

# Notes

## Health Insurance Coverage in California in 2013 and 2014, After Implementation of the Affordable Care Act, p. 2

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### A T A G L A N C E

This *EBRI Notes* article presents data on health insurance coverage in California in 2013 and 2014, based on the March 2014 and 2015 Supplements to the Current Population Survey (CPS). It reflects research done by the Employee Benefit Research Institute (EBRI) on health insurance coverage trends in California, recently published in the California Health Care Foundation's *California Health Care Almanac*,<sup>1</sup> and supported by the California Health Care Foundation, based in Oakland, CA. Because 2014 is the first year for which many of the key, coverage-expansion provisions of the Affordable Care Act of 2010 (ACA) were effective, the 2013–2014 data provide some initial findings on the ACA's first-year impact.

Here are the key findings:

- From 2013 to 2014, health insurance coverage expanded among individuals under age 65 in California, and the uninsured rate fell. In 2013, 5.5 million California individuals were uninsured, and this figure fell to 3.8 million individuals in 2014. In percentage terms, California's uninsured rate fell from 16 percent in 2013 to 11 percent in 2014 (a 31 percent reduction).
- The 2013–2014 reductions in the uninsured rate were primarily due to expanded individual health insurance and Medicaid coverage, as there was very little increase in employment-based coverage.
- Younger adults and lower-income California residents had the highest uninsured rates in 2013, and experienced the greatest rate reductions, the lowest percentage-point reduction of any age group in 2014.
- With respect to firm size, workers in small firms had the highest uninsured rate in 2013, but workers in firms with more than 50 employees (particularly those in the 50–99 employee group) experienced the greatest reductions in uninsured rates.
- Among race/ethnic groups, Latinos had the highest uninsured rate for 2013 (22.8 percent) and saw that rate fall to 15.8 percent in 2014, a significant 31 percent year-over-year decline, but still the highest 2014 uninsured rate of the identified race/ethnic groups. Asians experienced the largest year-over-year uninsured rate reduction, moving from an uninsured rate of 12.1 percent to 7.7 percent (a 36 percent reduction).

# Health Insurance Coverage in California in 2013 and 2014, After Implementation of the Affordable Care Act

*By Paul Fronstin, Ph.D., Employee Benefit Research Institute*

When the Affordable Care Act (ACA) was enacted by Congress in 2010, California accounted for more uninsured individuals than any other state in the United States. Among all states, California accounted for about 15 percent of the uninsured<sup>2</sup> but only 12 percent of the U.S. population.

In addition, relative to nearly all other states, California experienced a substantial reduction in its uninsured rate from 2013 to 2014, when the ACA's major health insurance expansion provisions went into effect. (These provisions included the availability of public exchanges, subsidies for individuals with income below 400 percent of the federal poverty level, and Medicaid expansions.) In 2014, 3.8 million California residents under age 65 were uninsured, down from 5.5 million in 2013.<sup>3</sup> In percentage terms, California's uninsured rate fell from 16 percent in 2013 to 11 percent in 2014 (a 30 percent reduction).

This reduction was greater than the reductions experienced by nearly all other states with uninsured rates greater than 16 percent in 2013. For example, 15 states had higher uninsured rates than California's 16 percent in 2013, but for 2014 only one of those states had a lower uninsured rate than California's 11 percent, and eight additional states (a total of 22 states) had higher uninsured rates.<sup>4</sup>

The California reductions were primarily due to expanded individual health insurance and Medicaid coverage. More specifically, from 2013 to 2014, of the approximately 33 million California residents under age 65:

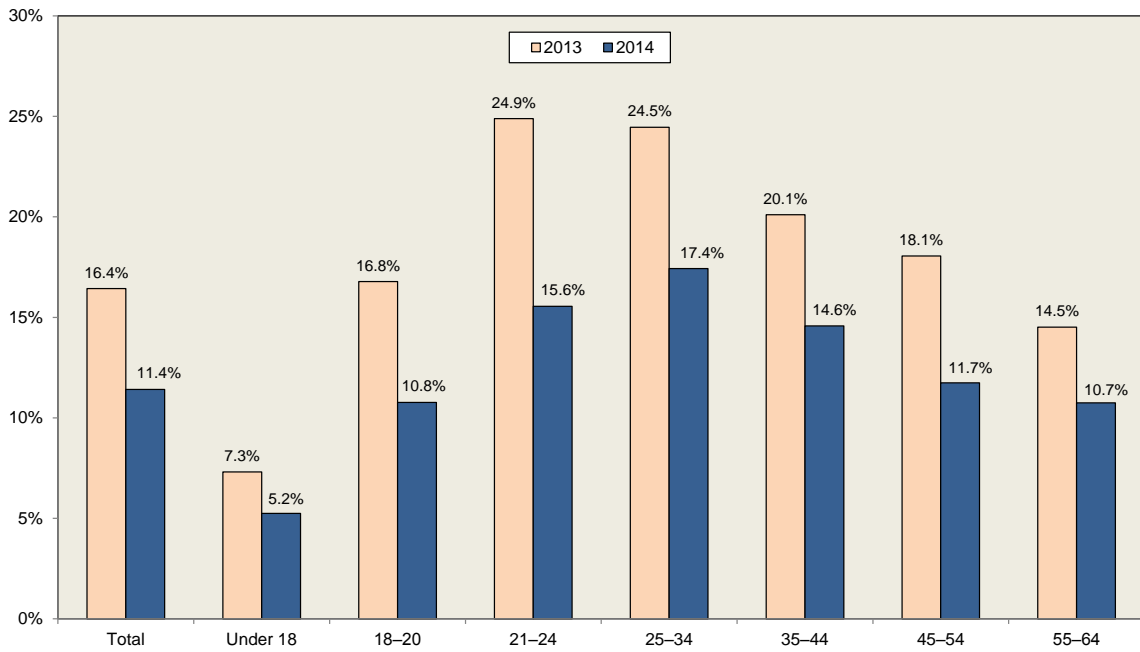
- The percentage with employment-based health insurance increased from 55.5 percent to 56.1 percent (i.e., 18.5 million to 18.9 million residents).
- The percentage with Medicaid coverage increased from 23.2 percent to 26.6 percent (i.e., 7.7 million to 8.9 million).
- The percentage with insurance purchased directly from an insurance company increased from 9.8 percent to 14.4 percent (i.e., 3.3 million to 4.8 million).

Furthermore, in California, the age groups with the largest 2013 uninsured rates experienced the greatest reductions. More specifically, Californians ages 21–24 had the highest uninsured rate in 2013 (Figure 1), and this group experienced the largest reduction (38 percent) in its uninsured rate from 2013 to 2014. In contrast, Californians ages 55–64 and children under age 18 had the lowest uninsured rates in 2013 and experienced smaller reductions (26 percent and 28 percent), respectively) in their uninsured rates from 2013 to 2014.

This same pattern occurred with respect to income groups. Lower-income California residents had the largest uninsured rate in 2013 and experienced the largest reduction of any income group between 2013 and 2014 (Figure 2). The uninsured rate fell from 28.3 percent to 17.7 percent from 2013 to 2014 among those residents with family incomes below \$25,000 (a 38 percent reduction), while for those with family incomes of \$75,000 or more, the uninsured rate fell from 7.4 percent to 6.5 percent (a 12 percent reduction).

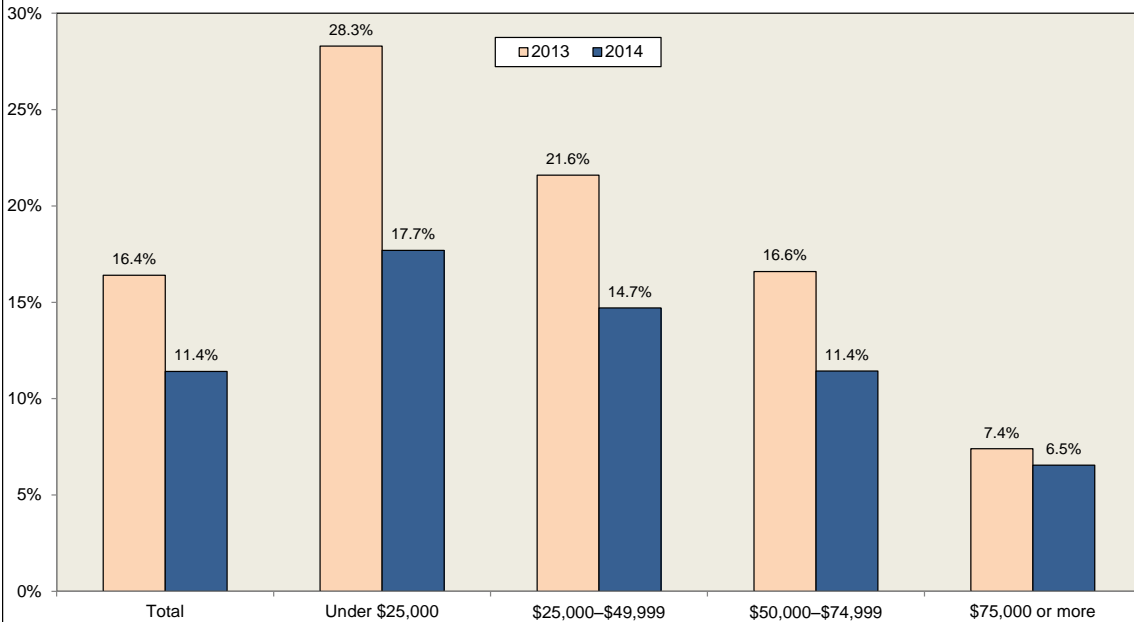
From a firm-size perspective, workers in private-sector firms with fewer than 10 workers had the largest uninsured rate in 2013, but did not experience the largest reduction from 2013 to 2014 (Figure 3). More specifically, the uninsured rate in firms with fewer than 10 workers fell from 32.9 percent to 24.5 percent from 2013 to 2014 (a 26 percent decline) and the uninsured rate in firms with 10–49 employees fell from 23.7 percent to 19 percent (a 20 percent decline).

**Figure 1**  
**Percentage Uninsured, by Age, California, 2013 & 2014**



Source: Employee Benefit Research Institute estimates of the Current Population Survey, March 2014 and 2015 Supplements.

**Figure 2**  
**Percentage Uninsured, by Family Income, California, 2013 & 2014**

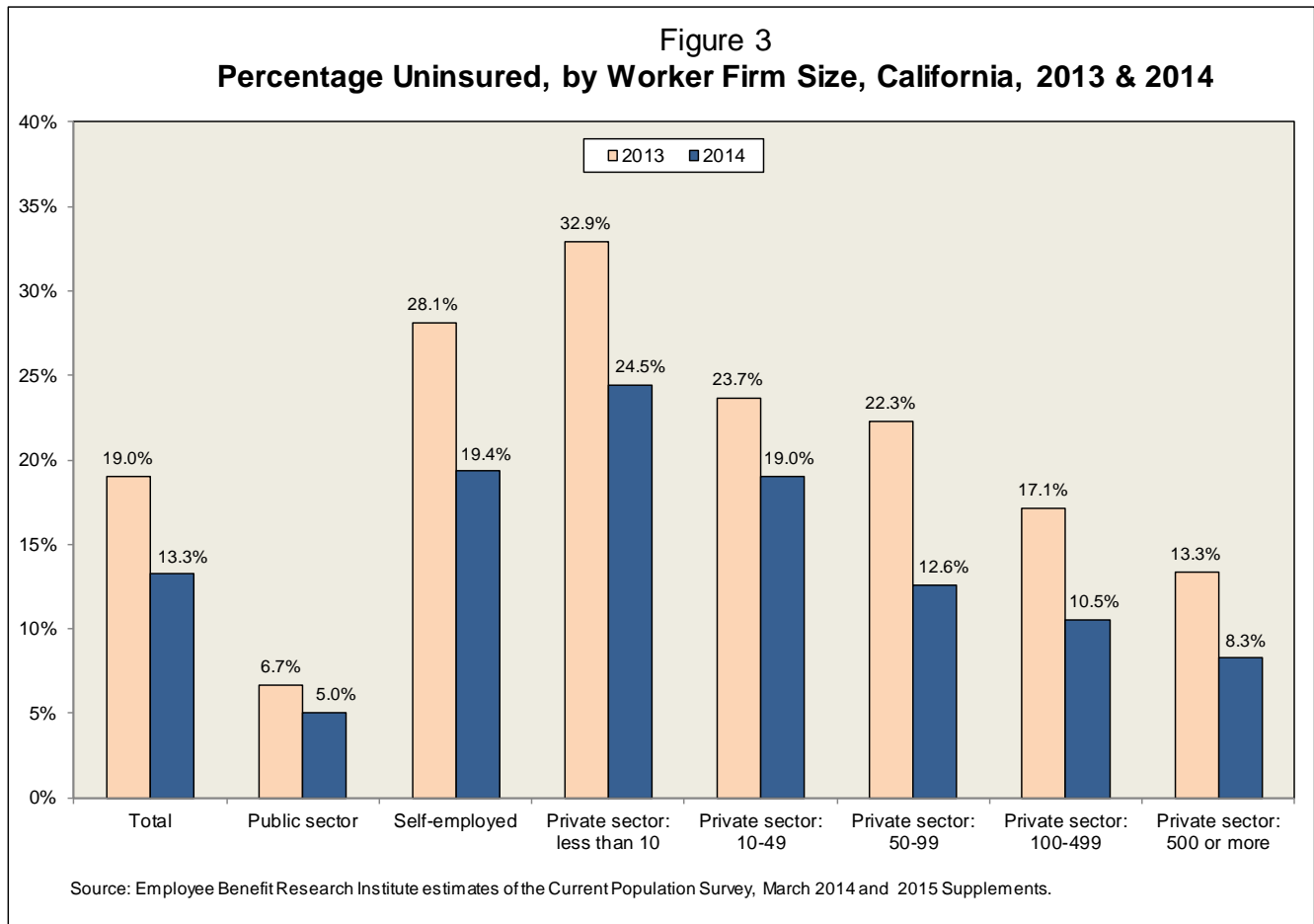


Source: Employee Benefit Research Institute estimates of the Current Population Survey, March 2014 and 2015 Supplements.

But the uninsured rates fell more significantly for workers in larger private-sector firms:

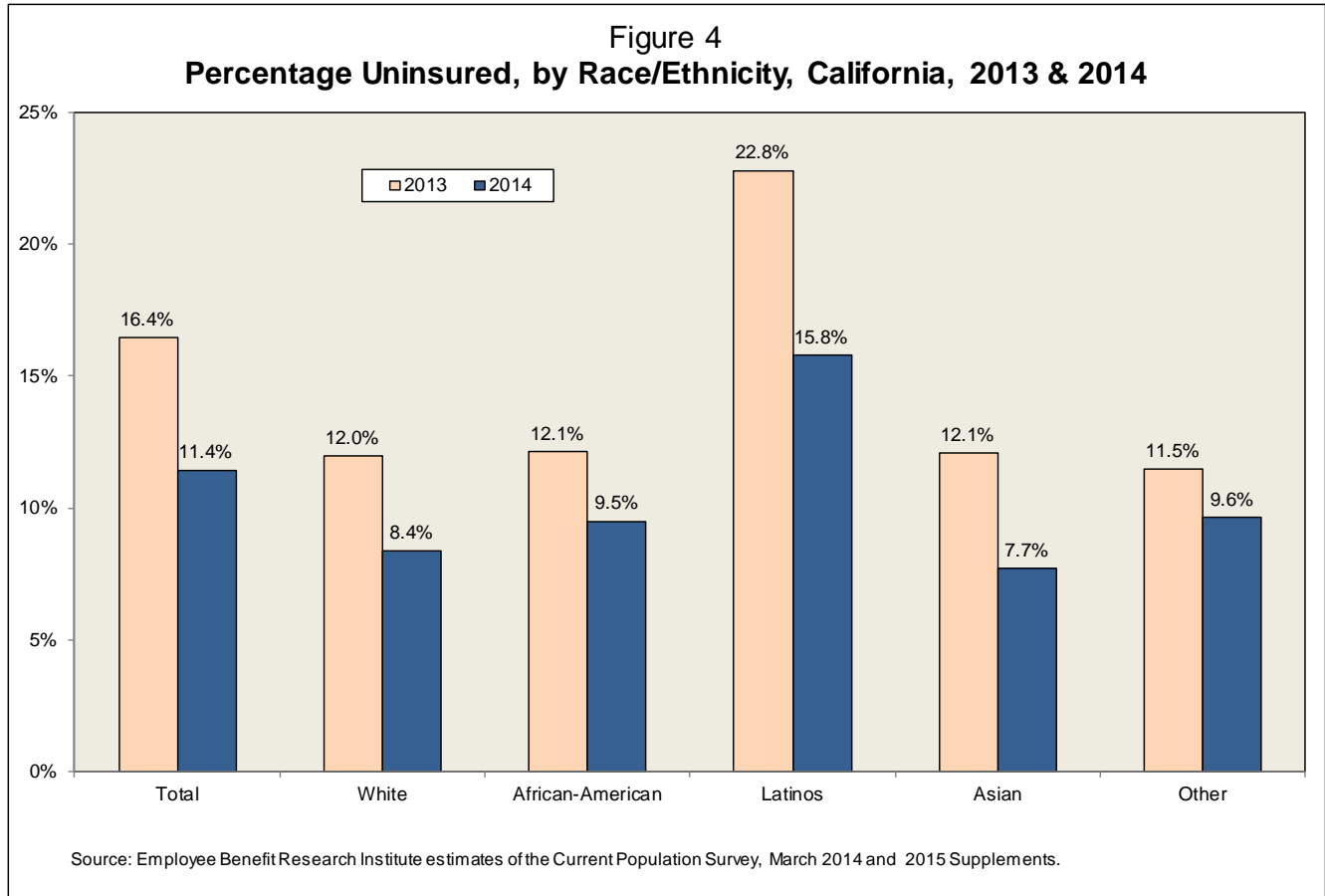
- For firms with 50–99 employees, the uninsured rate fell from 22.3 percent to 12.6 percent between 2013 and 2014 (a 44 percent decline).
- For firms with 100–499 employees, the uninsured rate fell from 17.1 percent to 10.5 percent (a 39 percent decline).
- For firms with 500 or more employees, the uninsured rate fell from 13.3 percent to 8.3 percent (a 38 percent decline).

There are at least two plausible explanations for why workers with firms having fewer than 50 employees had the largest uninsured rates before the ACA and then saw lower reductions in their uninsured rates than did workers with larger firms. First, smaller firms are generally less likely to sponsor health plans for their workers, and so this option for expanded coverage was likely less available to these workers. And second, the ACA's employer mandate requirements do not apply to firms with fewer than 50 employees. While the individual mandate provision of the ACA does apply to workers in firms with fewer than 50 employees, those workers may have chosen to pay the penalty over signing up for coverage.



From the perspective of reported race/ethnic groups, Asians experienced the largest uninsured reduction of any group, moving from an uninsured rate of 12.1 percent in 2013 to 7.7 percent in 2014 (a 36 percent decline); the 7.7 percent rate was the lowest uninsured rate for all race/ethnic groups in 2014 (Figure 4). Latinos had the highest

uninsured rate for 2013 at 22.8 percent and saw a reduction to 15.8 percent in 2014 (a 31 percent decline), still the largest uninsured rate of any race/ethnic group for that year. In California, Latinos represented 41 percent of the total population in both 2013 and 2014, but despite the decline in the uninsured rate, accounted for 57 percent of the uninsured in both years.



## Conclusion

California residents generally and most of the identified resident groups in particular experienced significant reductions in uninsured numbers and percentages from 2013 to 2014. These reductions in the uninsured rate were primarily due to expanded individual health insurance and Medicaid coverage driven mostly by the ACA, as there was very little increase in employment-based coverage. Future research should examine why California has had more success expanding health insurance coverage than most other states.

## Endnotes

<sup>1</sup> The full report, as well as related resources and prior year reports, can be found online at <http://www.chcf.org/publications/2016/03/californias-uninsured>

<sup>2</sup> Overall, 41.1 million individuals under age 65 were uninsured in the U.S. in 2013, representing 15.4 percent of that population. For more information, see Fronstin, Paul. "Sources of Health Insurance Coverage: A Look at Changes Between 2013 and 2014 from the March 2014 and 2015 Current Population Survey," *EBRI Issue Brief*, no. 419, (Employee Benefit Research Institute, October 2015).

<sup>3</sup> The data come from the March Supplement to the Current Population Survey (CPS) conducted by the U.S. Census Bureau for the Bureau of Labor Statistics. The monthly CPS is the primary source of data on labor force characteristics of the U.S. civilian, noninstitutionalized population. It is also the official source of data on unemployment rates, poverty, and income in the United States. Approximately 100,000 households, representing nearly 200,000 individuals, were interviewed in March 2015 as part of the CPS. Slightly more than 18,000 individuals under age 65 were interviewed in California in March 2015.

<sup>4</sup> The states with higher declines in their uninsured rates than California include Arkansas (a 52 percent reduction), Nevada (a 52 percent reduction), and Arizona (a 49 percent reduction).

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