

# California Health Benefits Review Program

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Briefing: Health Insurance Benefit Mandate/Repeal Bills

January 16, 2014



# California Health Benefits Review Program

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CHBRP Overview

Garen Corbett  
Director

January 16, 2014

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# Outline for this Briefing

- Overview of CHBRP
- The Process for Benefit Mandates
- Health Insurance “101” – Primer
- CHBRP’s Approach to Analyzing Mandate Bills
  - Medical Effectiveness Analysis
  - Benefit Coverage, Cost, Utilization Analysis
  - Public Health Analysis

# What is CHBRP?

- A program administered by the University of California, but institutionally independent
- Provides timely, evidence-based information to the Legislature
- Charged with analyzing:
  - The 1) medical effectiveness, 2) projected cost, and 3) public health impacts of health insurance benefit mandates or repeals

# CHBRP Reports Enhance Understanding

- Leverages broad areas of expertise of University of California faculty and researchers to perform evidence-based analysis
- Neutral – without specific policy recommendations
- Requested to complete each analysis within 60 days
- To date, CHBRP has produced 94 analytic reports or issue analyses, 14 letters, as well as numerous other resources and materials

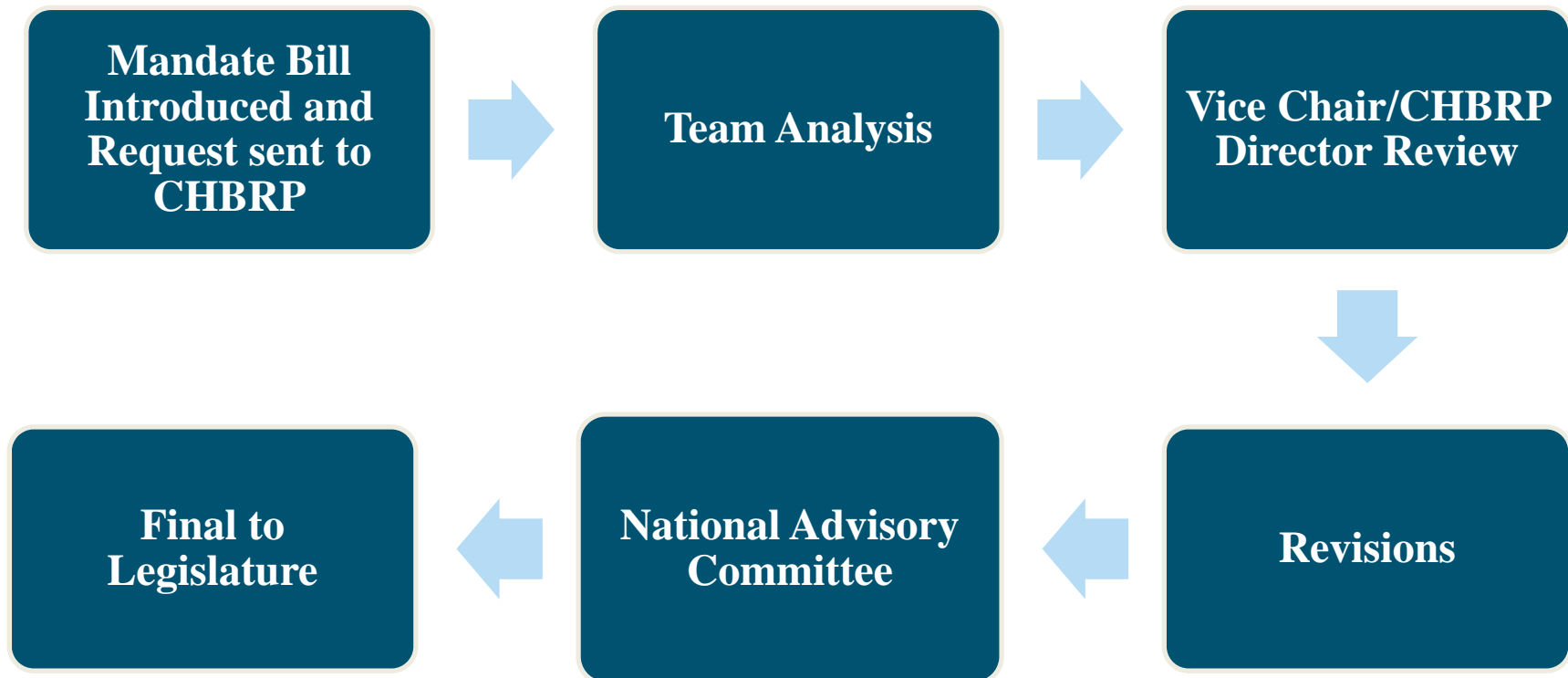
# CHBRP Reports Enhance Understanding

- Health Insurance Benefits:
  - Benefits are tests/treatments/services appropriate for one or more conditions/diseases
- A Health Insurance Benefit Mandate is:
  - A requirement imposed on health insurance (whether publicly financed or privately financed) to cover specific benefits or alters terms and conditions of coverage

# How CHBRP Works

- Upon receipt of Policy Committee (or Leadership) request, CHBRP convenes multi-disciplinary, analytic teams
- Each team evaluates:
  - **Medical Effectiveness:** Does a treatment work?
  - **Cost:** Will enrollees use it?  
How much will it cost?
  - **Public Health:** What impact will this have on the community's overall health?

# CHBRP's 60-Day Timeline





# CHBRP's Website: [www.chbrp.org](http://www.chbrp.org)



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HEALTH BENEFITS REVIEW PROGRAM  
*Providing Objective Legislative Analysis*

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### Whats New...



CHBRP has posted its presentations from its recent panel at the International Society on Priorities in Health Care (ISPHC)

**ADD ME**  
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### Latest Tweets

about a date ago - RT @gov Ac

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CALIFORNIA HEALTH BENEFITS REVIEW PROGRAM



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Health Insurance “101”

John Lewis

Associate Director

January 16, 2014  
CALIFORNIA HEALTH BENEFITS REVIEW PROGRAM

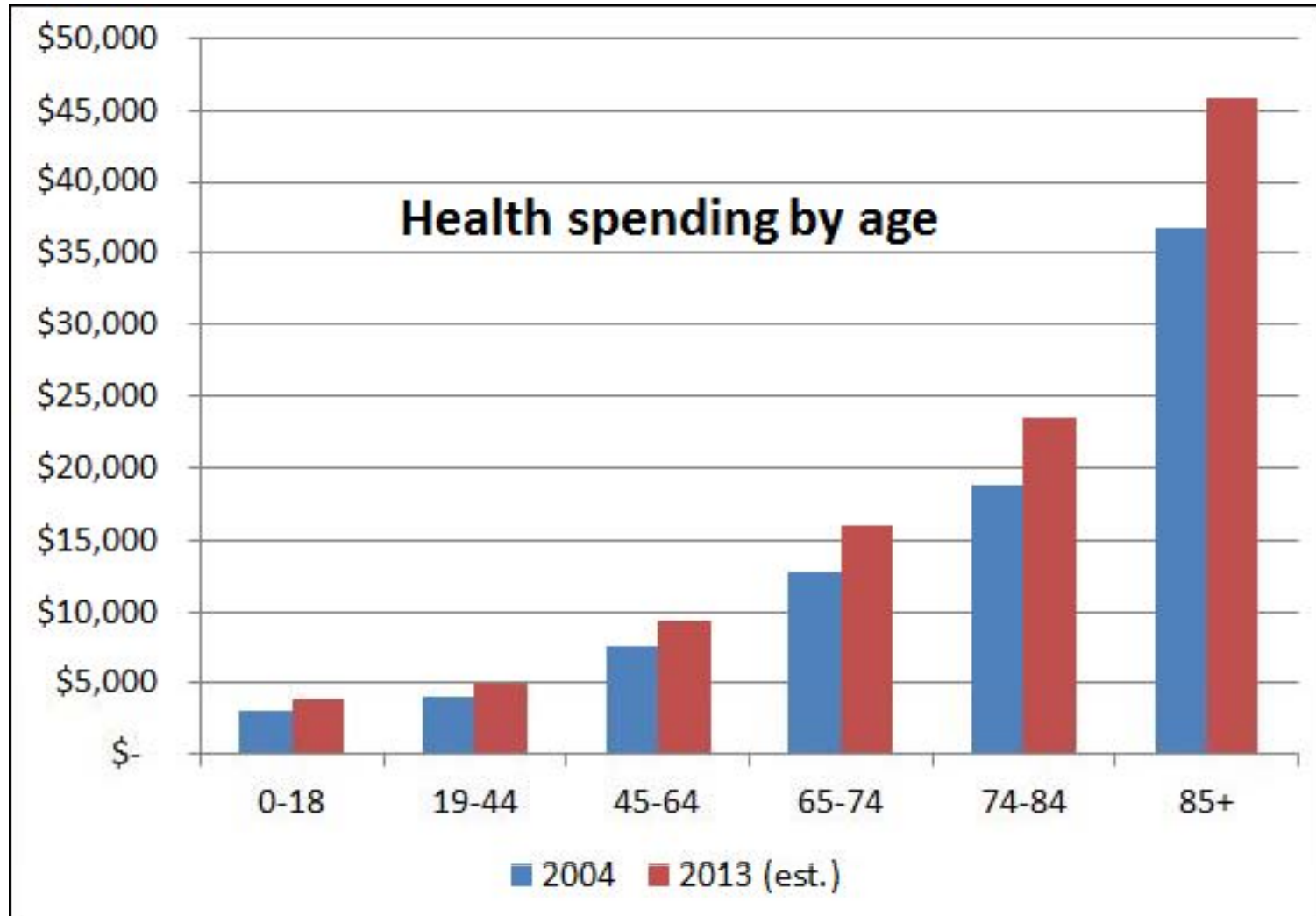


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# What is Health Insurance?

Insurance against some or all financial loss due to ill health, or, an agreement that a 3<sup>rd</sup> party will help defray medically necessary health spending.

# Estimate: US Health Spending by Age



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# Health Insurance in California

## Health Service Plan Contracts

- Regulated by DMHC
- Subject to CA Health & Safety Code



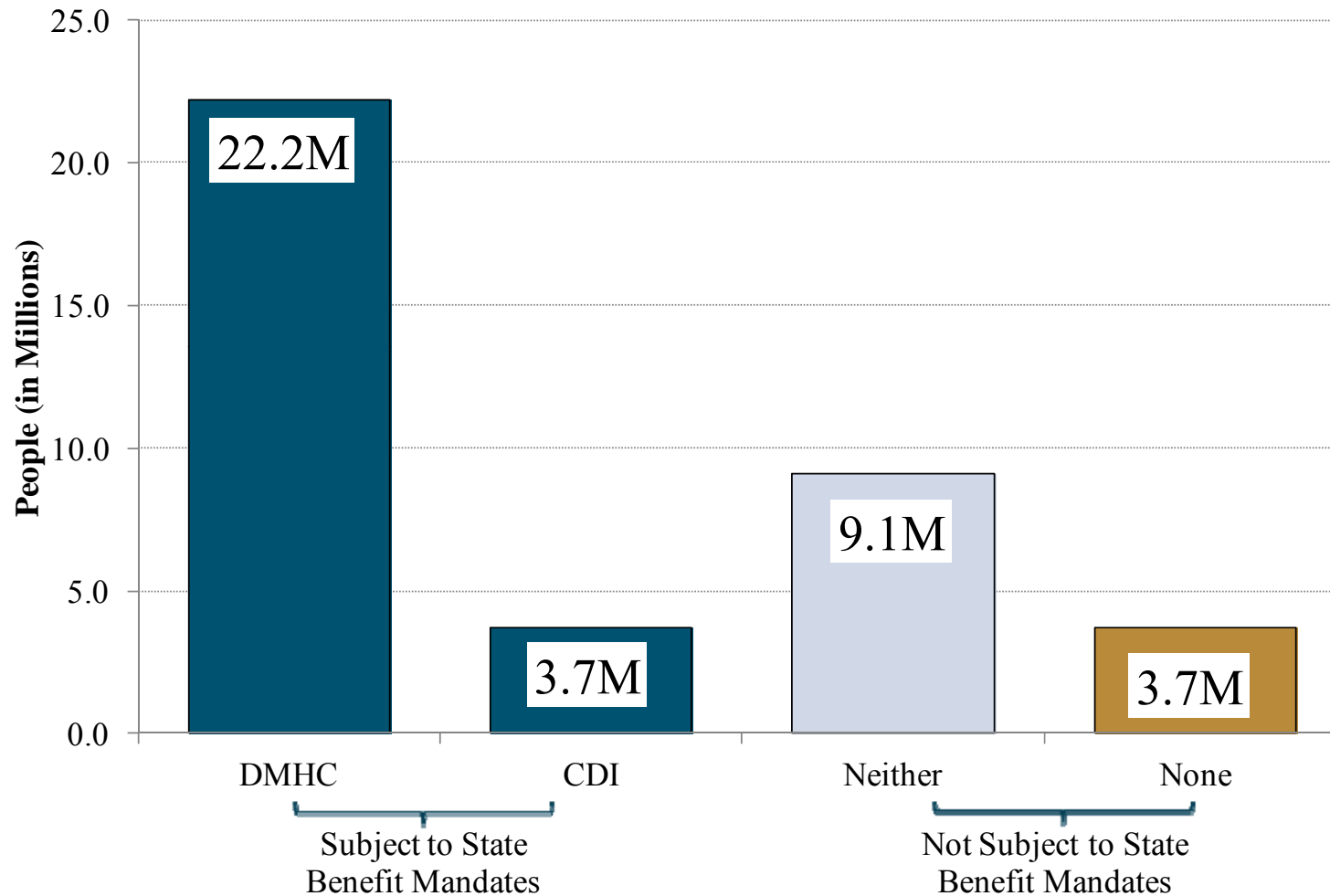
# Health Insurance in California

## Health Insurance Policy

- Regulated by CDI
- Subject to CA Insurance Code



# Estimate: CA Insurance Source, 2014



California Health Benefits Review Program, 2013



# Health Insurance Markets in California

<b>DMHC-Regulated Plans</b>	<b>CDI-Regulated Policies</b>
Large Group	Large Group
Small Group	Small Group
Individual	Individual
Medi-Cal Managed Care	-----

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# What are Benefit Mandates?

They are laws requiring health insurance to:

- Cover screening, diagnosis, or treatment for a condition or disease
- Cover specific treatments or services
- Cover specific types of providers
- Apply specific terms to benefit coverage (such as visit limits, co-pays, etc)

# What are Benefit Mandates?

## California Health Benefits Review Program

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Resource:

[Health Insurance Benefit Mandates in  
California State and Federal Law](#)

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January 14, 2014

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# What are Benefit Mandates?

## Federal Laws

- Pregnancy Discrimination Act
- Newborns' & Mothers' Health Protection Act
- Women's Health and Cancer Rights Act
- Mental Health Parity and Addiction Equity Act
- Affordable Care Act

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# Conclusion

- What is health insurance?
- Who regulates it?
- What is a benefit mandate?

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How to Read a CHBRP Report

Laura Grossmann and Hanh Kim Quach  
Principal Analysts

January 16, 2014  
CALIFORNIA HEALTH BENEFITS REVIEW PROGRAM



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# CHBRP Report Sections

- Introduction
- Background
- Medical Effectiveness
- Cost Impacts (Benefit Coverage, Utilization, and Cost Impacts)
- Public Health Impacts
- Long Term Impacts



# Introduction and Background



# What you can find in the Introduction

- Bill interpretation
- Key assumptions: How CHBRP approached analysis of the bill
- How the mandate would interact with:
  - Existing state law and state mandates
  - Existing federal law and federal mandates, including:
    - Affordable Care Act
    - Federal Preventive Services in the ACA

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# What you can find in the Background Section

- Provides background information on the condition or disease, which can include:
  - A description of the condition or disease;
  - Estimates of how widespread the disease or condition is and of the risk of getting the disease;
  - Information on treatment(s); and
  - The impact of the disease on specific populations.

# Medical Effectiveness



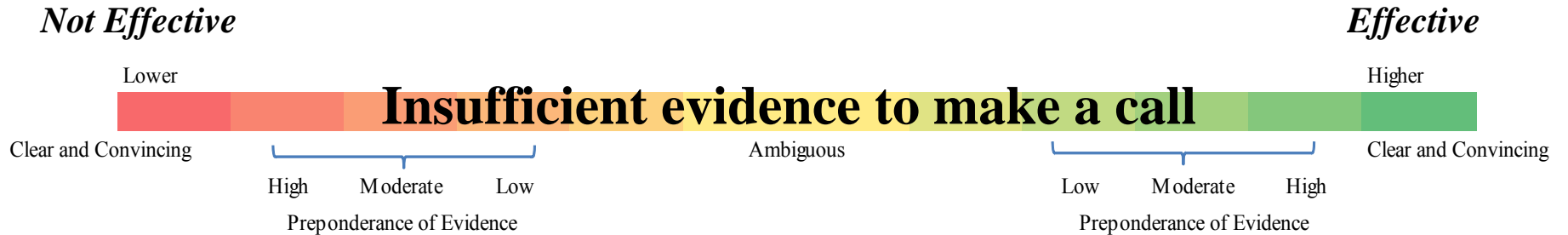
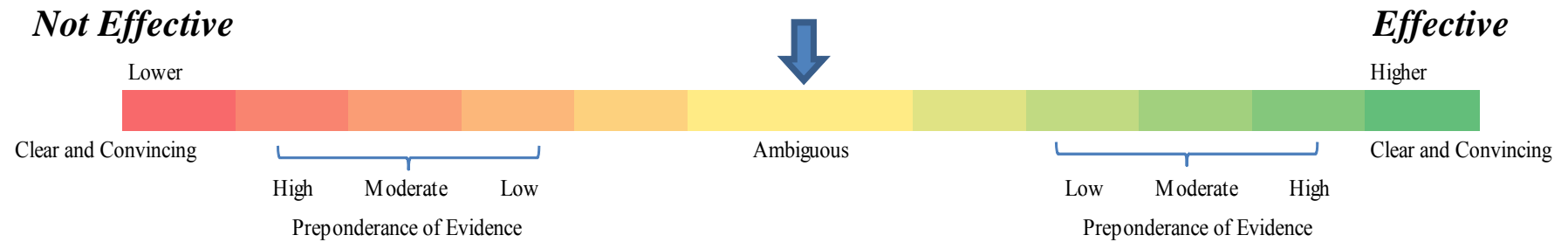
# What does the Medical Effectiveness section tell you?

- Answers the question: “Does scientific evidence indicate whether the treatment works?”
  - Scientific evidence includes:
    - Peer-reviewed publications, (e.g., published randomized control trials and other studies);
    - Other published information, (e.g., clinical guidelines); and
    - Expert opinion.

# Medical Effectiveness Categories of Evidence

<b>Clear &amp; Convincing</b>	<b>Preponderance of Evidence</b>	<b>Ambiguous / Conflicting</b>	<b>Insufficient Evidence</b>
<b>It works.</b>  <b>OR</b>  <b>It doesn't work.</b>	<b>It seems to work.</b>  <b>OR</b>  <b>It seems not to work.</b>	<b>The evidence cuts both ways.</b>	<b>There is not enough evidence to determine whether it does or does not work.</b>

# New this year! – Summary Graphic



# Report Examples

## **Summary of findings regarding embryo cryopreservation.**

There is a **preponderance of evidence** that embryo cryopreservation is an effective method of fertility preservation measured by three different outcomes: successful thawing of embryos; successful implantation of embryos; and resulting live births.

## **Summary of findings regarding ovarian transposition.**

There is **insufficient evidence** as to the effectiveness of ovarian transposition in fertility preservation. A grade of *insufficient* evidence indicates that there is not enough evidence available to know whether or not a treatment is effective—it does not indicate that a treatment is not effective. Despite this, it stands to reason that under specific circumstances, females undergoing pelvic radiation where there is a high risk of ovarian failure may want to consider ovarian transposition as a method of fertility preservation.



# Cost Impact Analysis



# Why Cost Impact Analysis?

- Would more enrollees receive coverage (for the treatment/service)?
- Would more enrollees (now with coverage) use the treatment/service?
- How much more could this cost?
  - Employers?
  - Enrollees?
  - State?
- Is this how California wants to spend its health care dollars?

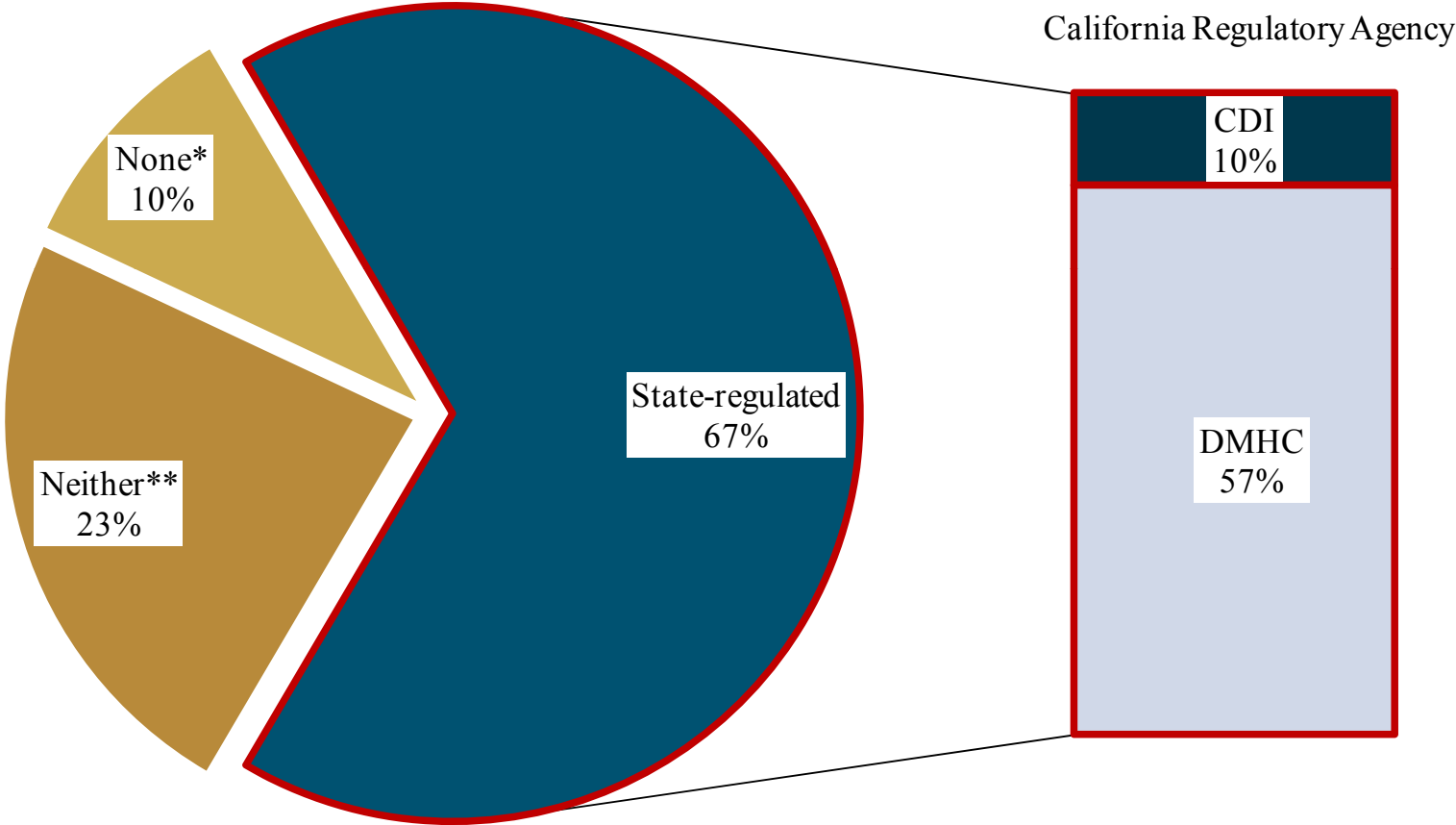
# Cost Impact Analysis Answers Policymakers' Questions

- Cost Impact Analysis measures incremental change in three areas:
  - **Coverage:** Will more enrollees have coverage for the treatment/service?
  - **Utilization:** Now that enrollees have coverage for the treatment/service, will demand and use of the treatment/service change?
  - **Cost:** What is the change in total cost – taking into account *both* the change in coverage and change in utilization of a treatment/service.

# Important to Note About Cost Impact Analysis

- **Estimates:** They are estimates.
- **12-month timeframe:** They reflect a world 12 months after enactment of the benefit.
- **Affects only state-regulated health insurance:** Not all enrollees with health insurance will be affected, only those with state-regulated health insurance, or insurance specified in the proposed mandate.

# CHBRP Analyzes Incremental Impact on State-Regulated Health Insurance



\* None = Uninsured  
\*\* Neither = Federally regulated

Source: California Health Benefits Review Program, 2013

# Results of CHBRP Cost Impact Analysis

Three “standard” tables in most reports:

- **Table 1** “Impacts on Benefit Coverage, Utilization, and Cost, 2015”
  - Found at the end of Executive Summary.
- **Table “X”** “Per Member Per Month Premiums and Total Expenditures by Market Segment, California, 2015.”
  - Found at the end of the *Benefit Coverage, Utilization, and Cost* Section
- **Table “Y”** “Impacts of the Mandate on Per Member Per Month Premiums and Total Expenditures by Market Segment, California, 2015.”
  - Found at the end of the *Benefit Coverage, Utilization, and Cost* Section

# Table 1. Summarizes CHBRP Findings

Table 1. AB/SB XX Impacts on Benefit Coverage, Utilization, and Cost, 2015

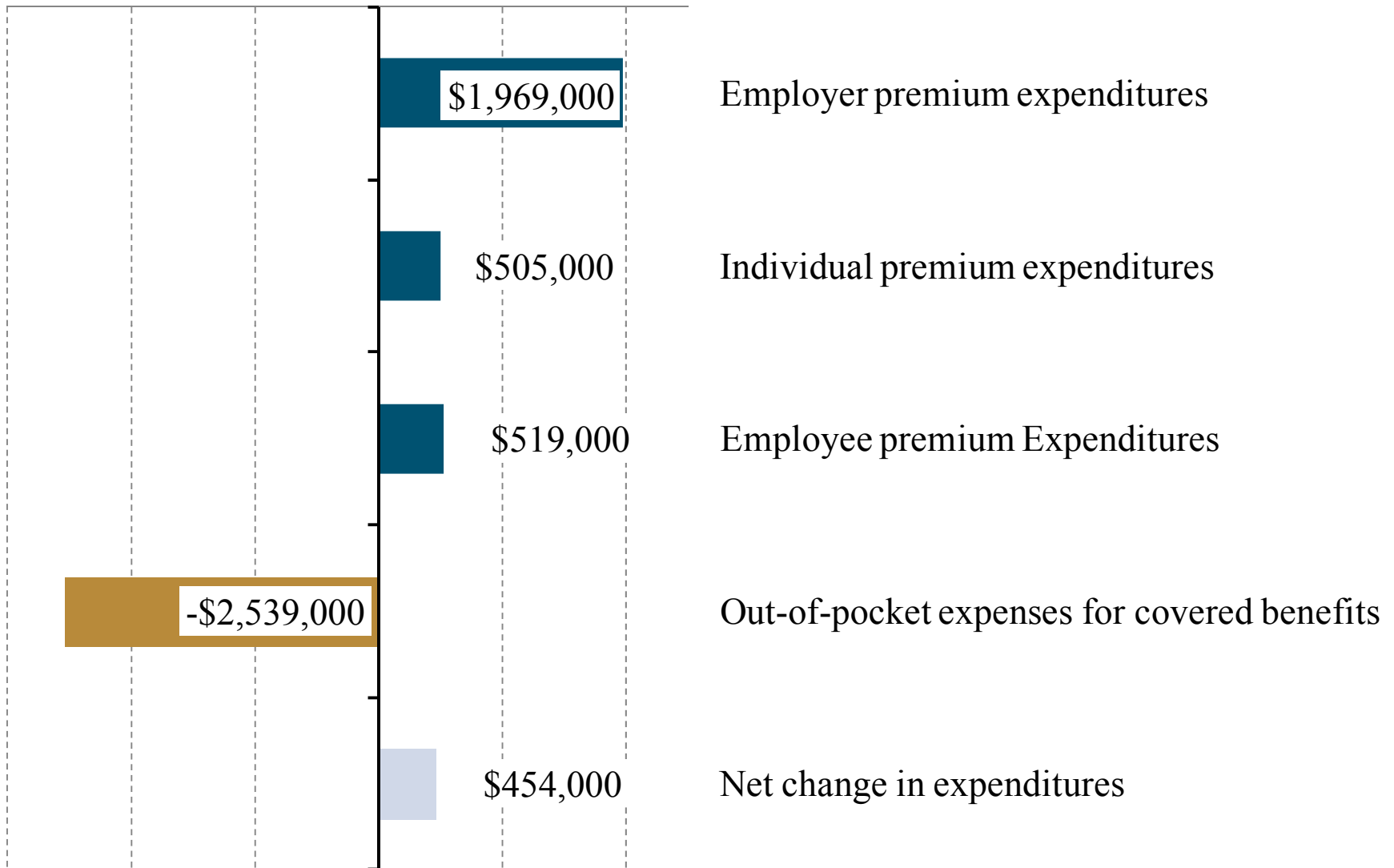
	Premandate	Postmandate	Increase/ Decrease	Change Postmandate
<b>Benefit coverage</b>				
Total enrollees with health insurance subject to state benefit mandates (a)	25,899,000	25,899,000	0	0%
Total enrollees with health insurance subject to SB/AB XXX	25,899,000	25,899,000	0	0%
Percentage of enrollees with coverage for the mandated benefit	90%	100%	-10%	11%
Number of enrollees with coverage for the mandated benefit	23,309,100	25,899,000	(2,589,900)	11%
<b>Utilization and Cost</b>				
Number of enrollees using benefit	25,899,000	25,899,000	0	0%
Average per-unit cost	\$855.52	\$855.52	\$0	0%
<b>Expenditures</b>				
<i>Premium Expenditures by Payer</i>				
Private employers for group insurance	\$78,385,161,000	\$78,387,130,000	\$1,969,000	0.0025%
CalPERS HMO employer expenditures (c)	\$4,016,233,000	\$4,016,233,000	\$0	0.0000%
Medi-Cal Managed Care Plan expenditures	\$12,480,492,000	\$12,480,492,000	\$0	0.0000%
Enrollees for individually purchased insurance	\$13,639,719,000	\$13,640,224,000	\$505,000	0.0037%
Enrollees with group insurance, CalPERS HMOs, Covered California, and Medi-Cal Managed Care (b)	\$21,272,946,000	\$21,273,465,000	\$519,000	0.0024%
<i>Enrollee Expenses</i>				
Enrollee out-of-pocket expenses for covered benefits (deductibles, copayments, etc.)	\$14,462,198,000	\$14,459,659,000	-\$2,539,000	-0.0176%
Enrollee expenses for noncovered benefits (d)	\$6,500,000	\$6,500,000	\$0	0.0000%
<b>Total expenditures</b>	<b>\$144,263,249,000</b>	<b>\$144,263,703,000</b>	<b>\$454,000</b>	<b>0.0003%</b>

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## Change in Total and Aggregate Expenditures by Category Postmandate



# CHBRP Estimates Segment-Level Changes Per Member and in Total

TABLE Y. Impacts of the Mandate on Per Member Per Month Premiums and Total Expenditures by Market Segment, California,

	DMHC-Regulated						CDI-Regulated			Total
	Privately Funded Plans (by Market) (a)			Publicly Funded Plans			Privately Funded Plans (by Market) (a)			
	Large Group	Small Group	Individual	CalPERS HMOs (b)	MCMC (Under 65) (c)	MCMC (65+) (d)	Large Group	Small Group	Individual	
<b>Enrollee Counts</b>										
Total enrollees in plans/policies subject to state mandates (e)	11,289,000	2,479,000	1,029,000	854,000	5,203,000	688,000	539,000	1,315,000	1,877,000	25,899,000
Total enrollees in plans/policies subject to	11,023,883	2,479,000	1,029,000	854,000	5,203,000	688,000	538,696	1,304,827	1,874,807	25,621,212
<b>Premium Costs</b>										
Average portion of premium paid by	\$0.01	\$0.01	\$0.00	\$0.00	\$0.00	\$0.00	\$0.01	\$0.01	\$0.00	\$1,969,000
Average portion of premium paid by	\$0.00	\$0.01	\$0.01	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.01	\$1,024,000
<b>Total premium</b>	<b>\$0.01</b>	<b>\$0.01</b>	<b>\$0.01</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.01</b>	<b>\$0.01</b>	<b>\$0.01</b>	<b>\$2,993,000</b>
<b>Enrollee Expenses</b>										
Enrollee expenses for covered benefits (deductibles, copays,	-\$0.01	-\$0.01	-\$0.01	\$0.00	\$0.00	\$0.00	-\$0.01	-\$0.01	-\$0.01	-\$2,539,000
Enrollee expenses for benefits not covered (f)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0
<b>Total expenditures</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$454,000</b>
<b>Postmandate Percentage Change</b>										
Percent change insured premiums	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Percent Change total expenditures</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>

# Public Health Impacts



# What you can find in the Public Health Impacts section

- The potential value of a proposed health benefit mandate – what health outcomes are improved at what cost
- Draws on:
  - Estimates of how widespread the disease or condition is and mortality data; and
  - The results of the medical effectiveness review and the cost impact analysis.
- Presents findings on:
  - The one year health effects of the benefit mandate;
  - The impact on gender and racial disparities; and
  - The impact on premature death and economic loss.

# Public Health Impacts Conclusions

Quantitative	Qualitative	No Impact	Unknown Impact
<b>Tobacco Cessation Services</b>  +5,000 quitters and +40,000 life years	<b>Maternity Services</b>  Less infant mortality and fewer pre-term births	<b>Cancer Related Lumpectomy</b>  Coverage mandated – no utilization change & no PH impact	<b>Fail First for Pain Drugs</b>  Effect unknown – PH impact of change unknown

# Long Term Impacts

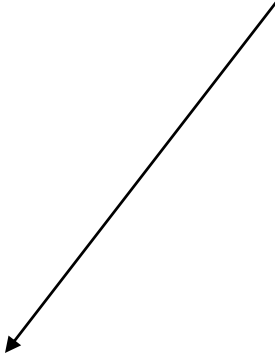
# Balancing Perspectives

- **Estimates reflect 12-month timeframe:** They reflect a world 12 months after enactment of the benefit.
- **Mandates are in effect longer than 12 months:** The benefits and costs of a mandate do not often accrue until many years after a mandate has been enacted.

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New separate  
section on Long  
Term Impacts





# Wrap-up



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# CHBRP Report Sections Wrap-up

- Introduction
- Background
- Medical Effectiveness
- Cost Impacts (Benefit Coverage, Utilization, and Cost Impacts)
- Public Health Impacts
- Long Term Impacts

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