



NEWS RELEASE

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THE AFFORDABLE CARE ACT IS PROTECTING CONSUMERS BY SHIFTING MORE THAN \$1.8 BILLION AMONG CALIFORNIA HEALTH INSURANCE COMPANIES TO STABILIZE PREMIUMS

Covered California Enrollees Are Listed Among the Nation's Healthiest

SACRAMENTO, Calif. — In a first-of-its-kind report, the Centers for Medicare and Medicaid Services (CMS) announced the results of two key programs of the Patient Protection and Affordable Care Act aimed at stabilizing health insurance premiums.

Health insurance companies within Covered California received more than \$1.1 billion in reinsurance payments and more than \$600 million in risk adjustment transfers. The money for reinsurance comes from a fee on all private health insurance coverage (in the individual, small-employer, large-employer insured and large-employer self-insured markets), and the risk adjustment payments are from the health insurance companies themselves and do not include taxpayer dollars.

The programs are designed to protect consumers and keep rates stable by allowing health insurance companies to build their pool of enrollees without worrying about whether they will incur high medical bills from their consumers or whether they will enroll a group of consumers that is less healthy than average.

“Instead of death spirals, the Affordable Care Act is working exactly as intended,” said Covered California Executive Director Peter V. Lee, “with year-over-year cycles of lower-than-expected premiums and more people getting coverage.”

The report showed the amounts each carrier received through reinsurance and how much they either paid or received through risk adjustment.

In addition, the report also showed that California had one of the lowest state average risk liability scores in the country, which means the state's enrollees are among the nation's healthiest.

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Covered California Chief Actuary John Bertko pointed to two important factors: “Covered California made a smart decision to require exchange plans to convert all of their existing products to plans that complied with the Affordable Care Act. Combined with a successful 2014 open enrollment, younger and healthier consumers were brought into the exchange early on,” he said.

Lee said the reinsurance and risk adjustment programs are key protections for consumers and have already been proven to work. He pointed to Covered California’s competitive rates during its initial launch for coverage in 2014 and the first renewal year, 2015.

“We enrolled more than 1 million people in our first year, which led to a rate increase for 2015 that was a fraction of what we saw prior to the Affordable Care Act,” Lee said. “Covered California is now firmly established in a pattern where good rates lead to good enrollment.”

The reinsurance and risk adjustment programs are two of three premium stabilization programs in the Affordable Care Act that are commonly known as the “three R’s.” CMS is scheduled to release the results of the third program, the risk corridor program, later this year.

The full CMS report can be viewed here: <https://www.cms.gov/CCIIO/Programs-and-Initiatives/Premium-Stabilization-Programs/Downloads/RI-RA-Report-Draft-6-30-15.pdf>.

On the next page is a summary of reinsurance and risk adjustment payments and transfers for plans participating in Covered California.

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Insurance Company	Reinsurance Payment Amount	Risk Adjustment Transfer Amount — Individual Market
Anthem Blue Cross of California	\$401,126,393	(\$181,692,588)
Blue Shield of California	\$363,050,264	\$135,212,707
Chinese Community Health Plan	\$1,824,095	(\$16,711,278)
Contra Costa Health Plan	\$2,293,366	\$1,753,287
Health Net Life Insurance Co.	\$96,305,759	\$53,801,059
Health Net of California Inc.	\$48,731,305	(\$100,186,993)
Kaiser Permanente	\$240,031,290	\$98,811,448
L.A. Care Health Plan	\$347,123	(\$31,742,828)
Molina Healthcare	\$950,343	(\$9,072,047)
Sharp Health Plan	\$10,986,209	\$10,432,568
Valley Health Plan	\$440,556	(\$318,460)
Western Health Advantage	\$5,847,162	\$2,576,272
Total	\$1,171,933,865	\$642,311,535

Covered California is set to release its 2016 rates at the end of July, and open enrollment for 2016 coverage is scheduled to begin Nov. 1. In the meantime, special enrollment for those who experience a change in life circumstances, such as moving or having a baby, continues year-round.

For more information on Covered California's special enrollment, and to find out who is eligible, visit www.CoveredCA.com/individuals-and-families/getting-covered/special-enrollment. Medi-Cal enrollment and Covered California for Small Business enrollment also continue year-round.

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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, was charged with creating a new health insurance marketplace in which individuals and small businesses can get access to affordable health insurance plans. Covered California 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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