

CHBRP Benefit Coverage, Cost, and Utilization (Cost)

California Health Benefits Review
Program

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Cost Impact Analysis

➤ Per our authorizing statute, CHBRP addresses the following for *each* proposed mandate:

1. Will more enrollees **have coverage** for benefit/treatment?
2. How will **utilization change** if the benefit/treatment is covered?
3. What is the **marginal/incremental change in cost** as a result of the change in coverage and change in utilization of the benefit/treatment?



Step 1: Establishing a Baseline Population and Premium Model

- Before estimating the marginal impacts, CHBRP develops a baseline.
- CHBRP's Baseline Model estimates:
 - Enrollees: How many people in CA have state-regulated health insurance
 - Expenditures: What are total health expenditures?
 - o Premiums
 - o Cost-sharing (copayments, deductibles)
 - o Non-covered expenses



Sources for CHBRP

2014 Baseline Estimates

Snapshot of state population

- California Health Interview Survey

CaSIM

Health insurance at CA firms

- California Employer Health Benefits Survey

What does health insurance cost?

- California Employer Health Benefits Survey
- Survey of 7 largest carriers (97% of market)

ACA Impacts

Enrollment in public programs

- Administrative information from state agencies

Bill-Specific Adjustments to Model Cost Impact

	<u>Step 2:</u> Premandate (Baseline)	<u>Step 3:</u> Postmandate (Marginal Change)
<u>A.</u> Benefit Coverage	How many are <u>currently covered</u> for the relevant treatments/services?	How many would be <u>newly covered</u> ?
<u>B.</u> Utilization	Are enrollees <u>using</u> the treatment/service <u>now</u> ?* *Regardless of whether they have coverage	Will demand/utilization <u>change</u> if enrollees have coverage?
<u>C.</u> Expenditures	What are <u>current total costs</u> associated with the treatments/services?	What is the <u>marginal change</u> in costs resulting from change in coverage and utilization?

Table 1 Summarizes CHBRP Model Findings

Table 1. AB 1738 Impacts on Benefit Coverage, Utilization, and Cost, 2012

	Before Mandate	After Mandate	Increase/Decrease	Change After Mandate
Benefit Coverage				
Total enrollees with health insurance subject to state-level benefit mandates(a)	21,882,000	21,882,000	0	0%
Total enrollees with health insurance subject to AB 1738	21,882,000	21,882,000	0	0%
Number of Enrollees with Counseling Coverage				
No coverage	3,765,607	0	-3,765,607	-100.0%
Coverage, with cost sharing	735,467	0	-735,467	-100.0%
Full coverage, no cost sharing	17,380,926	21,882,000	4,501,074	25.9%
Number of Enrollees with OTC Drug Coverage				
No coverage	8,417,064	0	-8,417,064	-100.0%
Coverage, with cost sharing	8,757,726	0	-8,757,726	-100.0%
Full coverage, no cost sharing	4,707,211	21,882,000	17,174,789	364.9%
Number of Enrollees with Prescription				



Example: Tobacco Cessation

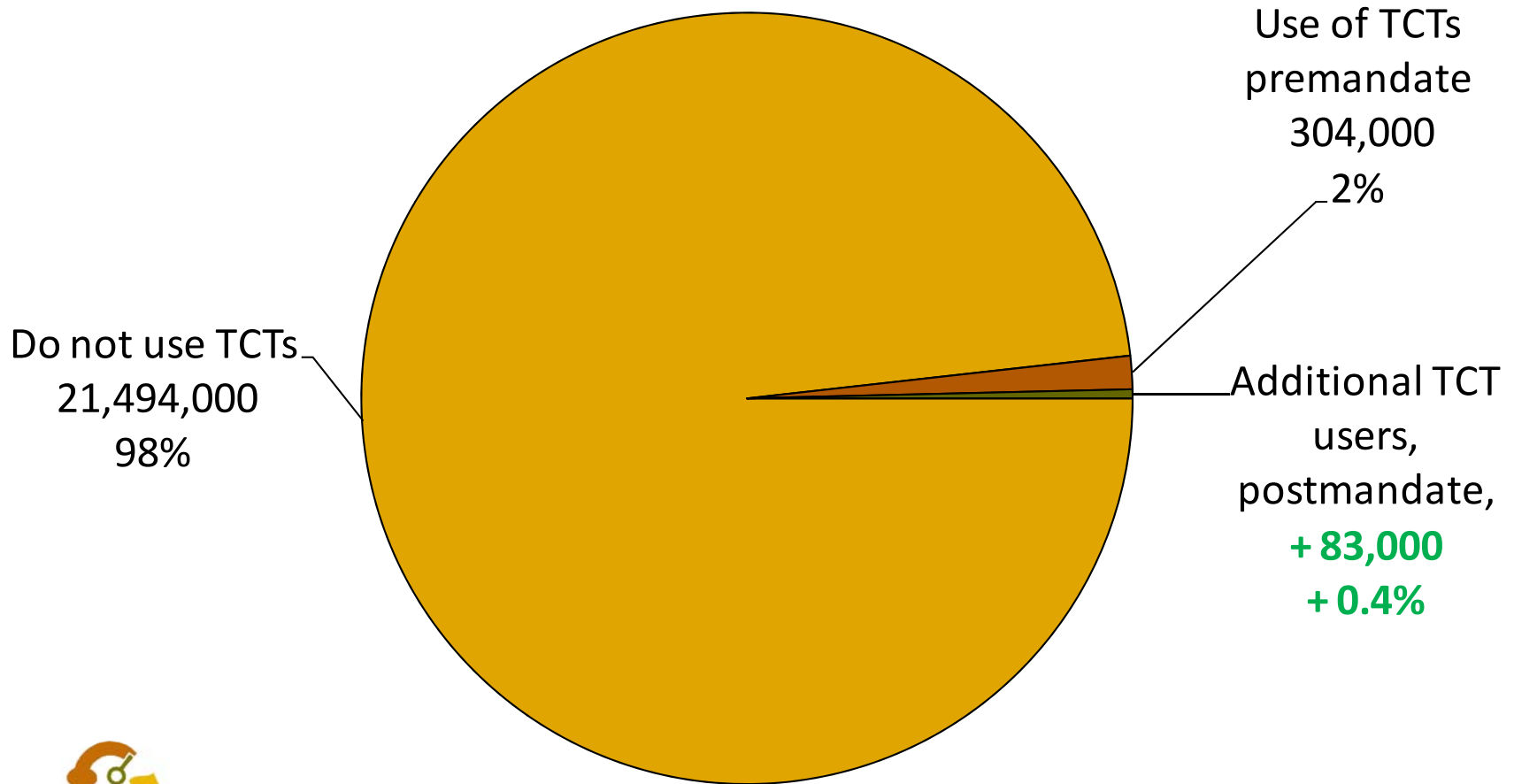
A. Benefit Coverage

	Pre-mandate	Post-mandate	Marginal Change in Coverage
Over-the-counter Drugs	21.5%	100%	+ 78.5%

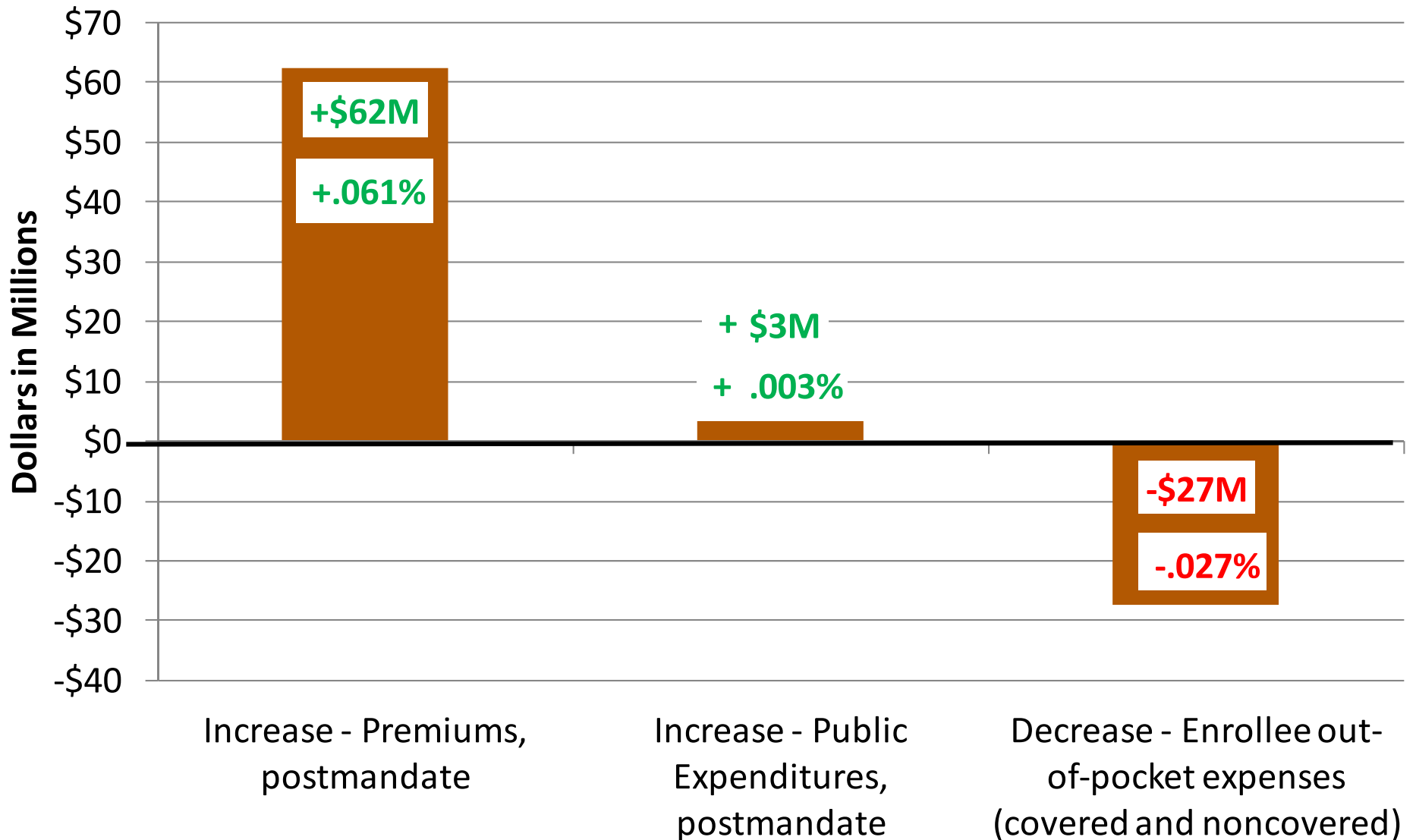


B. Marginal Change in Utilization of One or More Tobacco Cessation Treatments (TCTs)

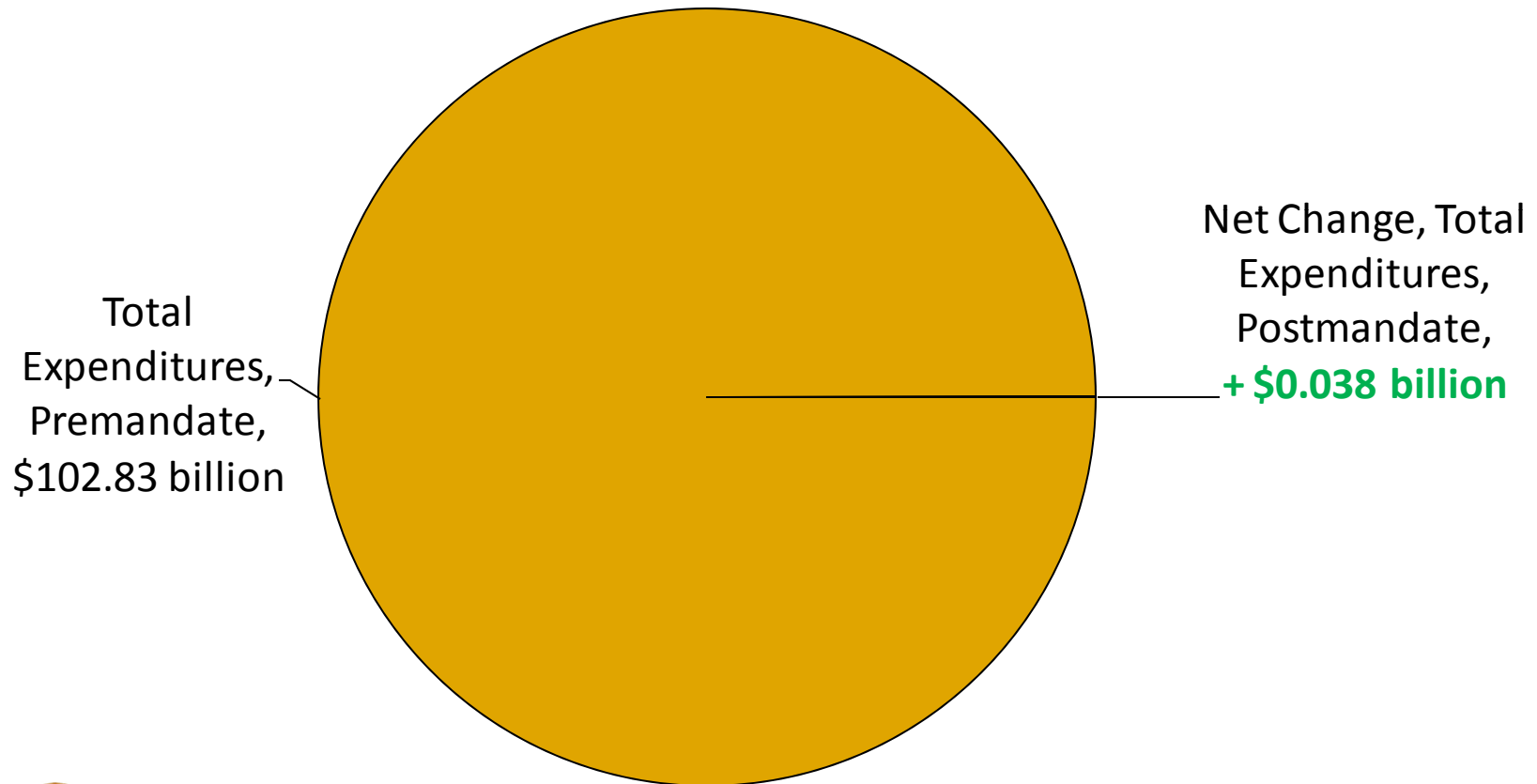
Total enrollees in state-regulated health insurance = 21.9 million



C. Change in Total Expenditures from Tobacco Cessation Mandate



C. Change in All Health Insurance Expenditures, Post Tobacco Cessation Treatment Mandate



Total Premiums + Enrollee Expenses, Postmandate = \$102.9 billion

Conclusions

- The Affordable Care Act (ACA) changes the baseline estimates.
- CHBRP estimates the **marginal change** in utilization or total expenditures.
- Estimates reflect costs one year post enactment.

