



News Release

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Covered California Announces Rates and Plan Expansions for 2017

- *Statewide weighted average increase is 13.2 percent*
- *Three-year average increase of 7 percent is lower than pre-Affordable Care Act trends*
- *Nearly 80 percent of consumers will pay less or see a rate bump of no more than 5 percent if they switch plans*
- *Insurers are expanding to compete in new communities*
- *New benefit changes help consumers save when they access health care*

SACRAMENTO, Calif. — Covered California unveiled its rates for 2017 on Tuesday and announced that some health insurance plans will be expanding into new areas throughout the state to compete for consumers in California.

The statewide weighted average change will be 13.2 percent, up from approximately four percent in each of the last two years. However, most consumers will see a much smaller increase — or pay less next year — if they switch to another plan.

“Shopping is going to be more important this year than ever before,” Covered California Executive Director Peter V. Lee said. “Almost 80 percent of our consumers will either be able to pay less than they are paying now, or see their rates go up by no more than 5 percent, if they shop and buy the lowest-cost plan at their same benefit level. That’s the power of shopping.”

Downloadable comments from Executive Director Peter V. Lee ([Video](#)).

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Lee said the opportunities to shop and save show that California has succeeded in building a competitive marketplace for health insurance, with rate increases that are still below trends in the individual market before the Affordable Care Act was passed.

“This is a new era of health care, where the consumer is in the driver’s seat with the power to look easily for a better deal, and where subsidies help absorb the impact of rate changes,” Lee said. “These options did not exist before the Affordable Care Act.”

Some consumers who choose to keep their plan will see a significant increase in their premium for 2017, while others will see a more modest increase, depending on where they live and what insurance plan they have. Consumers will begin receiving notices in October, when they will have an opportunity to review their new rates and change plans for their 2017 health coverage.

For many of those insured, the bulk of the premium increase will be absorbed by the subsidy paid by the government to help enrollees buy health insurance. Approximately 90 percent of Covered California enrollees get help to pay for their premiums. The average subsidy covers roughly 77 percent of the consumer’s monthly premium, and while premiums will rise, the subsidies will rise as well.

“Even though the average rate increase is larger this year than the last two years, the three-year average increase is 7 percent — substantially better than rate trends before the Affordable Care Act was enacted,” Lee said.

Covered California Rate Changes

	2014-2015 Change	2015-2016 Change	2016-2017 Change	3-year Average Change
Weighted Average Increase	4.2%	4.0%	13.2%	7.0%
Lowest-Priced Bronze (unweighted)	4.4%	3.3%	3.9%	3.9%
Lowest-Priced Silver (unweighted)	4.8%	1.5%	8.1%	4.8%
Second Lowest-Priced Silver*	2.6%	1.8%	8.1%	4.1%
If a consumer switches to the lowest-priced plan in the same tier	–	-4.5%	-1.2%	–

*Second-lowest priced Silver plans are the best basis of determining federal tax credit and are often used as a basis for comparison to national rates.

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Lee said the average rate increase reflects the cost of medical care for consumers, not excessive profit.

“Under the new rules of the Affordable Care Act, insurers face strict limits on the amount of profit they can make selling health insurance,” Lee said. “So, while all plans are experiencing different cost pressures, we can be confident their rate increases are directly linked to health care costs, not administration or profit, which averaged 1.5 percent across our contracted plans.”

For consumers who get a tax credit to lower their costs – which is about 90 percent of those who sign up through Covered California – the amount they pay is impacted not only by the premium choice, but by changes in their tax credit. While the average rate increase is higher than past years, Covered California’s risk mix – the ratio of consumers who are healthy vs. sick – remains one of the best in the nation according to the Centers for Medicare and Medicaid Services (<https://www.cms.gov/CCIIO/Programs-and-Initiatives/Premium-Stabilization-Programs/index.html>).

Other reasons for rate increases include:

- A one-year adjustment due to the end of a funding mechanism in the Affordable Care Act known as reinsurance which was designed to moderate rate increases during the first three years when exchanges were being established. The American Academy of Actuaries estimates this will add between 4 percent and 7 percent to premiums for 2017.
- Special enrollment by some consumers who may be enrolling in health insurance only after they become sick or need care, which seems to have had a significant impact on rates for two insurance plans.
- The rising cost of health care, especially specialty drugs.
- Pent-up demand for health care now being accessed by those who were locked out of the health care system before the Affordable Care Act was enacted.

Lee said Covered California is working to address some of these issues on multiple fronts. The exchange is aggressively marketing to attract healthy consumers year-round, and it is working to ensure special enrollment is available only to those who meet qualifying circumstances. It is also sampling the special enrollment population to better understand how to make any further improvements needed.

“We work hard to build a robust exchange that drives competition by attracting as many consumers as possible,” Lee said. “Now, consistent with the vision of the Affordable Care Act, we will redouble our efforts to make sure our consumers and potential consumers understand the importance of signing up during open enrollment and remaining covered throughout the year.”

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Lee said Covered California's 11 health insurers are competing across the state for its 1.4 million members.

"The sheer number of enrollees and their overall health means consumers in the individual market are benefiting from competition," Lee said.

Below is the complete list of the companies selected for the 2017 exchange:

- Anthem Blue Cross of California
- Blue Shield of California
- Chinese Community Health Plan
- Health Net
- Kaiser Permanente
- L.A. Care Health Plan
- Molina Healthcare
- Oscar Health Plan of California
- Sharp Health Plan
- Valley Health Plan
- Western Health Advantage

Rate details by pricing regions can be found in "Covered California's Health Insurance Companies and Plan Rates for 2017," posted online at:

<http://coveredca.com/news/pdfs/CoveredCA-2017-rate-booklet.pdf>

The preliminary rates are subject to a 60-day public comment period and regulatory review by the California Department of Managed Health Care. In addition, the California Department of Insurance will review Health Net's EPO.

Some insurance carriers will be increasing their coverage areas in 2017:

- Oscar will be entering the market in San Francisco, Santa Clara and San Mateo counties.
- Molina will expand into Orange County.
- Kaiser will be available in Santa Cruz County.

With the expansion of its current carriers, almost all consumers (92.6 percent) will be able to choose from three or more carriers, and all will have at least two to select from.

In addition, more than 93 percent of hospitals in California will be available through at least one Covered California health insurance company in 2017, and 74 percent will be available in three or more plans.

Covered California also is improving its patient-centered benefit designs by increasing a consumer's access to care by reducing the number of services that are subject to a consumer's deductible.

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Starting in 2017, consumers in Silver 70 plans will save as much as \$55 on an urgent care visit and \$10 on a primary care visit. In addition, consumers in Silver, Gold and Platinum plans will pay a flat copay for emergency room visits without having to satisfy a deductible, which could save them thousands of dollars.

These improvements build on features already in place that ensure most outpatient services in Silver, Gold and Platinum plans are not subject to a deductible, including primary care visits, specialist visits, lab tests, X-rays and imaging. In addition, some Enhanced Silver plans have little or no deductible and very low copays, such as \$3 for an office visit. Even consumers in Covered California's most affordable Bronze plans are allowed to see their doctor or a specialist three times before the visits are subject to the deductible.

In addition, the contract with health insurers for 2017 ensures consumers select or are provisionally assigned a primary care physician within 60 days of effectuation so they have an established source of care.

"Health care reform isn't just about making insurance affordable, it's about doing things to make it easier for consumers to get the right care at the right time," Lee said.

In May, the Centers for Disease Control and Prevention announced that California's uninsured rate had fallen to 8.1 percent at the end of 2015, down from 17 percent at the end of 2013, right before the Affordable Care Act began offering coverage.

"We can all be very proud of the extraordinary gains we have made in reducing California's uninsured rate to a historic low," Lee said.

About Covered California

Covered California is the state's marketplace for the federal Patient Protection and Affordable Care Act. Covered California, in partnership with the California Department of Health Care Services, helps individuals determine whether they are eligible for premium assistance that is available on a sliding-scale basis to reduce insurance costs or whether they are eligible for low-cost or no-cost Medi-Cal. Consumers can then compare health insurance plans and choose the plan that works best for their health needs and budget. Small businesses can purchase competitively priced health insurance plans and offer their employees the ability to choose from an array of plans and may qualify for federal tax credits.

Covered California is an independent part of the state government whose job is to make the new market work for California's consumers. It is overseen by a five-member board appointed by the Governor and the Legislature. For more information about Covered California, please visit www.CoveredCA.com.

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