

# RESEARCH HIGHLIGHT

California Association of Health Plans

## PwC Analysis Predicts California's Uninsured Rate and Health Care Premiums Will Skyrocket Due to Federal Individual Mandate Repeal

Pricewaterhouse Coopers (PwC) has **released an analysis** showing significant increases to premiums and the uninsured rate due to the federal government's decision last year to eliminate the individual mandate to buy health insurance and to halt Cost Sharing Reductions (CSR's) for low income individuals and families.

To prevent these losses from occurring and to strengthen the gains California has made through the implementation of the ACA, California's health plans are urging state leaders to enact an effective state based mandate and to use penalty revenues to provide increased subsidies to low income individuals and families.

By requiring everyone to have health insurance, the combined costs for both healthy and sicker populations work to lower premiums for all, even for those with expensive medical conditions. Increasing subsidies to low income Californians enrolled in Covered California will also help to ensure all Californians continue to have access to affordable coverage.

*Following are key findings from the PwC analysis:*

### **Uninsured Rate Skyrockets**

PwC found that without an individual mandate, the number of uninsured Californians would likely increase by 500,000 to 1.2 million. Under the Affordable Care Act (ACA) and with an individual mandate, California now has 93% of its population covered by health insurance. Losing the mandate would significantly reduce those gains.

### **Uncompensated Care Rises**

PwC found that uncompensated care could grow by \$420 million to \$1 billion in 2019. Under the ACA and with an individual mandate, healthcare services that were left uncompensated in California hospitals fell from \$3 billion to \$1.4 billion from 2013 to 2016.

### **Premiums Increase**

Without an individual mandate in place, the cost of premiums is estimated to increase by 7.3% to 22%.

### **Employer Costs Rise**

Without a requirement to buy coverage, the cost of employer sponsored coverage could increase by 2%-4%. This increase is likely to be shared between the employer and the employee.

For more information, please go to [www.calhealthplans.org](http://www.calhealthplans.org)

