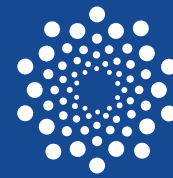


California's Health Care Dollar



California Association of
Health Plans

The vast majority of health plan spending in California goes to pay for medical services for hospital and doctor visits, prescription drugs, lab tests, x-rays, and medical supplies. **In 2022, health plans spent over \$204 billion, or 94 cents out of every health plan dollar, on medical care.**

CA Health Plan Dollar Breakdown



California Health plans are efficient and maintain low administrative costs and profit margins. Source: DMHC

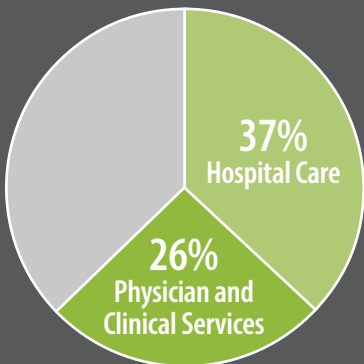
-1.1%
Average
Net Profit

- 7%**
- Admin
 - Taxes
 - Fraud Prevention
 - Regulatory Costs
 - Care/Provider Management
 - Innovation & Technology

- 69%**
- In-Patient Hospital
 - Out-Patient Hospital
 - Physician Expenses
 - Hospital-Administered Prescription Drugs

- 14%**
Prescription
Drug Costs
- 11%**
All Other
Medical Costs

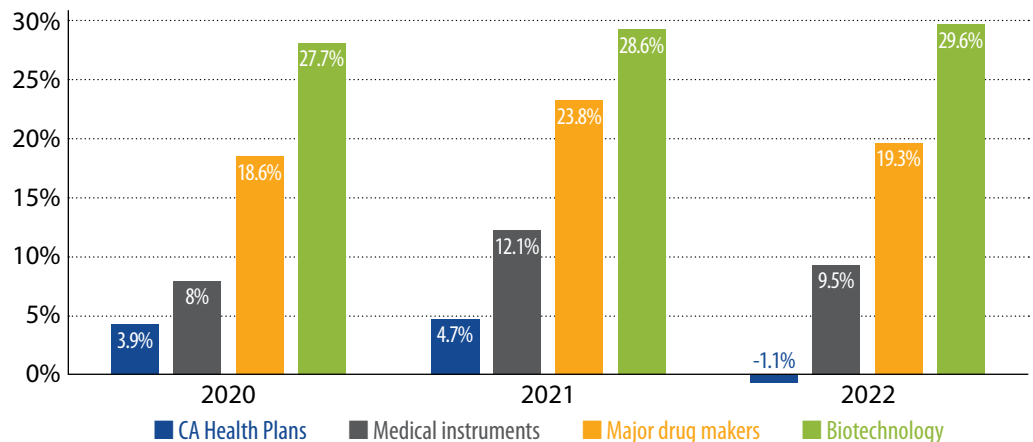
Premiums Tied To Medical Costs



Hospital Care accounts for **37%** of overall health care spending in California.

Source: CHCF

California Health Plan Profits Consistently Remain Among the Lowest in the Health Care Sector



Source: Yahoo! Finance and DMHC

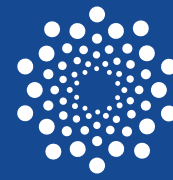
Health plan profits fluctuate yearly based on various factors such as cost of medical services, accounting changes, enrollment increases, regulatory changes, among many others.

Prescription Drug Spending in California has **increased 39% since 2017.**

Source: DMHC

For more information, please visit
www.calhealthplans.org

February 2024



Consumer Protections In California

Health plans in California are tightly regulated and must comply with extensive transparency requirements for how they set prices and spend taxpayers', employers', and consumers' health care dollars.

Rate Review

Rates Must Be...



Certified by
Actuaries



Reviewed by
Regulators



Made Available
for Public Comment

Consumer Protections Limit Health Plan Profits



80-85¢

out of every health plan dollar
must be spent on medical care

If insurers don't meet these requirements, they are required to issue rebates to consumers under state and federal law.

Medi-Cal Managed Care Dollars

The state of California relies on managed care plans to provide comprehensive health coverage to more than 14 million residents, or 4 out of 5 Medi-Cal enrollees. Consumers face no out-of-pocket costs, and most pay no monthly premiums.

THE STATE SETS THE RATES IN MEDI-CAL. RATES MUST BE CERTIFIED BY INDEPENDENT ACTUARIES AND REVIEWED AND APPROVED BY CMS.

Medi-Cal Managed Care plans must meet an 85% medical loss ratio (MLR) for their expansion populations (CA expanded eligibility to adults with incomes up to 138% of the Federal Poverty Level).