



Projected Impacts of State Laws Affecting Health Care Consumers and Covered California in 2020

Under new affordability initiatives enacted by the Governor and Legislature (SB 78 (Chapter 38, Statutes of 2019) and SB 106 (Chapter 55, Statutes of 2019), California will build on the success of the Patient Protection and Affordable Care Act and bring quality care within reach of more people.

California will be the first state in the nation to provide state subsidies to many middle-income consumers who had previously not qualified for financial help because they exceeded federal income requirements. In addition, hundreds of thousands of lower-income consumers will also receive additional financial help on top of the federal assistance they currently receive to help them obtain and keep their coverage.

California also reversed the federal undercutting of the Affordable Care Act and restored the law that requires consumers get health insurance if the cost of coverage does not exceed a certain percentage of their income.

What are the new subsidies that will lower health care costs for many Californians?

Starting Jan. 1, 2020, Californians will get new financial help from the state of California in addition to the financial help they may be eligible to receive from the federal government to help them obtain health insurance. That means health coverage will be more affordable for many people next year. With these changes, California will be the first state in the nation to help middle-income consumers pay for health insurance.

Who will qualify for the new help?

A Covered California analysis projects that 922,000 people will be eligible to benefit from the new state subsidy program that will help lower the cost of their coverage in 2020. These consumers consist of the following groups:

- An estimated 235,000 middle-income Californians who previously did not qualify for financial help because they exceeded federal income requirements. They will be eligible to receive an average of \$172 per household per month, which will help them save an average of 23 percent off their current premiums. Many of these consumers, particularly those who live in high-cost regions, will see significant savings with annual reductions in their health care premiums in the hundreds and even thousands of dollars.
- An estimated 663,000 Covered California enrollees who currently receive federal financial help. They will be eligible to receive an average of an additional \$15 per

household per month which will help them save an average of 5 percent on their current premiums.

- An estimated 23,000 Covered California enrollees whose annual household income falls below 138 percent of the federal poverty level (FPL), which is less than \$17,237 for an individual and \$35,535 for a family of four. They will see their premiums for the benchmark plan lowered to \$1 per member, per month.

What will be the impact on premiums and the health care system of providing new subsidies and the mandate to have coverage?

The new state initiatives will mean more Californians will be able to both afford and keep their coverage. Covered California projects that 229,000 people will become newly insured, including 42,000 consumers who enroll off-exchange and directly through a health insurance carrier. The larger consumer pool will lead to lower premiums by between 2 and 5 percent per carrier, with an average of 3.2 percent. In addition, an estimated 922,000 people will be eligible to receive the new state subsidies.

What is the income limit to qualify for the new financial help?

The new state subsidies will only be available through Covered California. The amount of financial help consumers receive will vary depending on their age, their annual household income and the cost of health care in their region. The program will limit how much eligible Californians will pay for their premium as a percentage of their income. For example, older individuals living in regions with high health care costs could receive significant amounts of financial help, while some younger consumers in lower-cost regions may already be able to purchase a benchmark plan for less than the share of income spent on premiums that is capped by the program.

The new state subsidies will benefit qualifying Californians with incomes in the following ranges:

	Qualifying Annual Income Ranges for Additional State Financial Help in 2020		
Household Size	Up to 138% of FPL*	200% - 400% of FPL	400-600% of FPL
1	\$0 - \$17,237	\$24,980 - \$49,960	\$49,960 - \$74,940
2	\$0 - \$23,336	\$33,820 - \$67,640	\$67,640 - \$101,460
3	\$0 - \$29,436	\$42,660 - \$85,320	\$85,320 - \$127,980
4	\$0 - \$35,535	\$51,500 - \$103,00	\$103,000 - \$154,500

*Consumers in this income range may also qualify for Medi-Cal.

How much financial help will be available?

Based on the chart above, consumers who earn between 400 and 600 percent of the federal poverty level (FPL) will receive an average of \$172 per household, per month, which will help them save an average of 23 percent on their current premiums.

Some consumers, especially older individuals who live in high-cost regions, will receive hundreds or even thousands of dollars in new financial help; others may qualify for less or even no assistance in certain cases, especially if they live in regions where the costs are already relatively low.

Consumers who earn between 200 and 400 percent FPL will receive an average of \$15 per household, per month, which will help them save an average of 5 percent off their current premiums.

Consumers who earn less than 138 percent FPL will see their premiums for the benchmark plan lowered to \$1 per member, per month.

When can consumers learn more about how much they would pay for health insurance in 2020?

Individuals can start shopping Oct. 1, 2019, using the Shop and Compare Tool on CoveredCA.com to find out what they would pay for health coverage for 2020, including whether they qualify for additional financial help under the new law.

How does the law requiring consumers to have health insurance coverage work?

The new law restores the original provisions of the Affordable Care Act and requires California tax-filers, whose health care costs do not exceed a certain percentage of their income, to have health coverage or pay a penalty.

The state's Franchise Tax Board will administer the law, and consumers who choose to go without coverage they can afford in 2020 could be subject to paying the penalty as part of their annual state tax filing. The penalty could be up to nearly \$2,100 per family, which is based on 2.5 percent of household income or a minimum of \$695 per adult, whichever is greater.

Similar to the Affordable Care Act's design, exemptions to the penalty will be granted for certain individuals. Those exemptions include individuals with hardships, whose cost of coverage exceeds a certain portion of their income. In addition, since California's income tax filing threshold is higher than that of the federal government, the Department of Finance estimates about 115,000 fewer low-income filers would be subject to California's mandate than if the federal mandate had remained in place.

More information, including details on how to seek an exemption from the individual mandate penalty, will be provided to consumers before open enrollment for 2020 begins on Oct. 15, 2019. The Franchise Tax Board will assess the penalties for the 2020 coverage year when consumers file their taxes in 2021.