

Older Californians Struggle to Afford Lowest-Cost Plans on Covered California

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Under the Affordable Care Act (ACA) California has now covered 93% of our adult population — a record high. Federal ACA subsidies through Covered California have made coverage more affordable for hundreds of thousands of Californians. The ACA further protected consumers' finances by requiring insurers to pay a minimum level of medical expenses and by outlawing annual and lifetime caps on what insurers pay for care. However, 1.2 million Californians are eligible to purchase coverage on Covered California but remain uninsured, mainly because of cost.

Older Californians who aren't covered by an employer or by Medi-Cal or Medicare, and who earn just above the maximum income to qualify for federal ACA subsidies (400% of the federal poverty level [FPL] — approximately \$48,000 for an individual, \$65,000 for a couple), may find it especially challenging to find affordable plans. For example, to purchase the lowest-cost bronze plan on Covered California:

- A 55-year-old single consumer earning \$48,361 (401% FPL) would spend between 10% and 15% of her income on premiums, depending on where she lived.
- A 55-year-old married couple earning \$65,122 (401% FPL for a family of two) would pay between 15% and 22% of their income on premiums.

As consumers age, premiums increase:

- A 64-year-old earning \$48,361 would pay between 13% and 20% of his income on premiums.
- A 64-year-old married couple earning \$65,122 would pay between 20% and 30% of their income on premiums.

In addition, bronze plans come with a \$6,300 deductible for individual policies and a \$12,600 deductible for family policies. In an important innovation by Covered California, three primary care visits (with copays) are included with a bronze plan before a consumer has to start paying toward the deductible. After that, consumers face potentially high additional out-of-pocket costs if they require a lot of medical care — costs that moderate-income Californians are likely to struggle to afford.

What Is Affordable?

While there are different definitions for what constitutes "affordable" health coverage, one standard from the ACA is that "affordable" premiums cost no more than 8.16% of income. However, this data show that for older Californians earning just above the maximum to qualify for federal ACA subsidies, even the least expensive bronze plan on Covered California rarely met this affordability standard in 2018.

Why Older, Moderate-Income Californians Are Particularly Vulnerable

While the ACA limited the ability of insurers to charge more based on age, they can still charge older consumers as much as three times more than younger consumers. Those who earn too much to qualify for federal ACA subsidies get no assistance paying for premiums and no protection from rising premiums over time. And the eligibility levels for premium subsidies are set nationally, not taking into account the high cost of living in many California regions. Many moderate-income Californians may face financial pressures, like high housing costs, that further strain their ability to afford health care — and that people earning a comparable income in other states don't face.

Policy Options

California is considering a variety of policy options to help cover those who still live without coverage. One proposal that could help older, moderate-income Californians calls for using state funds to provide subsidies to those who earn too much for federal ACA subsidies.

For a broad overview of policy options to address affordability on California's individual market, see "Towards Universal Health Coverage: California Policy Options for Improving Individual Market Affordability and Enrollment" by the UC Berkeley Center for Labor Research and Education.

Explore Premium Data from Your Region

	COUPLE AGE 55: Monthly Premium	COUPLE AGE 55: % of Income Spent on Premium	SINGLE AGE 55: Monthly Premium	SINGLE AGE 55: % of Income Spent on Premium	COUPLE AGE 64: Monthly Premium	COUPLE AGE 64: % of Income Spent on Premium	SINGLE AGE 64: Monthly Premium	SINGLE AGE 64: % of Income Spent on Premium
15 – Los Angeles County (partial, northeast)***	\$795	15%	\$397	10%	\$1,069	20%	\$535	13%
17 – Inland Empire**	\$863	16%	\$432	11%	\$1,161	21%	\$581	14%
18 – Orange County	\$891	16%	\$445	11%	\$1,198	22%	\$599	15%
16 – Los Angeles County (partial, southwest)***	\$900	17%	\$450	11%	\$1,211	22%	\$605	15%
11 – Fresno, Kings, Madera Counties	\$924	17%	\$462	11%	\$1,242	23%	\$621	15%
19 – San Diego County	\$961	18%	\$481	12%	\$1,293	24%	\$647	16%
14 – Kern County	\$968	18%	\$484	12%	\$1,302	24%	\$651	16%
7 – Santa Clara County	\$970	18%	\$485	12%	\$1,304	24%	\$652	16%
10 – Central Valley**	\$969	18%	\$485	12%	\$1,304	24%	\$652	16%
13 – Eastern Counties**	\$1,011	19%	\$506	13%	\$1,361	25%	\$680	17%
12 – Central Coast**	\$1,065	20%	\$533	13%	\$1,433	26%	\$716	18%
1 – Northern Counties**	\$1,083	20%	\$542	13%	\$1,457	27%	\$729	18%
3 – Greater Sacramento**	\$1,083	20%	\$542	13%	\$1,457	27%	\$729	18%
5 – Contra Costa County	\$1,083	20%	\$542	13%	\$1,457	27%	\$729	18%
6 – Alameda County	\$1,112	20%	\$556	14%	\$1,496	28%	\$748	19%
9 – Santa Cruz, Benito, Monterey	\$1,112	20%	\$556	14%	\$1,496	28%	\$748	19%
2 – North Bay Area**	\$1,140	21%	\$570	14%	\$1,534	28%	\$767	19%
4 – San Francisco County	\$1,181	22%	\$591	15%	\$1,589	29%	\$794	20%
8 – San Mateo County	\$1,197	22%	\$599	15%	\$1,611	30%	\$805	20%

The report and data file are available to download at www.chcf.org/low-cost-plans.