

California Health Plans 101:

Providing Californians with Affordable Access to Quality Health Care Coverage

Since their creation in the late 1930s, during a time of need throughout the country, health plans in California have been integral in providing comprehensive health coverage that is affordable, accessible, and reliable. Today, health plans stand firm on this responsibility to Californians, working every day to bridge coverage gaps, offer diverse coverage options, and advocate for affordable and equitable health care coverage access for all. That's why, every day, health plans advocate for public policies that protect your health care and keep health care affordable while ensuring that the quality of your health care coverage is preserved.

The History of California Health Plans

Health plans in California were created to address gaps in the well-being of communities and have been regulated by the Legislature and Department of Managed Health Care for decades.

1930s:

The idea of pre-paid health insurance dates back to the Great Depression. An official health plan, as we understand it now, was first introduced in California in the late 1930s.¹

1991:

The California State Legislature established the California Managed Care Initiative through AB 337.² Medi-Cal Managed Care is overseen by the Department of Health Care Services (DHCS), and health plans serving Medi-Cal beneficiaries are required to contract with DHCS to provide care statewide.

2010:

The Affordable Care Act (ACA) was established to make affordable health insurance available to more people. California became the first state in the nation to enact legislation creating a health benefit exchange in the state.

2024:

On January 1, 2024, California expanded Medi-Cal coverage eligibility to all low-income California adults, regardless of immigration status – the last remaining group of Californians without access to health care coverage.

1975:

The California legislature passed the Knox-Keene Health Care Service Plan Act, which guides the regulation of health plans to provide affordable, accessible, and reliable health care.

2000:

The Department of Managed Health Care (DMHC) is created. DMHC is responsible for regulating all California Health Plans subject to the Knox-Keene Health Care Service Plan Act.

2014:

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

For more information, please visit YourPlanYourAdvocate.com

1. CHCF

2. UC Davis, Center for Policy Healthcare and Research

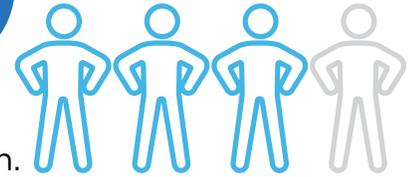
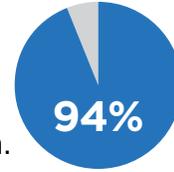


Health Care Coverage in California

California's health plans are diverse and provide comprehensive coverage through HMOs and PPOs, commercial health plans, public plans including county-organized health systems and local initiatives, regional plans, and fully integrated health systems.

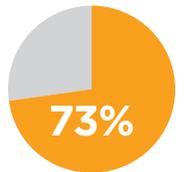
Health Plans 101 Fast Facts

■ **94%** of Californians are currently covered by a health plan.



■ **Nearly 3 in 4** Californians are satisfied with their current health plan.

■ **Seven in ten (73%)** California voters are satisfied with the health care they receive.



■ Health plans cover **over 97%** of prescriptions and **over 92%** of all prescription drug costs for health plan members.



■ **Health care premiums are directly tied to medical costs.** Therefore, when hospital, doctor, and drug prices increase, so do health care premiums.



■ **Health plans are tightly regulated by two state agencies:** Department of Managed Health Care (DMHC) and the Department of Health Care Services (DHCS).



■ Health plans must comply with **extensive transparency requirements** for how they set prices and spend taxpayers', employers', and consumers' health care dollars.



■ In 2021, health plans spent nearly **\$207 billion, or 87 cents out of every health plan dollar,** on medical care.



■ If health plans don't spend 80 to 85 cents of every health care dollar on medical care, **they are required to issue rebates** to consumers under state and federal law.

