

Legislative Benefit Mandates: Inflating California Health Care Premiums for ALL Californians



California health plans cover more than 26 million people and are dedicated to ensuring that everyone has access to high-quality, affordable health care services.

With 83% of Californians reporting in 2022* that making health care more affordable should be an “extremely” or “very” important priority for California’s governor and legislature to work on, it is important that legislators understand the impact new mandated benefits have on health care premium costs for all Californians as well as for the State of California’s general fund.

Working together, we can ensure access to high quality, affordable health care is available to all.

Benefit Mandates 101

As lawmakers, health plans and many others are working to make health care more affordable, it seems contradictory to propose a slew of bills that will substantially increase the cost of health plan premiums.

While few benefit from mandates, ALL Californians pay in higher premiums.

Mandated health benefits increase health care premiums for all — employers, consumers, and the state of California — even though the mandates themselves might only benefit a relatively small number of people.

Cost Impacts are real and significant

In 2022, California lawmakers considered many new health care mandates that, as proposed, would have driven up health care premiums by \$1.5 billion — in the first year alone.

Understanding California’s Essential Health Benefits

California’s Essential Health Benefits (EHBs) are required coverage that benefit the greatest number of people while still being affordable. The EHBs were determined by California lawmakers over robust discussion, research, and analysis with the goal of creating plans that benefit the greatest number of people without reaching astronomical costs.

As of 2014, The Affordable Care Act requires that all health insurance plans offered in the individual and small-group markets must provide a comprehensive package of items and services, known as essential health benefits.

Mandated benefits that exceed the Essential Health Benefits selected by California not only increase health premiums for Californians, they also expose the state’s general fund to increased costs. **This is because the federal government requires states to cover the cost of mandates that exceed the state selected EHBs.**



What are California's Essential Health Benefits?

- ✓ Ambulatory patient services (outpatient care you get without being admitted to a hospital)
- ✓ Comprehensive mental health and substance use disorder services, including behavioral health treatment (this includes counseling and psychotherapy)
- ✓ Emergency Services
- ✓ Hospitalization (like surgery and overnight stays)
- ✓ Laboratory services
- ✓ Pediatric services, including oral and vision care
- ✓ Pregnancy, maternity, and newborn care (both before and after birth)
- ✓ Prescription drugs. In fact — CA health plans cover over 90% of all prescription drug costs
- ✓ Preventive and wellness services and chronic-disease management
- ✓ Rehabilitative and habilitative services and devices (services and devices to help people with injuries, disabilities, or chronic conditions gain or recover mental and physical skills)

How Can Californians Get the Most from Their Health Care Coverage?

Together, health plans, legislators, and the administration can work on a logical approach to benefits and coverage, instead of continuing to introduce benefit mandate bills that increase premiums for everyone. Areas to explore include:

- Avoid stand-alone benefit mandates
- Re-examining whether a different Essential Health Benefits package is necessary to help eliminate one-off benefit mandate bills; and
- Always look at the bigger picture by cumulatively reviewing how the increased cost of bills mandating coverage of advanced specialty services will impact the affordability of health care premiums for Californians.

We all want Californians to have access to high-quality, affordable health care coverage.

This legislative session, health plans are asking legislators to always look at the bigger picture by cumulatively reviewing the costs of proposed mandates and to consider the impact that they will have on the affordability of health care for all Californians.

Working together, we can ensure access to high quality, affordable access to health care is available to all.

