



# HEALTH REFORM IN CALIFORNIA: The Need is Greater

The need for health reform in California is more urgent, more acute, and in some ways different, than in many other states:

▶ **THE UNINSURED: Californians are more likely to be uninsured than residents of all but six states.**<sup>1</sup>

- California has 6.5 million uninsured. *California has more uninsured (6.5 million) than Massachusetts has people (6.3 million).*
- More than one in seven uninsured Americans lives in California.
- Most uninsured Californians are in working families (80%) and in low- or moderate-income families (80%) earning less than 300 percent of the Federal Poverty Level (FPL).<sup>2</sup>
- California's uninsured are disproportionately persons of color (70%).

| Uninsured Rate<br>(2006-07) |              |
|-----------------------------|--------------|
| U.S.                        | CA           |
| <b>17.2%</b>                | <b>20.4%</b> |

▶ **EMPLOYER-BASED COVERAGE: Californians are less likely to be offered health coverage at work.**

- California has one of the lowest rates of employer-based coverage in the country.
- Lack of employer-based coverage is strongly correlated with a lack of health insurance: *the lower employer-based coverage, the higher the percentage of uninsured.*
- Californians who get coverage through their employer often face high health care costs for share of premium as well as co-pays, deductibles and other out of pocket costs.
- The average premium for employment-based coverage in California grew more than eight percent in 2008, compared to less than five percent growth nationally.<sup>3</sup>

| Employer Coverage Rate<br>(2006-07) |              |
|-------------------------------------|--------------|
| U.S.                                | CA           |
| <b>60.9%</b>                        | <b>54.7%</b> |

▶ **LOW-WAGE WORKERS: California has a greater percentage of low-wage workers, who need financial help to afford coverage.**

- Health coverage is regressive: those who make less often pay more.
- A quarter of Californians with employer-based coverage and incomes below 300% FPL spend more than 7.5 percent of their income on health care.

▶ **INDIVIDUAL INSURANCE MARKET: Californians are more likely to be left alone in the individual market, and be denied for pre-existing conditions.**

- About two million Californians buy coverage in the individual market, and half of them have high deductible coverage with deductibles over \$1,000.<sup>4</sup>
- A quarter of all Californians who buy their own coverage spend 14 percent of income on premiums, co-pays and deductibles.<sup>5</sup>
- For those below 300% FPL, individual coverage is even less affordable: 10 percent of those below 300% FPL spend over 30 percent of their income on health care, meaning that an individual making less than \$31,000 a year is spending \$9,300 on health care.
- Like 45 other states, California allows insurers to deny individuals coverage for pre-existing conditions and to base premiums on health status.

| Individual Coverage Rate<br>(2006-07) |             |
|---------------------------------------|-------------|
| U.S.                                  | CA          |
| <b>5.5%</b>                           | <b>7.4%</b> |



**PUBLIC PROGRAMS: California has more people on Medicaid (Medi-Cal) and SCHIP (Healthy Families), despite average eligibility criteria.**

- About 7 million Californians depend on Medi-Cal and Healthy Families: about half of them are in working families and the other half are low-income seniors and persons with disabilities.
- Children are eligible for public coverage up to 250% FPL; working parents are eligible up to 133% FPL (about \$18,000 annual income for family of three); seniors and persons with disabilities are eligible if they make less than \$870 a month.; and adults without children under 18 at home are generally not eligible for Medi-Cal, no matter how poor.
- *Although California covers a higher proportion of its population with Medicaid/SCHIP, eligibility levels are lower than in many states.*

| Public Coverage Rate<br>(2006-07) |       |
|-----------------------------------|-------|
| U.S.                              | CA    |
| 13.9%                             | 16.0% |

**POPULATION DIVERSITY: California is the most populous state and has one of the most diverse populations.**

- California has over 36 million people, more than any other state, and it's expected to grow by 7 to 11 million people by 2025.<sup>6</sup>
- More than one in ten adults in California reported having a disability in 2007.<sup>7</sup>
- There is no "majority" ethnic group in California. Communities of color, primarily Latinos and Asians, account for a large and growing portion of California's population.<sup>8</sup>
- California has a large number of immigrants, and by 2030, immigrants and their children will account for 45 percent of the state's population.<sup>9</sup>
- California's diverse population raises issues such as the cultural competency of providers and access to language/translation services.

**Why does California need health reform?**

- Compared to most other states, California has more uninsured, lower rates of employer-based coverage, lower levels of Medicaid eligibility, and exposes more consumers to a broken individual market.
- Health reform is a critical component to strengthening the health care system and ensuring economic security for Californian families.

<sup>1</sup> California and national coverage data for non-elderly based on Urban Institute and Kaiser Commission on Medicaid and the Uninsured estimates based on the Census Bureau's March 2007 and 2008 Current Population Survey from [www.statehealthfacts.org](http://www.statehealthfacts.org)

<sup>2</sup> Characteristics by coverage type based on data from the California Health Interview Survey at <http://www.chis.ucla.edu/>

<sup>3</sup> California HealthCare Foundation, "California Employer Health Benefits Survey," (December 2008).

<sup>4</sup> See letter on SB 1522 from the California Health Benefits Review Program, University of California (2008) at [www.chbrp.org](http://www.chbrp.org)

<sup>5</sup> Data on affordability from Jacobs, *et al.*, "Health Coverage Expansion in California: What Can Consumers Afford to Spend?," UC Berkeley/UCLA (Sept. 2007) available at [www.laborcenter.berkeley.edu](http://www.laborcenter.berkeley.edu)

<sup>6</sup> Public Policy Institute of California, "California's Future Population," (September 2008) from [www.ppic.org](http://www.ppic.org)

<sup>7</sup> Bjelland, *et al.* analysis of the American Community Survey by Cornell University Rehabilitation Research and Training Center on Disability Demographics and Statistics (November 2008) at <http://www.disabilitystatistics.org>

<sup>8</sup> California Immigrant Policy Center, "Looking Forward: Immigrant Contributions to the Golden State," (January 2008), available at <http://www.caimmigrant.org/ICSinglePages.pdf>

<sup>9</sup> Myers, *et al.*, "California Demographic Future," (February 2005) School of Policy, Planning, and Development, University of Southern California, available at [www.usc.edu/schools/sppd/research/popdynamics](http://www.usc.edu/schools/sppd/research/popdynamics)