

Understanding Health Plan Costs During COVID-19

The full costs of treating this pandemic are yet to be seen but significant costs to our health care system are imminent.

Unknown Future Costs Related to the COVID-19 Pandemic

- Funding the rapid expansion of testing
- Timing and cost of an eventual vaccine
- Emerging treatments
- Potential fall resurgence of cases
- Increased costs related to delayed preventative care

While facing these unknown costs, CA Health Plans are also navigating significant funding cuts to the Medi-Cal Managed Care program.



Health care costs have nearly returned to pre-pandemic levels, and non-emergency care delayed in the Spring is now scheduled for the Summer and Fall.



Significant costs to our health care system are imminent with Covered California projecting up to

**\$251
BILLION**

in costs for testing, treatment and care specifically related to COVID-19.

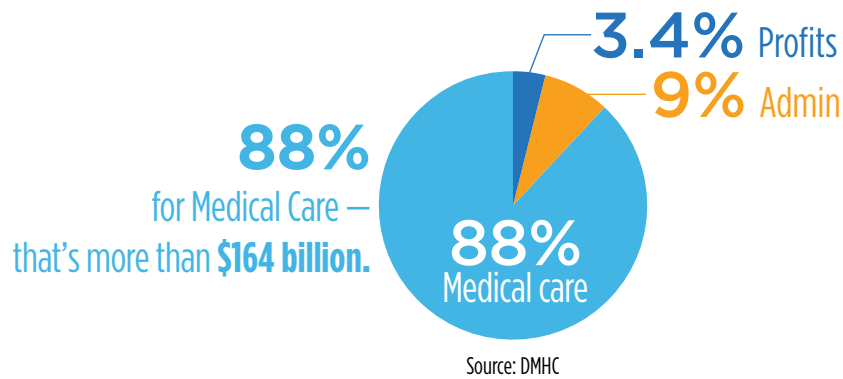


Did you know that California health plans are efficient, maintain low administrative costs and that profits are limited?

- If insurers don't spend 80 to 85 cents on the dollar for medical care, health plans will deliver premium rebates and put money back into the pockets of consumers, businesses, and taxpayers.
- California health plans routinely exceed state benchmarks on required medical spending.
- Health plans in California follow extensive transparency requirements for how they set prices and spend taxpayers', employers', and consumers' health care dollars – the COVID-19 pandemic does not change this.

Spending on medical care accounts for 88% of premiums in California

California health plans are efficient and maintain low administrative costs and profit margins.



Health Plan Profit Margins Remain Among Lowest In Health Care Sector



3.4%
HEALTH CARE
PLANS



11.9%
Medical Instruments
& Supplies



17.7%
Major Drug
Manufacturers



22.6%
BIOTECHNOLOGY

Source: Yahoo! Finance

Health Plans Remain Dedicated to Providing Affordable Health Care for All – With Historically Low Rate Changes for the second year in a row.



California Association of
Health Plans