



News Release

Media line: (916) 206-7777

@CoveredCANews

media@covered.ca.gov

FOR IMMEDIATE RELEASE

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Covered California Study Shows How Outreach Helps Consumers Get Improved Coverage and Pay Lower Premiums by Making Better Plan Choices

- *The study focused on Covered California consumers who selected a Gold- or Platinum-level plan, even though they were eligible for a lower-premium Silver plan that provides richer benefits.*
- *Covered California intervened in these cases to encourage consumers to switch to the better plan level, and those who did saved an average of \$140 per month in premiums and out-of-pocket expenses.*
- *The study shows how similar outreach could be used across the country to help more Americans save money on their health insurance by maximizing their benefits under the Affordable Care Act.*
- *Covered California is holding a special-enrollment period to allow the uninsured and those enrolled directly through a health insurance carrier to enroll and benefit from lower premiums due to the American Rescue Plan.*

SACRAMENTO, Calif. — A Covered California study shows how efficient and low-cost outreach can help low-income consumers save on their health insurance. The study focused on Covered California consumers who had selected a Gold or Platinum plan but who were eligible for lower-cost coverage that provided richer benefits.

“The Affordable Care Act made a lot of progress in helping people navigate and understand health insurance, but it can still be confusing to many people, especially for those who have not been insured regularly,” said Peter V. Lee, executive director of Covered California. “Covered California tested how best we could inform consumers that they could have better options as part of our mission to help people make better choices and save money. We will use this information to improve our services, and we hope it is useful for other marketplaces across the nation.”

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The study, [“Using Email and Letters to Reduce Choice Errors Among ACA Marketplace Enrollees,”](#) was published by Health Affairs, a prominent outlet devoted to health policy and issues affecting health and health care.

The study looked at low-income consumers, particularly those who earn less than 200 percent of the federal poverty level, which is currently equal to \$25,520 per year for an individual and \$52,400 for a family of four. Under the Affordable Care Act, consumers in this income bracket are eligible for Enhanced Silver plans, which feature cost-sharing reductions that have lower premiums and lower out-of-pocket expenses.

A Covered California analysis found that nearly 20,000 Covered California consumers had selected more costly Gold and Platinum plans for the 2019 coverage year, despite being eligible for an Enhanced Silver plan with richer benefits. For example, instead of obtaining a plan with an actuarial value of 94, a Silver 94-eligible consumer chose a plan with an actuarial value of 90 (Platinum) or 80 (Gold) with a higher monthly premium. Similarly, a Silver 87-eligible consumer may have chosen a Gold plan instead of selecting a less-expensive option with more generous coverage.

To encourage those consumers to switch to Enhanced Silver plans, Covered California sent additional emails and letters to consumers that described the average premium and out-of-pocket savings they could see while keeping the same carrier and providers.

The results were significant. At the end of the open-enrollment period for the 2019 coverage year, 19.7 percent of the group that received additional emails switched to Enhanced Silver plans, while 21.6 percent of those that received additional emails and letters made the change. This compares to 17.7 percent of the study’s control group, which received traditional renewal reminders that did not specifically call out the potential savings possible by switching.

Consumers who switched to a better plan saved an average of \$84 per month in lower premiums and \$56 per month in reduced out-of-pocket expenses, totaling an average savings of \$1,680 per year.

“Putting money back in the pockets of consumers, while helping them better understand their health plan, is the right thing to do,” Lee said. “We are looking to expand our efforts, because lowering the cost of coverage helps people stay covered and it allows them to put that money back into our economy, which helps their communities.”

The American Rescue Plan Provides New Lower Premiums for Californians

The study comes during the early days of Covered California’s new special-enrollment period that allows Californians to benefit from lower health insurance premiums available through the American Rescue Plan. The new law can help an estimated 2.5 million Californians, including the uninsured and those who enrolled directly through a health insurance carrier, by providing additional financial help to lower the cost of their coverage.

(more)

Consumers Can Find Out in Minutes How Much They Can Save

Covered California is encouraging Californians to check if they are eligible for lower premiums due to the American Rescue Plan. Consumers can easily see exactly how they can benefit from the new law on CoveredCA.com by entering their ZIP code, household income and the ages of the people in the household. They will see how low their premiums can be and the health insurance options in their area.

“Time is of the essence, because every month that goes by is a month that someone could be covered or could be saving hundreds of dollars on their health insurance,” Lee said. “Do not miss out. The sooner you sign up, the sooner you can start saving.”

Those interested in learning more about their coverage options can also:

- Visit www.CoveredCA.com.
- Use the website to find local insurance agents or certified enrollers in community organizations who provide free and confidential assistance over the phone or in person, in a variety of languages.
- [Have a certified enroller call them for free help.](#)
- Call Covered California at (800) 300-1506.

About Covered California

Covered California is the state’s health insurance marketplace, where Californians can find affordable, high-quality insurance from top insurance companies. Covered California is the only place where individuals who qualify can get financial assistance on a sliding scale to reduce premium costs. Consumers can then compare health insurance plans and choose the plan that works best for their health needs and budget. Depending on their income, some consumers may qualify for the low-cost or no-cost Medi-Cal program.

Covered California is an independent part of the state government whose job is to make the health insurance marketplace work for California’s consumers. It is overseen by a five-member board appointed by the governor and the Legislature. For more information about Covered California, please visit www.CoveredCA.com.

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