



# News Release

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FOR IMMEDIATE RELEASE

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## **Covered California to Launch State-Enhanced Cost-Sharing Reduction Program in 2024 to Improve Health Care Affordability for Enrollees**

SACRAMENTO, Calif. — California is set to continue its legacy of building upon and strengthening the Affordable Care Act, as its Board of Directors approved enhanced benefit designs that will ensure over 600,000 Covered California enrollees see reduced out-of-pocket costs in 2024.

“Covered California is proud to be a part of another visionary program that strengthens the Affordable Care Act,” said Jessica Altman, executive director of Covered California. “California made history with the State Premium Subsidy program in 2021, and we appreciate the continued leadership from Gov. Gavin Newsom and the state Legislature to make health care access and affordability a priority in our state.”

The new budget package passed by the state Legislature and enacted by Gov. Newsom appropriates \$82.5 million of the Health Care Affordability Reserve Fund (HCARF) to Covered California to support a program of financial assistance for coverage year 2024. Per the budget agreement, funding for the program is planned to increase to \$165 million starting in coverage year 2025.

### **Many Consumers Will Spend Less on Health Care Services**

The Affordable Care Act requires health plans to reduce cost-sharing amounts and out-of-pocket maximums for consumers at or below 250 percent of the federal poverty level. Consumers can access these benefits by enrolling in cost-sharing reduction (CSR) plans built on Silver-level coverage.

The new state-enhanced cost-sharing program will strengthen these Silver CSR plans, increasing the value of Silver 73 plans to approximate the Gold level of coverage and increasing Silver 87 plans to approximate the Platinum level of coverage. Silver 94 plans already exceed Platinum-level coverage. About 40 percent of Covered California's 1.6 million enrollees will be eligible for these cost-sharing reduction benefits.

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Deductibles will be eliminated entirely in all three Silver CSR plans, removing a financial barrier to accessing health care and simplifying the process of shopping for a plan. Other benefits will vary by plan but will include a reduction in generic drug costs and copays for primary care, emergency care and specialist visits and a lowering of the maximum out-of-pocket cost.

**Table 1: Comparison of Silver CSR Plans with State-Enhanced Cost-Sharing Reductions**

Benefit	Silver 73 Standard CSR Plan	Silver 73 Enhanced CA CSR	Silver 87 Standard CSR Plan	Silver 87 Enhanced CA CSR	Silver 94 Standard CSR Plan	Silver 94 Enhanced CA CSR
<b>Medical Deductible</b>	\$5,400	<b>\$0</b>	\$800	<b>\$0</b>	\$75	<b>\$0</b>
ED Facility Fee	\$450	<b>\$350</b>	\$150	\$150	\$50	\$50
Primary Care Visit	\$50	<b>\$35</b>	\$15	\$15	\$5	\$5
Specialist Visit	\$90	<b>\$85</b>	\$25	\$25	\$8	\$8
<b>Drug Deductible</b>	\$150	<b>\$0</b>	\$50	<b>\$0</b>	\$0	\$0
Tier 1 (Generics)	\$19	<b>\$15</b>	\$6	<b>\$5</b>	\$3	\$3

To help ensure that the greatest number of people can take advantage of these cost savings and richer benefits, Covered California plans to automatically move about 35,000 enrollees from other metal tier plans into Silver CSR plans if they qualify and if doing so will provide more generous benefits at the same or lower monthly cost. Many more enrollees will be able to switch to a Silver CSR plan to take advantage of the new benefits.

Eligible consumers will be contacted by Covered California and will be able to make changes [online](#), by calling the Covered California Service Center at (800) 300-1506, or through one of our 11,000 [enrollment partners](#) once the renewal period begins in October.

### Reducing Barriers to Health Care

The new state-enhanced cost-sharing reduction program was designed to strengthen Covered California’s patient-centered benefit designs, which are crafted to help reduce financial barriers to health care.

[A Kaiser Family Foundation survey in March of 2022](#) found that even among those Americans who have health insurance, just under half worry about affording their deductibles.

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One-third of American adults stated that they or a family member have skipped a recommended medical treatment due to cost, while four out of 10 say they have delayed needed care.

“Recognizing that cost is still the key barrier to proper health care for too many Californians, our goal is to improve affordability for our enrollees in every aspect of their health care,” Altman said. “Combined with federal support for premiums under the Inflation Reduction Act, this will be the highest level of affordability support that has ever been available to our enrollees.”

### **Increased Benefits for Consumers Transitioning From Medi-Cal**

With the end of the federal continuous Medicaid coverage requirement put in place to help Americans maintain coverage through the COVID-19 pandemic, in April, Medi-Cal resumed the renewal process for its more than 15 million members. The Department of Health Care Services (DHCS) estimates that between 2 and 3 million people will no longer be eligible for coverage.

The state-enhanced cost-sharing reduction program will assist many of these Californians because historically, more than 75 percent of individuals determined eligible for subsidies after losing Medi-Cal have been eligible for cost-sharing reduction plans.

While many Californians will transition to other forms of health insurance, such as coverage offered through their job or a family member’s employer, others will be eligible for coverage through Covered California, and they may receive financial help to lower the cost of their coverage. Covered California offers quality health plans, all of which provide many of the same benefits and services that Medi-Cal does, including free preventive care, doctor visits, prescriptions, hospital stays, behavioral health care and more.

Many people transitioning from Medi-Cal to Covered California will be eligible for quality coverage for little to no cost, including the increased benefits from the enhanced Silver CSR plans.

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## About Covered California

[Covered California](#) is the state's health insurance marketplace, where Californians can find affordable, high-quality insurance from top insurance companies. Covered California is the only place where individuals who qualify can get financial assistance on a sliding scale to reduce premium costs. Consumers can then compare health insurance plans and choose the plan that works best for their health needs and budget. Depending on their income, some consumers may qualify for the low-cost or no-cost Medi-Cal program.

Covered California is an independent part of the state government whose job is to make the health insurance marketplace 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](http://www.CoveredCA.com).

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