Affordable

Premiums hold steady moving into second year

“As we move into our second open enrollment and first renewal for many Californians, we are glad to see consumers have a real choice, with affordable options in all regions.”

PETER V. LEE
Executive Director, Covered California

For most consumers, premiums will stay the same or even decrease after subsidies. The statewide average weighted increase over last year is just 4.2% with some plans offering rates as much as 8.5% lower than last year.

Balanced

Health plan rates are the same inside and outside the exchange

Covered California premiums for 2015 will apply to individual/family coverage sold both inside and outside the exchange based on state requirements to offer identical products at the same prices.*

Transparent

Same pricing rules regardless of health status

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Regulated

California has a robust and effective rate review program

State regulators and independent actuaries conduct a comprehensive review of each plan’s rates. Rate filings are posted to regulators’ websites, and the public may submit comments. Regulators also sometimes fund consumer groups to review rate filings.

Health plans are required to spend at least 80 percent of premiums on direct medical care. If they don’t, they must issue rebates. Rebates in California’s individual market totaled $3 million in 2013.
For more information, please go to www.calhealthplans.org

A Competitive Individual Health Insurance Market: 2015 Premiums

1. **Underlying Cost of Health Care**
   - 89% for Medical Care – that’s more than $82 billion.
   - Health care costs are expected to increase as much as 6.8% in 2015, but health plans have kept rates stable, rising only 4.2% on average for 2015.
   - Rising costs for medical goods and services, such as expensive specialty medications or new tests and treatments, drive premium changes.

2. **Package of Benefits**
   - Premiums reflect the benefits and services covered by the health plan, including any state or federally mandated benefits that can increase the cost of care.
   - All individual market health plans inside and outside Covered California will now include dental coverage for children.

3. **Choice of Providers**
   - HMOs: Members generally must stay in network and obtain specialist referrals from their primary care physician.
   - PPOs: Members can use preferred providers at lower cost or non-preferred providers at higher cost and do not need referrals to see specialists.
   - EPOs: Members generally must stay in network but do not need referrals to see specialists.
   - Consumers have many options when shopping for coverage, including lower priced plans with tailored, high-value networks and higher priced plans with broader networks.
   - Regardless of network size, consumers are guaranteed access to the right types of doctors within a certain number of days or distance from their home.
   - Many plans have expanded their networks since last year, and more providers are asking to join health plans’ networks.

4. **Cost-Sharing**
   - Bronze/Silver plans: lower premiums with higher deductibles and co-pays.
   - Gold/Platinum plans: higher premiums with lower deductibles and co-pays.
   - All Metal Tiers: Many preventive services covered with no co-pays.

5. **Other Costs**
   - **Taxes Up by 41%**
   - The health insurance tax will increase 41% in 2015.
   - **Funding Down by 40%**
   - Funding for the Affordable Care Act’s reinsurance program (which helps offset medical expenses for very high-cost individuals) will decrease 40% in 2015 and will be phased out by the end of 2016.

The Affordable Care Act has substantially changed health coverage in the individual market. Health plans offered in 2014 were entirely new products covering a comprehensive package of benefits and services. There are no more annual or lifetime dollar limits on coverage, and premiums are no longer based on preexisting conditions or individuals’ health status. Out-of-pocket spending such as co-pays and deductibles are capped, and many preventive services are covered with no cost-sharing.*

For more information on California’s health insurance market, please see California’s Health Plan Oversight, Facts about Health Plan Profits, and 7 Ways the Affordable Care Act will Impact Individual Health Insurance.

*Does not apply to grandfathered health plans (plans that were in effect on or before March 23, 2010).