

California Health Plans 101: The Nuts and Bolts

A Health Care Coverage Glossary

HMO

An HMO (Health Maintenance Organization) is a type of health insurance with more affordable premiums that includes a list of providers, such as doctors, medical groups, hospitals, and labs. Your main doctor is your primary care doctor and manages your care. Managed care leads to better health outcomes.

PPO

A PPO, or Preferred Provider Organization, allows you to see in-network healthcare providers without needing approval and without having to choose a primary care doctor.

Commercial Health Plans

Privately offered health plans that provide comprehensive healthcare coverage and often offer a wide range of services tailored to the specific needs of their members.

Public Health Plans

Public health plans are government-sponsored or administered programs designed to provide comprehensive and affordable healthcare coverage to eligible individuals and families. These plans aim to promote equitable access to essential medical services, preventive care, and health education.

Fully Integrated Health Systems

Comprehensive healthcare networks that offer a seamless continuum of medical services, spanning primary care, specialty care, hospital care, and even insurance coverage, all under one organizational umbrella.

Regional Plans

Regional Health Plans are locally tailored healthcare programs designed to cater to the specific needs of communities within a particular geographical area.

Medi-Cal Managed Care Plans

Of the 15 million Californians on Medi-Cal, 94%, or 14.1 million, are covered by a Medi-Cal Managed Care plan. These plans comprise networks of healthcare providers, encompassing doctors, pharmacies, clinics, laboratories, and hospitals. They cover not only the essential health benefits but also focus on providing social needs such as housing and food security.

Health Care Dollar

Represents how health plans are spending each premium dollar. In California, the vast majority of spending goes to pay for prescription drugs and medical services like hospital and doctor visits, lab tests, x-rays, and medical supplies.

Copay

A fee you pay for a fixed amount for certain services covered by your health plan.

Coinsurance/Cost-sharing

For some services provided by your plan, you pay a percentage of the charges.

QHPs

Qualified Health Plans are certified to provide care through the Covered California Health Insurance Marketplace. A QHP must provide essential health benefits (EHBs), follow established limits on cost sharing, and meet other requirements. There are currently 12 health plans offering coverage through the Covered California Marketplace.

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.

Medical Management Tools

Medical management tools such as prior authorization and step therapy are important tools used by health plans to ensure patients receive the highest quality medical care. With a comprehensive view of the health care system and each patient's medical diagnosis history, health plans ensure that medications or treatments prescribed are safe, effective, and affordable to meet each patient's health care needs.

Health Care Cost Drivers

Health care cost drivers are the various factors and elements that significantly influence the cost of health care and the premiums you pay. Ever-increasing medical, hospital, and prescription drug costs are a few examples of health care cost drivers.

Health Care Coverage Mandates

Individual bills introduced in the legislature that require a particular service to be covered by a health plan. Each mandate increases health care premiums for all — employers, consumers, taxpayers, and the state of California — even though the mandates themselves might only benefit a relatively small number of people.

