coverage to undocumented children and pregnant women. California is considered a leader in its “active purchaser” approach to approving plans for its exchange. The state 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.* Although California does not have full rate review approval authority, the state’s requirement to publicly disclose the reviews have seemingly prevented plans from moving forward with “unreasonable” rates.

LOOKING AHEAD: Beginning in 2020, California will provide subsidies for Marketplace coverage for enrollees up to 600% of FPL (but the program expires after 2022). Coverage for adults under 26 years of age, regardless of immigration status, became available Jan. 1, 2020.



Make Out-of-Pocket Costs Affordable:

High-deductible health plans create barriers to care for many families. Between 2011 and 2016, the average deductible associated with employer coverage rose 9% per year in California.* Over 30% of Covered California consumers are in Bronze plans with very high deductibles.



Reduce Low-Value Care:

Addressing medical harm to improve patient safety can take many forms. One form is declining payment for services related to “never events,” serious reportable events identified by the National Quality Forum (NQF) that should never occur in a healthcare setting.

Ninety-five percent of California hospitals have adopted the CDC’s ‘Core Elements’ of antibiotic stewardship – impressive, but short of the goal of 100% of hospitals.



Curb Excess Prices in the System:

NOTE: The very high healthcare prices seen in Alaska (relative to the national median) means that most other states received a relatively good outcome score for this category.

* Informational data, not used in state score or ranking. DOI = Department of Insurance BEA = U.S. Bureau of Economic Analysis • Scorecard Updated: Jan. 7, 2020