



Affordability Delivered in California:

Understanding the Difference Between Price and Rates

When Covered California announced its 2018 rates, it reported a weighted average rate change of 12.5 percent and the subsequent need for health plans to add a “cost-sharing reduction surcharge” that averages 12.4 percent onto Silver-tier plans.

This fact sheet provides new data on the difference between these rates and the actual price impact on the 1.1 million Covered California enrollees who receive federal financial help. It provides new data on the affordability of coverage for those receiving subsidies, clarifies the pricing impact on the over 1 million Californians in the individual market who do not receive financial help, and provides an overview of how any rate and price changes from 2017 to 2018 can be understood with Covered California’s Shop and Compare Tool.

For consumers who receive financial help to lower the cost of their coverage, their “price” is a product of the total insurance premium (the “rate”) minus the Advanced Premium Tax Credit (APTC).

Affordability for subsidized consumers in 2018¹:

- The average price subsidized consumers will pay for coverage **will go down by an estimated 1.5 percent from 2017 to 2018** — a decrease of \$9 per month or \$108 per year. Collectively, this reduction means that Californians receiving financial help will be paying at least \$118 million less for their coverage in 2018 than in 2017.
- Subsidized consumers who keep their existing plans will pay on average \$115 per month for coverage in 2018 that has a monthly total premium of \$579, which is an average savings of more than \$450 per month.
- Two-thirds of these subsidized consumers can buy a high-value Silver plan for less than \$100 per month, and four out of 10 can purchase a Silver plan for less than \$50 per month.
- For the most price-sensitive subsidized consumers who choose to renew their Bronze plan, they will pay on average \$34 per month for a plan that has a monthly value of \$410, which is a savings of \$376 per month.
- The savings could be even greater for those who shop and switch to lower-priced plan. On average, subsidy-eligible individuals who switch to the lowest-priced plan in their tier will reduce their estimated monthly expense by \$62.

Affordability for unsubsidized consumers in 2018:

- Those who do not receive financial help — which represents about 15 percent of those enrolled through Covered California and the approximately 800,000 Californians who purchase their Affordable Care Act-compliant plan “off-exchange” — can totally avoid paying the cost-sharing reduction surcharge because there is no surcharge off-exchange. Those with coverage through Covered California can switch tiers or purchase a near-mirrored Silver plan off-exchange.
- For 2018, the approximately 950,000 unsubsidized Californians will pay on average \$115 less per month — \$1,380 less per year — because the state’s individual market is approximately 20 percent healthier, resulting in lower costs compared to what consumers pay in states with federally facilitated marketplaces. Collectively, unsubsidized Californians will save more than an estimated \$1.3 billion thanks to the state’s lower prices from its healthier risk mix.

¹ All affordability analysis is based on estimating APTC and plan choice for consumers with effectuated coverage in October 2017, based on the latest available data and the finalized 2018 set of available products and rates.

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Covered California's **Shop and Compare Tool** allows consumers to see the actual price of plans. Most consumers enroll in a Silver plan, with the largest number choosing the lowest-priced plan. The following examples show the price impact on subsidized individuals who remain in the lowest-cost plan available to them. You can use the same tool to see the price impact on consumers living anywhere in California with different incomes, family sizes and subsidy levels.

Find your price at CoveredCA.com — four easy questions:

What is your Zip Code? * ?

What is your total income per year? * ? \$

How many people are in your household? * ?

Enter the age of each person in your household, and tell us if they need coverage.

Age of Head of Household * Needs Coverage?

Example result:

Health Plan A
Silver PPO

Monthly Premium **\$60** after \$120 tax credit

Primary Care Visits You pay **\$20**

Generic Drugs You pay \$10

Yearly Deductible \$2200/\$250 (May Not Apply)

Total Expense Estimate Lower

Quality Rating ★★★★★

How much consumer pays per month

The tax credit plus monthly premium equal the total monthly cost of the product

How much consumer pays for a doctor's visit

	2017	2018	Monthly Difference
Los Angeles			
ZIP Code:	91601		
Yearly Income	\$17,500		
People in household	1		
Age	27		
	 Silver 94 HMO SILVER HMO Monthly Premium \$45.06 after \$165.00 tax credit Primary Care Visits You pay \$5 Generic Drugs You pay \$3 Yearly Deductible \$75 / \$0 (May Not Apply)	 Silver 94 HMO SILVER HMO Monthly Premium \$51.19 after \$227.00 tax credit Primary Care Visits You pay \$5 Generic Drugs You pay \$3 Yearly Deductible \$75 / \$0 (May Not Apply)	Price Change 2017 to 2018 + \$6 (+ 13%) Staying with the same plan would cost an additional \$42 per month.
Oakland			
ZIP Code:	94610		
Yearly income	\$28,000		
People in household	1		
Age	40		
	 Silver 73 HMO SILVER HMO Monthly Premium \$177.17 after \$235.00 tax credit Primary Care Visits You pay \$30 Generic Drugs You pay \$15 Yearly Deductible \$2200 / \$250 (May Not Apply)	 Silver 73 HMO SILVER HMO Monthly Premium \$162.77 after \$328.00 tax credit Primary Care Visits You pay \$30 Generic Drugs You pay \$15 Yearly Deductible \$2200 / \$130 (May Not Apply)	Price Change 2017 to 2018 – \$15 (– 9%) A Bronze plan could be selected for as little as \$1 per month.
Sacramento			
ZIP Code:	95811		
Total income	\$23,000		
People in household	1		
Age	40		
	 Silver 87 HMO SILVER HMO Monthly Premium \$93.60 after \$308.00 tax credit Primary Care Visits You pay \$10 Generic Drugs You pay \$5 Yearly Deductible \$650 / \$50 (May Not Apply)	 Silver 87 HMO Trio SILVER HMO Monthly Premium \$82.79 after \$363.00 tax credit Primary Care Visits You pay \$10 Generic Drugs You pay \$5 Yearly Deductible \$650 / \$50 (May Not Apply)	Price Change 2017 to 2018 – \$11 (– 9%) Staying with the same plan would cost an additional \$32 per month.