California's Health Care Affordability Dilemma

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California health plans and state leaders are working toward a shared goal: making health care more affordable. *At the same time, lawmakers are advancing policies that will drive premiums significantly higher. These conflicting efforts are creating a dilemma: the state is investing in affordability solutions, while simultaneously, the Legislature is moving forward with policies that make affordability harder to achieve in the face of looming federal and state budget cuts.*

82% of Californians say it's "extremely" or "very" important to reduce how much people pay for health care

A State Working Against Itself:

California is trying to lower health care costs and raise coverage requirements—at the same time.

On one hand, the state is investing in long-term health care affordability through the Office of Health Care Affordability (OHCA), which is working with health plans and other stakeholders to set spending targets and rein in spending growth.

But on the other hand, lawmakers are advancing new coverage mandates and considering expanding the Essential Health Benefits (EHB) package, which will significantly increase premiums – by hundreds of millions of dollars – undermining OHCA's very mission.

Office of Health Care Affordability (OHCA) Goals	Proposed Legislative Policies
✓ Cap annual health care spending growth from 3.5% in 2025 to 3% in 2029.	✗ Proposed health care mandates are estimated to raise premiums by hundreds of millions of dollars in the first year alone. ✗ According to our estimates, the expanded EHB package would increase premiums by at least $500 million. ✗ Overall, these costs add up to nearly $1 billion in premium increases.
✓ Reduce pressure on premiums for families and small businesses	✗ Require coverage of expensive specialty treatments that benefit only a small number of people, but all must pay.
✓ Promote long-term **affordability and sustainability**	✗ Short-term wins that drive **long-term premium increases**
✓ Data-driven oversight and accountability	✗ No cost analysis required for many proposed mandates
✓ Support coverage stability for employers	✗ Makes it harder for small businesses to offer health care coverage at all

California's affordability goals are clear, but adding new coverage mandates threatens to make them impossible to achieve.

Health plans and state agencies like OHCA are doing their part to keep care affordable, but they can't do it alone. *Legislators must weigh the full, long-term cost of proposed mandates and an expanded, costlier Essential Health Benefits package to ensure they align with the state's affordability goals.*

California Association of Health Plans

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