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CHCF Issue Brief

by Colin Planalp, MPA

State and Federal Relief Prevented Deep Backslide in Health Care Affordability in California in 2020

In 2020, the start of the COVID-19 pandemic meant the imposition of incredible burdens on every corner of US society, particularly the health care system and the people it serves. Among many concerns were well-founded ones that the COVID-19 crisis could make health insurance and health care unaffordable for even more people — already a long-standing problem in California and other states. The economic fallout caused tens of millions of people to lose their jobs, and many stood to lose their health insurance in addition to their income — potentially adding to the number of people left out by the health care system.

State and federal relief likely provided a backstop that kept the 2020 recession, triggered by the start of the COVID-19 pandemic, from devastating Californians' ability to afford health insurance and care.

For those and other reasons, the US government enacted historic relief programs, including multiple instances of direct cash payments to a majority of US families. Other relief was specific to health care, such as special funding for people who lost their insurance to help pay COBRA (Consolidated Omnibus Budget Reconciliation Act) premiums, and funds to cover COVID-19 testing, treatment, and vaccination for people without health insurance.

Those federal policies coincided with California health insurance reforms that, while developed before the pandemic, were implemented in 2020. They include a state-level individual mandate for people to obtain health insurance, and state-funded subsidies to make health insurance premiums more affordable for individual-market coverage purchased on the Covered California state-based marketplace.

Despite the COVID-19 crisis — and perhaps due in large part to the pandemic relief programs and California's own reforms — data from the California Health Insurance Survey (CHIS) show that Californians were largely protected from the most dire fallout possibilities. During 2020, the state's rate of people under age 65 without insurance declined significantly, bringing it to the lowest rate on record.

At the same time, the rate of Californians going without needed medical care held steady in 2020 compared to the prior year, and fewer people reported that concerns about cost were resulting in them going without medical care. Surprisingly during a deep recession, there was a significant decline in Californians reporting trouble paying medical bills, and in people saying that medical bills caused them to take on credit card debt or to go without basic necessities, such as food and clothing. Despite these overall positive findings, it is important to acknowledge that each of these topics continued to demonstrate clear inequities when examining the data by income levels and by race and ethnicity.

Additionally, the policy interventions that likely influenced these improvements in health insurance and health care affordability are largely temporary. Some pandemic relief programs, such as expanded unemployment benefits, have already ended, while many others are set to end when the federally declared public health emergency expires. Consistent with that, early evidence from the 2022 California Health Policy Survey suggests that some improvements in health care affordability already receded in 2021.[1]

The pandemic and associated events made 2020 a unique year in recent human history, so examining those data in isolation may be misleading when trying to understand the affordability of health insurance and health care, and how those measures might change when crisis supports end. For that reason, this brief will also examine how 2020 affordability measures fit into longer-term trends in California.

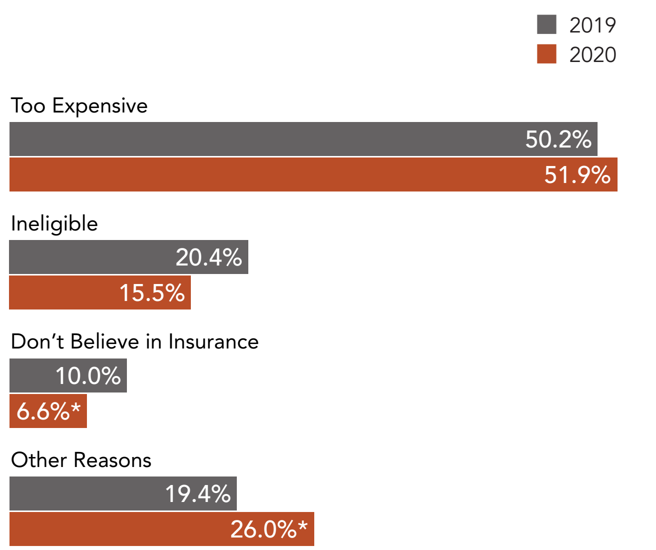
California's Uninsured Rate Declines, Yet Cost Remains Top Reason for Lacking Health Insurance

The rate of Californians under 65 without health insurance reached a historic low in 2020, declining significantly to 7.0%, down from 8.4% in 2019.[2] Because the majority of Californians get health insurance from an employer, broad and deep job losses such as those that occurred during the early days of the pandemic would typically result in many people losing their coverage. But policies enacted before the crisis — such as the Affordable Care Act's Medicaid expansion — as well as during the pandemic (such as Covered California's emergency special enrollment period), offered opportunities for people who may otherwise have lost health insurance to obtain public coverage or financial assistance to purchase individual-market coverage.[3]

Though California's rate of uninsured people has steadily declined since 2013, the cost of insurance is consistently among the top reasons cited for lacking coverage. That again held true in 2020, with 51.9% of uninsured people saying they lacked coverage because it was too expensive, which was not significantly different from 2019 (Figure 1). By comparison, 6.6% of Californians without insurance said they didn't believe in insurance, 15.5% said they were ineligible for coverage, and 26.0% gave some other reason for lacking insurance.

The consistency with which uninsured Californians cite cost as a barrier to coverage demonstrates that affordability of health insurance remains a key challenge in the state. And the fact that affordability has long held as a top reason for people going uninsured suggests that, absent substantial reductions in the cost of insurance to consumers, cost is likely to remain a major barrier to further increasing coverage rates even after the pandemic abates.

Figure 1. Reason for Lacking Health Insurance Among Uninsured Californians, 2019 vs. 2020



* Statistically significant change since 2019 at the 95% level.
Source: SHADAC analysis of the California Health Interview Survey.

Rate of Going Without Needed Care Due to Cost Dropped in 2020

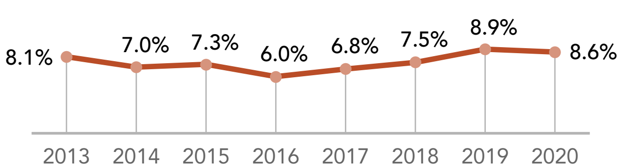
Since 2013, the rate of Californians reporting that they went without needed medical care for any reason has held relatively steady, never climbing above 9.0% or dropping below 6.0% (Figure 2). That trend continued in 2020, with 8.6% of Californians going without needed care, which was not significantly different from the prior year.

It may appear surprising that rates of forgone care would not have been significantly affected, especially during a year when the health care system was overwhelmed with repeated surges of people suffering from COVID-19 and of people reportedly avoiding health care due to fears of catching the virus.[4] However, people may have shifted their behavior during the pandemic in various ways that could have affected their health care utilization. For instance, many people may have only delayed medical care rather than going without it entirely, and perhaps some made use of new options for seeking care more conveniently, such as telemedicine.

Among the 8.6% of Californians who reported forgoing needed medical care in 2020, only a portion of those people — 32.0% — said it was concerns about cost that caused them to go without care (Figure 3). That rate was significantly lower than the rate of 43.6% in 2019. That decline of more than 10 percentage points in a single year was relatively large, but it was consistent with the overall trend since 2013 of fewer people reporting cost as their reason for forgoing needed medical care.

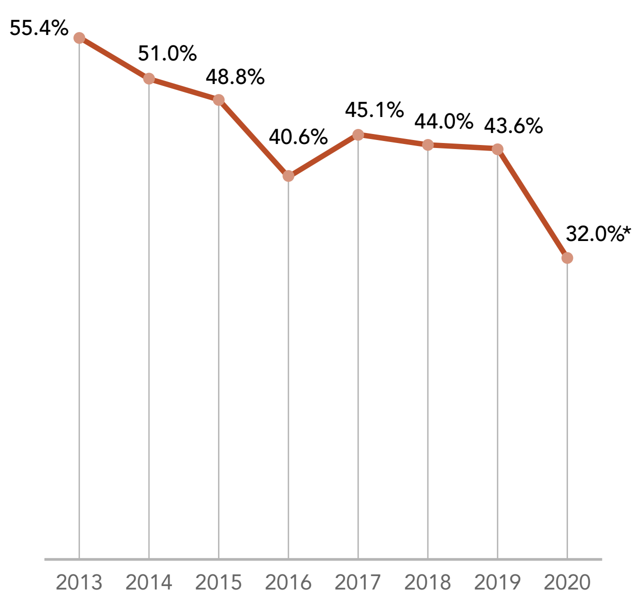
Evidence suggests the pandemic may have caused the change, as surveys have found that many people experienced reduced access to health care nationally in 2020, when providers or patients canceled appointments for reasons involving COVID-19.[5] It's likely that, during a year of massive pandemic upheaval, cost fell into such a lengthy list of reasons for going without health care that it didn't even register as a salient reason for many people.

Figure 2. Californians Going Without Medical Care for Any Reason, 2013–20



Note: No statistically significant changes since 2019 at the 95% level.
Source: SHADAC analysis of the California Health Interview Survey.

Figure 3. Californians Citing Cost as Reason for Forgoing Care, 2013–20



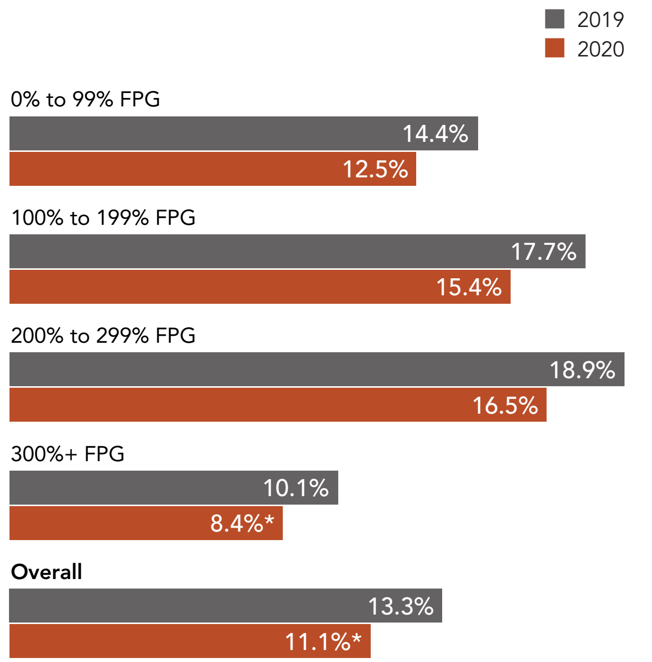
*Statistically significant change since 2019 and 2013 at the 95% level.
Source: SHADAC analysis of the California Health Interview Survey.

Fewer Californians Reported Difficulty Paying Medical Bills

From 2019 to 2020, the rate of Californians reporting that they've had trouble paying medical bills in the past year declined significantly, from 13.3% to 11.1% (Figure 4). Other research shows that Americans' savings rate increased substantially during the pandemic, apparently driven in part by pandemic relief payments and other support programs, such as enhanced and expanded unemployment benefits.[6] It is possible that the same factors that allowed many people to increase their savings during the first year of the pandemic also improved their ability to pay medical bills.

However, in examining the issue by income level, only those with higher incomes saw statistically significant improvement. Californians with lower incomes — 200% to 299% federal poverty guidelines (FPG), 100% to 199% FPG, and below 100% FPG — reported no significant changes. Meanwhile, Californians with incomes of 300% FPG or higher, who already reported the lowest rate of having had trouble paying medical bills, also reported a further decline in their rate, dropping from 10.1% in 2019 to 8.4% in 2020, which was statistically significant.

Figure 4. Californians Reporting Trouble Paying Medical Bills, by Income Level, 2019 vs. 2020



* Statistically significant change since 2019 at the 95% level.

Source: SHADAC analysis of the California Health Interview Survey.

Table 1. 2020 Federal Poverty Guidelines

	100% FPG	200% FPG	300% FPG
1-person household	$12,760	$25,520	$38,280
4-person household	$26,200	$52,400	$78,600

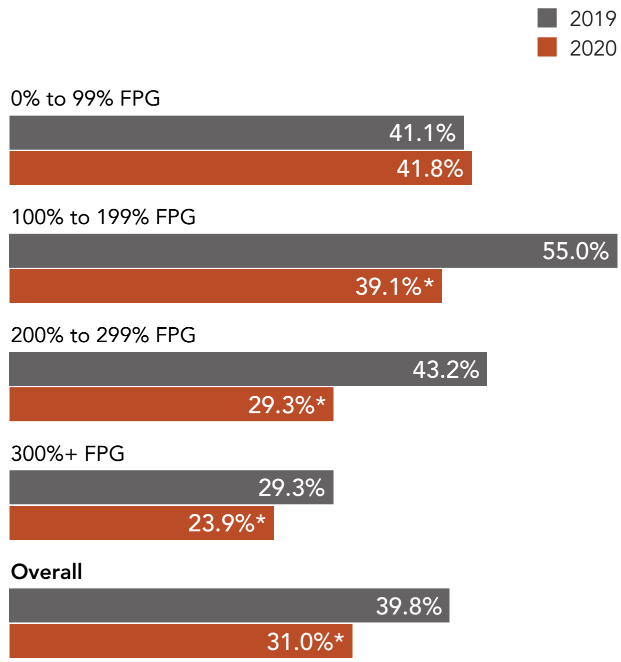
Source: Calculated from the **2020 Poverty Guidelines** published by the US Health and Human Services' Office of the Assistant Secretary for Planning and Evaluation.

Less Trouble Affording Necessities Due to Medical Bills in 2020

In 2020, the rate of Californians who reported having trouble paying for basic necessities (such as food or clothing) because of medical bills declined significantly to 31.0% from 39.8% in 2019 (Figure 5). This is unexpected during a severe economic downturn that caused millions of job losses, and it was likely influenced by factors, such as pandemic relief programs, that apparently reduced people's trouble paying medical bills.

Rates of trouble paying for necessities due to medical bills also declined across most income levels. The percentage of Californians with incomes from 100% to 199% FPG reporting trouble paying for basic necessities due to medical bills declined a relatively large and statistically significant amount, from 55.0% in 2019 to 39.1% in 2020. And Californians with incomes from 200% to 299% reported a similarly large and statistically significant decline, from 43.2% to 29.3%. Even higher-income Californians reported a smaller but statistically significant decline, from 29.3% to 23.9%. However, the percentage of Californians with incomes less than 100% FPG who reported trouble paying for necessities due to medical bills held statistically steady at 41.8% in 2020.

Figure 5. Californians Reporting Trouble Affording Necessities Due to Medical Bills, by Income Level, 2019 vs. 2020



* Statistically significant change since 2019 at the 95% level.
Source: SHADAC analysis of the California Health Interview Survey.

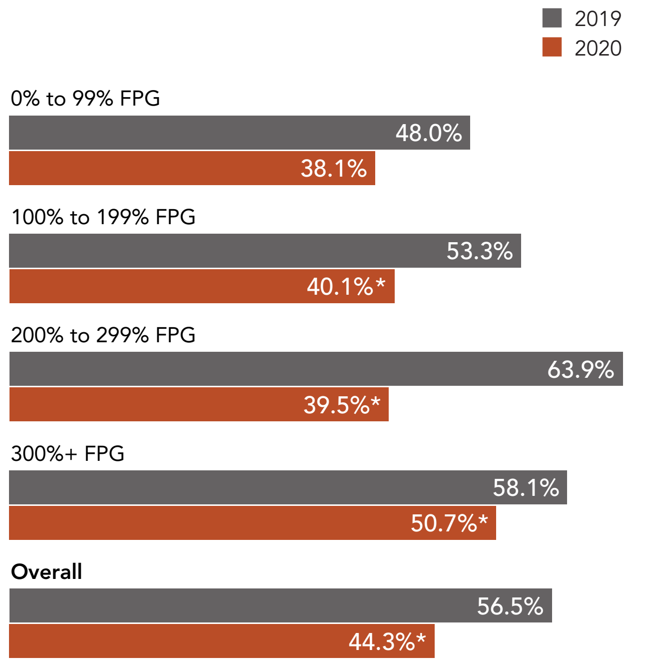
Practice of Using Credit Card Debt to Finance Medical Bills Declined

In 2020, the rate of Californians who reported taking on credit card debt to finance medical bills declined significantly, from 56.5% in 2019 to 44.3% (Figure 6). This finding is consistent with data from the US Consumer Financial Protection Bureau showing an overall credit card debt decline that was "unprecedented in speed and magnitude" during 2020.[7]

That finding held consistent for Californians across income levels — except for those with the lowest incomes. People with incomes of 300% FPG or higher reported a significant decline in using credit card debt to pay medical bills, from 58.1% in 2019 to 50.7% in 2020. People with incomes from 200% to 299% FPG also reported a significant decline, from 63.9% to 39.5%, as did those with incomes from 100% to 199% FPG, declining from 53.3% to 40.1%. However, the rate of Californians with incomes below 100% FPG who reported using credit card debt to finance medical bills remained statistically unchanged, at 38.1% in 2020.

Among those who reported using credit card debt to finance medical bills, nearly one-third (30.9%) said they took on $4,000 or more in debt, which was not significantly different from the rate in 2019.

Figure 6. Rate of Californians Using Credit Card Debt to Finance Medical Bills, by Income Level, 2019 vs. 2020



* Statistically significant change since 2019 at the 95% level.
Source: SHADAC analysis of the California Health Interview Survey.

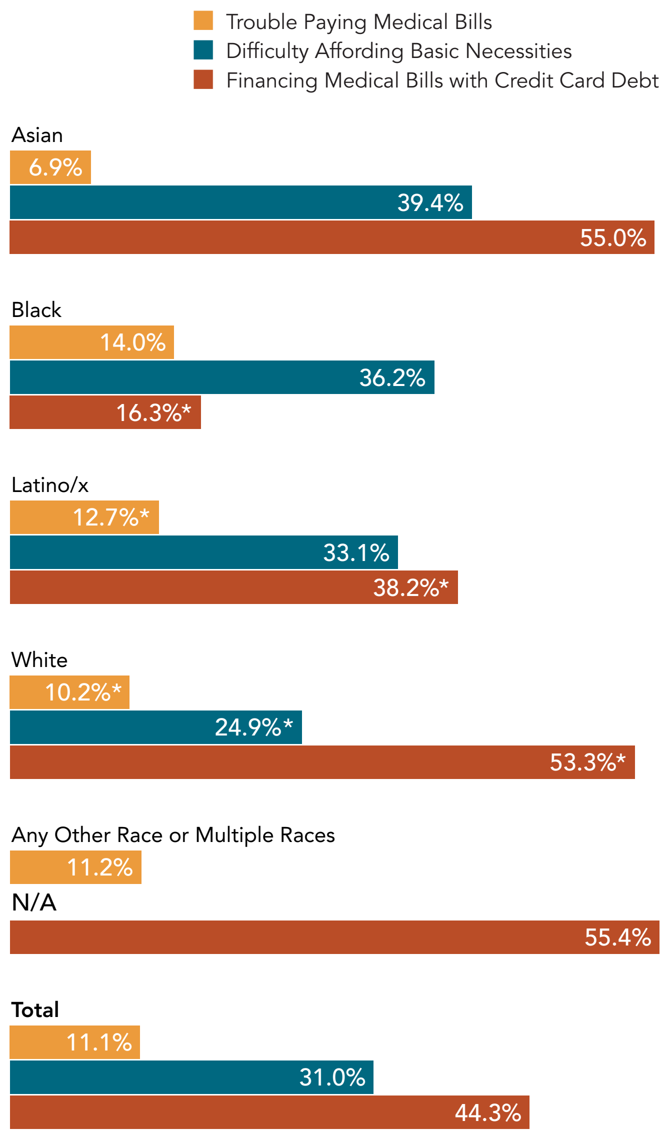
Racial and Ethnic Disparities Persisted in 2020

Although California experienced significant improvements in some measures of health care and insurance affordability in 2020, certain long-standing inequities persisted. Examining data by race and ethnicity demonstrates a clear pattern wherein certain groups suffered higher financial burden of a health system that doesn't serve Californians equitably.

- Black people reported the highest rate of trouble paying medical bills in 2020, at 14.0%, followed closely by Latinos/x, at 12.7% (Figure 7).
- Asians, Black people, and Latinos/x also reported similarly high rates of trouble paying for necessities due to medical bills (39.4%, 36.2%, and 33.1%, respectively).
- Black people and Latinos/x reported among the lowest rates of using credit card debt to finance medical bills (16.3% and 38.2%, respectively). While that may appear encouraging at first glance, their higher rates of trouble paying medical bills and difficulty affording basic necessities due to medical bills suggest that Black people and Latinos/x are facing serious health care affordability issues but lack access to credit, which allows White people and Asians to finance medical bills at higher rates (53.3% and 55.0%, respectively).

Other historical patterns of inequity also persisted into 2020. There was little difference between rural and urban Californians in issues of health care and insurance affordability. However, there were clear disparities by health insurance coverage types. For instance, Californians without health insurance reported the highest rate of going without needed health care during the pandemic — and 84.9% of those who went without care cited cost as the main reason, compared to 32.0% for the overall state population.

Figure 7. Disparities in Medical Bill Affordability Measures, by Race/Ethnicity, 2020



* Statistically significant difference from total population rate at the 95% level.
Source: SHADAC analysis of the California Health Interview Survey.

Conclusion and Discussion

Our analysis about California health care and insurance affordability during 2020 demonstrates findings that few expected in the early days of the COVID-19 crisis. Despite concerns that the pandemic might result in massive increases in rates of people without insurance and serious setbacks for people's ability to afford health care, data from the 2020 CHIS show otherwise — with affordability issues not departing dramatically from prepandemic patterns and trends. And while our analysis of the 2020 CHIS does demonstrate some differences from other survey — such as the California Health Care Foundation's California Health Policy Survey, conducted in late 2020 and early 2021 — those differences are not surprising due to factors such as differences in survey questions and timing, an especially important issue in such a dynamic and volatile situation as the COVID-19 crisis.[8]

Together, our findings provide some encouraging news. In a year of massive economic upheaval that would typically have caused serious financial problems for many Californians, they instead reported improvements in health care and insurance affordability. However, evidence suggests that those 2020 improvements were likely due, at least in part, to federal programs that put extra cash in people's pockets through expanded unemployment benefits, economic relief checks, and other programs aimed at ensuring access to health coverage during the pandemic.

Because those programs were mostly designed to be temporary, and some already have expired, many of those measures could backslide in future years. Additionally, the historically high inflation of 2021 also is likely to strain people's finances in ways that hurt health care and insurance affordability.

But the fact that California experienced such measurable improvements in health insurance and health care affordability during a broad and deep recession shows that those problems don't have to be intractable. In the future, it will be key to monitor these measures as policymakers in California and at the federal level consider initiatives to protect people against unaffordable health care and insurance costs, which remain a long-term challenge.

About the Author

Colin Planalp, MPA, is a senior research fellow at the State Health Access Data Assistance Center (**SHADAC**), where he leads a range of projects aimed at helping states use data to inform policy.

About the Foundation

The **California Health Care Foundation** is dedicated to advancing meaningful, measurable improvements in the way the health care delivery system provides care to the people of California, particularly those with low incomes and those whose needs are not well served by the status quo. We work to ensure that people have access to the care they need, when they need it, at a price they can afford.

CHCF informs policymakers and industry leaders, invests in ideas and innovations, and connects with changemakers to create a more responsive, patient-centered health care system.

Endnotes

1. Rebecca Catterson, Lucy Rabinowitz, and Emily Alvarez, ***The 2022 CHCF California Health Policy Survey***, California Health Care Foundation (CHCF), January 2022.
2. Lacey Hartman, ***Coverage During a Crisis: Insured Rate for Californians Hits Historic High in First Year of COVID-19 Pandemic***, CHCF, January 2022.
3. "**California Responds to COVID-19 Emergency by Providing Path to Coverage for Millions of Californians**," Covered California, March 20, 2020.
4. Mark É. Czeisler et al., "**Delay or Avoidance of Medical Care Because of COVID-19–Related Concerns — United States**," *Morbidity and Mortality Weekly Reports* 69, no. 36 (Sept. 11, 2020): 1250–57.
5. Colin Planalp, Giovann Alarcon, and Lynn Blewett, ***Coronavirus Pandemic Caused More Than 10 Million U.S. Adults to Lose Health Insurance***, State Health Access Data Assistance Center, May 14, 2020.
6. A. Lee Smith, "**Why Are Americans Saving So Much of Their Income?**," Federal Reserve Bank of Kansas City, December 4, 2020.
7. ***The Consumer Credit Card Market Report***, Consumer Financial Protection Bureau, September 2021.
8. Catterson, Rabinowitz, and Alvarez, CHCF Survey.