

# Benefit Mandate Structure and Unequal Racial/Ethnic Health Impacts

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California Health Benefits Review Program (CHBRP)  
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At the request of the California Legislature, the California Health Benefits Review Program (CHBRP) provides independent analysis of the medical, financial, and public health impacts of proposed health insurance benefit mandates and repeals.<sup>1</sup>

The state-level benefit mandates analyzed by CHBRP generally impact the health insurance of enrollees in health policies regulated by the California Department of Insurance (CDI) and enrollees in health plans regulated by the California Department of Managed Health Care (DMHC).<sup>2</sup> However, mandates may be structured to impact only specific market segments. Key to this discussion are mandates written to exempt one or the other of two markets: the health insurance of Medi-Cal beneficiaries enrolled in DMHC-regulated plans<sup>3</sup> or the health insurance of commercial enrollees (which includes all other enrollees in DMHC-regulated plans or CDI-regulated policies).

Because distribution of racial/ethnic groups vary between the two markets as well as within each market, mandates written to exempt one market or the other may unequally affect different racial/ethnic groups, causing more change in benefit coverage and related health outcomes for some racial/ethnic groups than for others.

It should be noted, however, that all racial/ethnic groups are present in both markets, and that the difference in the size of the markets (there are many more commercial enrollees than there are Medi-Cal beneficiaries enrolled in DMHC-regulated plans) means that mandates impacting commercial enrollees' health insurance will affect a greater number of people from every race/ethnicity than will mandates that impact only the health insurance of Medi-Cal beneficiaries enrolled in DMHC-regulated plans.

The purpose of this document is to provide CHBRP's estimates of the varied representation of racial/ethnic groups for the two markets and to clarify the conditions under which a mandate written to exempt one of the markets would be likely to unequally impact related health outcomes.

<sup>1</sup> Further information on the program is available at [www.chbrp.org](http://www.chbrp.org).

<sup>2</sup> These enrollees represent about 60% of California's population. Others may have other health insurance (including self-insured plans and Medicare) or be uninsured. See CHBRP's resource, *Sources of Health Insurance in California*, available at <https://www.chbrp.org/other-publications>.

<sup>3</sup> CHBRP estimates that 67% of Medi-Cal beneficiaries between the ages of 0 and 64 are enrolled in DMHC regulated plans. Others are enrolled in County Operated Health Service (COHS) managed care or are associated with the fee-for-service (FFS) program. See CHBRP's resource, *Sources of Health Insurance in California*, available at <https://www.chbrp.org/other-publications>.

## Racial/Ethnic Composition

In order to identify the racial/ethnic composition of enrollees with health insurance potentially subject to state-level benefit mandates, CHBRP used California Health Interview Survey (CHIS) data and CHBRP’s estimates of sources of health insurance. Appendix A details the methods used. The results appear below, first discussing the distribution of each race/ethnicity between the two markets, then presenting the proportion of each market made up by one or another race/ethnicity. The difference in size of the two markets (the commercial market is much larger) makes both views important in considering how a mandate written to exempt one or the other could unequally impact health outcomes for enrollees of different races/ethnicities.

### Distribution of race/ethnicity between the two markets

The distribution between market segments, of racial/ethnic groups among Californians with health insurance that can be subject to state-level benefit mandates is presented in Table 1.

**Table 1. 2019 Market Distribution, Enrollee Racial/Ethnic Groups among persons (0-64)<sup>1</sup> with health insurance regulated by DMHC or CDI<sup>2</sup>**

	White (non-Latino)		Latino		Asian (non-Latino)		African American (non-Latino)		Other <sup>5</sup>		All Races/Ethnicities	
	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%
<b>Commercial Enrollees<sup>3</sup></b>	7,097,192	85%	4,548,177	56%	2,755,320	83%	684,514	58%	648,260	74%	15,733,462	72%
<b>Medi-Cal DMHC Enrollees<sup>4</sup></b>	1,263,637	15%	3,637,711	44%	572,603	17%	487,853	42%	222,196	26%	6,184,000	28%
<b>Total</b>	8,360,830	100%	8,185,887	100%	3,327,922	100%	1,172,367	100%	870,456	100%	21,917,462	100%

Source: California Health Benefits Review Program (CHBRP) estimates and California Health Interview Survey (CHIS) data.

Notes: (1) Californians 65 and older are generally associated with Medicare, which is not subject to state-level benefit mandates; (2) Excludes Californians associated with health insurance not subject to state-level mandates, such as self-insured plans and Medicare. (3) Includes all non-Medi-Cal enrollees in DMHC regulated plans and CDI-regulated policies; (4) Does not include Medi-Cal beneficiaries associated with COHS or FFS, and excludes those dually eligible for Medi-Cal and Medicare; (5) Includes individuals who self-identify as “American-Indian/Alaskan-Native (non-Latino),” “Native Hawaiian/Pacific Islander (non-Latino),” and “Two or More Races (non-Latino);”

Key: DMHC = California Department of Managed Health Care; CDI = California Department of Insurance; COHS = County Operated Health System; FFS = Fee For Service

As is clear in Table 1, there are almost three times as many commercial enrollees than there are Medi-Cal beneficiaries enrolled in DMHC-regulated plans. The table also shows that there is a greater number of each racial/ethnic group in the commercial market than among Medi-Cal beneficiaries enrolled in a DMHC-regulated plan.<sup>4</sup>

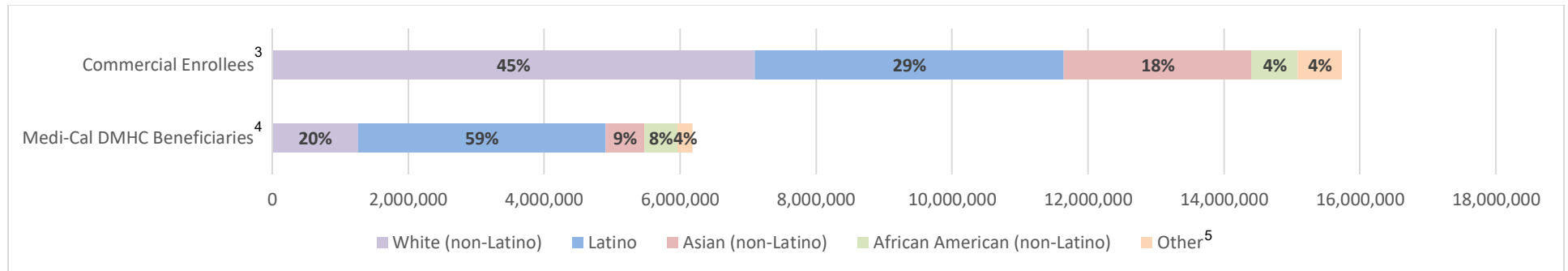
<sup>4</sup> Two subgroups, Latinos aged 0-17 and African Americans aged 0-17, varies from this trend - see Appendix B.

However, Table 1 also demonstrates that there is variation in distribution of the racial/ethnic groups between the two markets. For example, majorities of both White and African American persons are commercial enrollees, though the proportion is higher for Whites (85% are commercial enrollees) than it is for African Americans (58%).

## Representation of racial/ethnic groups within each market

Like Table 1, Figure 1 focuses on racial/ethnic groups among Californians with health insurance that can be subject to state-level benefit mandates. However, where Table 1 focuses on the distribution of each race/ethnicity *between* the two markets, Figure 1 displays proportionate representation *within* each of the two markets.

**Figure 1. 2019 Market-Specific Representation, Enrollee Racial/Ethnic Groups among persons (0-64)<sup>1</sup> with health insurance regulated by DMHC or CDI<sup>2</sup>**



**Source:** California Health Benefits Review Program (CHBRP) estimates and California Health Interview Survey (CHIS) data.

Notes: (1) Californians 65 and older are generally associated with Medicare, which is not subject to state-level benefit mandates; (2) Excludes Californians associated with health insurance not subject to state-level mandates, such as self-insured plans and Medicare. (3) Includes all non-Medi-Cal enrollees in DMHC regulated plans and CDI-regulated policies; (4) Does not include Medi-Cal beneficiaries associated with COHS or FFS, and excludes those dually eligible for Medi-Cal and Medicare; (5) Includes individuals who self-identify as “American-Indian/Alaskan-Native (non-Latino),” “Native Hawaiian/Pacific Islander (non-Latino),” and “Two or More Races (non-Latino)”

Key: DMHC = California Department of Managed Health Care; CDI = California Department of Insurance; COHS = County Operated Health System; FFS = Fee For Service

Figure 1 displays the variation of representation within each of the two markets. People of color – Latinos, African Americans, Asians, and others - represent a smaller portion of commercial enrollees (55%) and a larger portion of Medi-Cal enrollees in DMHC-regulated plans (80%). It should be noted, however, that there are almost twice as many more people of color among commercial enrollees (8,636,270) than there are among Med-Cal beneficiaries enrolled in DMHC-regulated plans (4,920,363).

## Potential for Unequal Impacts

Due to the varied distribution of racial/ethnic groups between and varied representation within the two markets, a mandate that exempts one or the other may generate unequal impacts on related health outcomes.

A mandate that impacts only the health insurance of Medi-Cal beneficiaries enrolled in DMHC-regulated plans (exempts the health insurance of commercial enrollees) may affect more people of color than Whites. This would be true because people of color are a greater proportion of the impacted market. However, such a bill would not affect the majority of people of color (because the more people of color are commercial enrollees).

Conversely, a mandate that impacts only the health insurance of commercial enrollees may affect a larger number of people of color but people of color will be the largest portion (80%) of those not affected (Medi-Cal beneficiaries enrolled in DMHC-regulated plans).

## Conditions in which Unequal Impacts Expected due to the Structure of a Benefit Mandate Will Be Addressed

CHBRP analyses will make directional statements regarding unequal impacts expected due to the structure of a proposed benefit mandate when the following conditions are true:

1. There is sufficient medical effectiveness evidence to suggest that utilization of the relevant test, treatment, or service will result in desired health outcomes among enrollees with compliant benefit coverage;
2. The proposed benefit mandate is written to exempt either the health insurance of Medi-Cal beneficiaries enrolled in DMHC-regulated plans or the health insurance of commercial enrollees (all other enrollees in DMHC-regulated plans or CDI-regulated policies);
3. In the exempt market, a significant portion of health insurance does not comply with the proposed mandate;
4. In the non-exempt market:
  - a. Benefit coverage compliant with the proposed mandate is projected to increase; and
  - b. Utilization of the relevant tests, treatments, or services is expected to increase.

## Conclusion

The racial/ethnic composition the two health insurance markets - Medi-Cal beneficiaries enrolled in DMHC-regulated plans and commercial enrollees (all other enrollees in DMHC-regulated plans or CDI-regulated policies) - differs. For this reason, a mandate written to exempt the insurance of either market may unequally impact different racial/ethnic groups.

Such was the case for one bill CHBRP analyzed in 2018. The analysis considered a mandate for coverage of comprehensive case management (CMM), a service provided by pharmacist. The mandate would have been applicable to the health insurance of Medi-Cal beneficiaries enrolled in DMHC-regulated plans but not the health insurance of commercial enrollees. The analysis noted:

As discussed previously, there is limited evidence that those who undergo CMM would see improvements in medication adherence, reductions in hemoglobin A1c levels among diabetics, reductions in mortality, and reductions in hospital admissions, and a preponderance of evidence that there would be a reduction in blood pressure among people with uncontrolled hypertension for people with chronic conditions with the passage of SB 1322. There was no evidence in the reviewed literature that there was a difference in this outcome for certain racial or ethnic populations. However, due to the Medi-Cal population distribution (higher representation of some

racial/ethnic groups), it is possible that there could be a greater improvement in health outcomes for Latino and African-American beneficiaries with multiple chronic conditions relative to Whites and Asians.<sup>5</sup>

As it did in 2018, when such an unequal impact seems likely, CHBRP will report on a proposed benefit mandate's possibly uneven impact on related health outcomes.

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<sup>5</sup> CHBRP's analysis of 2018's SB 1322 is available at <https://www.chbrp.org/analysis/completed-analyses> .

## Appendix A: Estimating Market Specific Racial/Ethnic Composition

To establish the racial/ethnic composition of the two health insurance markets, Medi-Cal beneficiaries enrolled in DMHC-regulated plans and commercial enrollees (all other enrollees in DMHC-regulated plans and CDI-regulated policies), CHBRP uses its own estimate of sources of health insurance<sup>6</sup> and data from the California Health Interview Survey (CHIS), the largest state health survey in the nation.<sup>7</sup> Conducted on a continuous basis with annual data updates, CHIS is a random-dial telephone survey that asks respondents to indicate their own race/ethnicity and asks questions about a wide range of health topics, including health insurance status.

For each update of this document, CHBRP queries AskCHIS using following data elements for the latest available data year:

- The health insurance variable titled **“Type of current health coverage source – under 65 years old,”** which categorizes respondents by insurance status and type, including “Uninsured,” “Medicaid,” “Healthy Families/CHIP,” “Employment-based,” “Privately purchased,” and “Other public.”
- The demographic variable<sup>8</sup> titled **“Race OMB – Department of Finance,”** which categorizes respondents as “Latino,” “White (non-Latino),” “African American (non-Latino),” “American-Indian/Alaska Native (non-Latino),” “Asian (non-Latino), Native Hawaiian/Pacific Islander (non-Latino),” or “Two or More Races (non-Latino).”

In the AskCHIS query, “uninsured” respondents are excluded from the data query, and groups “Medicaid,” “Healthy Families/CHIP,” and “Other public” are grouped together to represent Medi-Cal enrollees, while “Employment based” and “Privately purchased” are grouped together to represent commercial enrollees. For race/ethnicity, individuals who self-identify as “American-Indian/Alaskan-Native (non-Latino),” “Native Hawaiian/Pacific Islander (non-Latino),” or “Two or More Races (non-Latino)” are grouped into an “Other” category, as CHIS estimates for these groups are unstable on their own. CHBRP also limits the age range of the query to 0-64, because Californians older than 65 years are generally beneficiaries of Medicare. As Medicare is subject only to Federal law and regulation, Medicare beneficiaries are excluded from CHBRP’s analyses of state-level benefit mandate bills. CHBRP has also excluded beneficiaries dually eligible for Medicaid and Medicare as applicable data on race/ethnicity is unavailable for this limited number (approximately 1,258,000) of enrollees.

CHBRP assumes that the CHIS data is representative of CHBRP’s two markets of interest - Medi-Cal beneficiaries enrolled in DMHC-regulated and commercial enrollees (all other enrollees in DMHC-regulated plans and CDI-regulated policies) - for two reasons. First, a supermajority (67% in 2019) of all Medi-Cal beneficiaries aged 0 to 64 are enrolled in DMHC-regulated plans. Similarly, a supermajority (80% in 2019) of all other Californians aged 0-64 enrolled in employment-based or privately purchased health insurance are enrolled in DMHC-regulated plans or CDI-regulated policies.<sup>9</sup>

To produce the tables and figures included in this document, CHBRP used CHIS 2016 survey data on race/ethnicity and CHBRP’s 2019 estimates of sources of health insurance. CHBRP used 2016 CHIS data as it was the most recent data year available. CHBRP used its own 2019 estimates of health insurance sources in order to match the figures use in CHBRP’s 2018 analyses of proposed benefit mandates (analyses which project 2019 impacts).

<sup>6</sup> See CHBRP’s resource, Estimates of Sources of Health Insurance, available at <https://www.chbrp.org/other-publications> .

<sup>7</sup> More on CHIS is available at <http://healthpolicy.ucla.edu/chis/Pages/default.aspx>

<sup>8</sup> For more on how CHIS approaches the issue of race and ethnicity, see *Race and Ethnicity using the California Health Interview Survey (CHIS)*, available at [http://healthpolicy.ucla.edu/Documents/pdf/race\\_doc\\_dec2008.pdf](http://healthpolicy.ucla.edu/Documents/pdf/race_doc_dec2008.pdf)

<sup>9</sup> See the CHBRP report *Estimates of Sources of Health Insurance in California* available at <https://www.chbrp.org/other-publications> .

## Appendix B: Racial/Ethnic Composition, Children and Adults

Some of the proposed benefit mandates CHBRP is asked to analyze are more relevant to either children (0-17) or adults (0-64). For example, a bill may specify an age group of interest (hearing aids for children) or may address a form of health care primarily used by one age group or the other (such as mammography, a test most typically used by adults). In order to support such analyses, the tables and figures below separately offer the racial/ethnic composition of children and adults present in the two health insurance markets, Medi-Cal beneficiaries enrolled in DMHC-regulated plans and commercial enrollees (all other enrollees in DMHC-regulated plans or CDI-regulated policies).

### Adults

The distributions of racial/ethnic groups among adult (18-64) Californians with health insurance that can be subject to state-level benefit mandates is presented in Table 2 and Figure 2.

**Table 2. 2019 Market Distribution, Enrollee Racial/Ethnic Groups among adults (18-64)<sup>1</sup> with health insurance regulated by DMHC or CDI<sup>2</sup>**

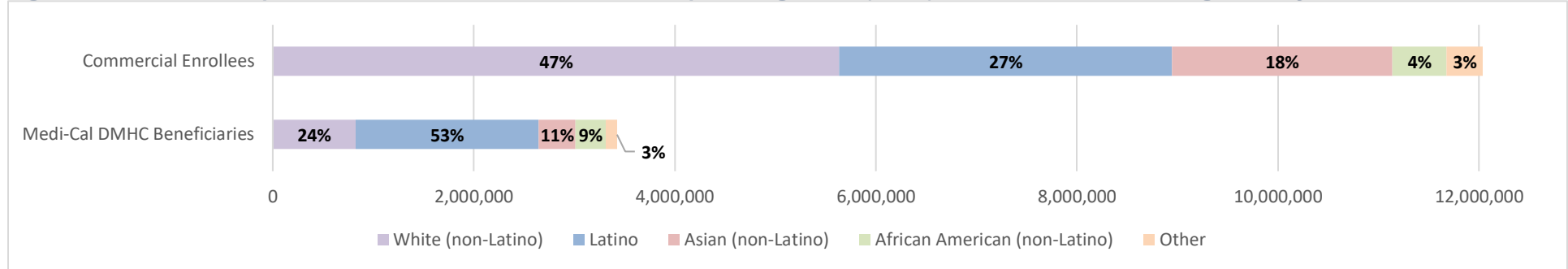
	White (non-Latino)		Latino		Asian (non-Latino)		African American (non-Latino)		Other <sup>5</sup>		All Races/Ethnicities	
	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%
<b>Commercial Enrollees<sup>3</sup></b>	5,636,324	87%	3,308,692	64%	2,191,325	86%	540,017	64%	361,169	76%	12,037,527	78%
<b>Medi-Cal DMHC Enrollees<sup>4</sup></b>	822,583	13%	1,824,074	36%	363,648	14%	303,364	36%	111,331	24%	3,425,000	22%
<b>Total</b>	6,458,907	100%	5,132,766	100%	2,554,973	100%	843,382	100%	472,500	100%	15,462,527	100%

Source: California Health Benefits Review Program (CHBRP) estimates and California Health Interview Survey (CHIS) data.

Notes: (1) Californians 65 and older are generally associated with Medicare, which is not subject to state-level benefit mandates; (2) Excludes Californians associated with health insurance not subject to state-level mandates, such as self-insured plans and Medicare. (3) Includes all non-Medi-Cal enrollees in DMHC regulated plans and CDI-regulated policies; (4) Does not include Medi-Cal beneficiaries associated with COHS or FFS, and excludes those dually eligible for Medi-Cal and Medicare; (5) Includes individuals who self-identify as “American-Indian/Alaskan-Native (non-Latino),” “Native Hawaiian/Pacific Islander (non-Latino),” and “Two or More Races (non-Latino);”

Key: DMHC = California Department of Managed Health Care; CDI = California Department of Insurance; COHS = County Operated Health System; FFS = Fee For Service

**Figure 2. 2019 Market Representation, Enrollee Racial/Ethnic Groups among adults (18-64) <sup>1</sup> with health insurance regulated by DMHC or CDI<sup>2</sup>**



**Source: California Health Benefits Review Program (CHBRP) estimates and 2016 California Health Interview Survey (CHIS) data.**

**Notes:** (1) The "Other" Category includes individuals who self-identify as American-Indian/Alaskan-Native (non-Latino), Native Hawaiian/Pacific Islander (non-Latino), Two or More Races (non-Latino). (2) Excludes Medi-Cal beneficiaries associated with COHS or FFS. (3) Excludes Californians associated with health insurance not subject to state-level mandates, such as self-insured plans and Medicare. Key: DMHC = California Department of Managed Health Care; CDI = California Department of Insurance COHS = County Operated Health System; FFS = fee for service

The trends for adults (18-64) are similar to the trends for the combined group (0-64), which are presented in Table 1 and Figure 1.

As is clear in Table 2, there are almost three times as many adult commercial enrollees than there are adult Medi-Cal beneficiaries enrolled in DMHC-regulated plans. The table also makes clear that there are a greater numbers of each racial/ethnic group in the commercial market than there are Medi-Cal beneficiaries enrolled in a DMHC-regulated plan. However, Table 2 also shows that there is variation in distribution of the racial/ethnic groups between the two markets. For example, majorities of both White and African American persons are commercial enrollees, though the proportion is higher for Whites (87% are commercial enrollees) than it is for African Americans (64%).

Figure 2 displays the variation in proportional representation of racial/ethnic groups within each of the two markets. Adult people of color – Latinos, African Americans, Asians, and others - represent a smaller portion of commercial enrollees (53%) and a larger portion of Medi-Cal enrollees in DMHC-regulated plans (76%). It should be noted, however, that there are considerably more adult people of color among commercial enrollees (12,037,527) than there are among Medi-Cal beneficiaries enrolled in DMHC-regulated plans (3,425,000).



## Children

The representation of racial/ethnic groups among adult (18-64) Californians with health insurance that can be subject to state-level benefit mandates is presented in Table 3 and Figure 3.

**Table 3. 2019 Market Distribution, Enrollee Racial/Ethnic Groups among persons (0-17) with health insurance regulated by DMHC or CDI<sup>1</sup>**

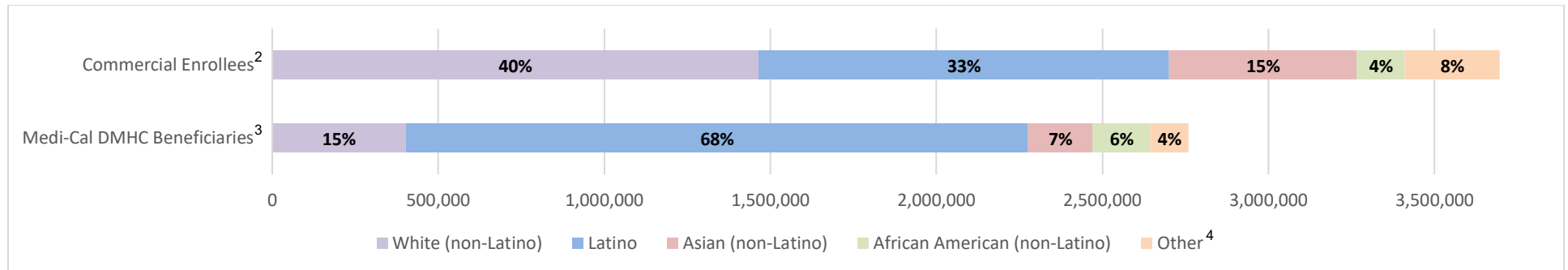
	White (non-Latino)		Latino		Asian (non-Latino)		African American (non-Latino)		Other <sup>4</sup>		All Races/Ethnicities	
	Count	%	Count	%	Count	%	Count	%	Count	%	Count	%
<b>Commercial Enrollees<sup>2</sup></b>	1,464,491	78%	1,235,929	40%	565,480	74%	144,756	45%	285,279	71%	3,695,935	57%
<b>Medi-Cal DMHC Enrollees<sup>3</sup></b>	402,593	22%	1,873,042	60%	194,618	26%	174,266	55%	114,481	29%	2,759,000	43%
<b>Total</b>	1,867,084	100%	3,108,970	100%	760,098	100%	319,022	100%	399,761	100%	6,454,935	100%

Source: California Health Benefits Review Program (CHBRP) estimates and California Health Interview Survey (CHIS) data.

Notes: (1) Excludes Californians associated with health insurance not subject to state-level mandates, such as self-insured plans and Medicare. (2) Includes all non-Medi-Cal enrollees in DMHC regulated plans and CDI-regulated policies; (3) Does not include Medi-Cal beneficiaries associated with COHS or FFS, and excludes those dually eligible for Medi-Cal and Medicare; (4) Includes individuals who self-identify as "American-Indian/Alaskan-Native (non-Latino)," "Native Hawaiian/Pacific Islander (non-Latino)," and "Two or More Races (non-Latino)."

Key: DMHC = California Department of Managed Health Care; CDI = California Department of Insurance; COHS = County Operated Health System; FFS = Fee For Service

**Figure 3. 2019 Market Representation, Enrollee Racial/Ethnic Groups among children (0-17) with health insurance regulated by DMHC or CDI<sup>1</sup>**



Source: California Health Benefits Review Program (CHBRP) estimates and California Health Interview Survey (CHIS) data.

Notes: (1) Excludes Californians associated with health insurance not subject to state-level mandates, such as self-insured plans and Medicare. (2) Includes all non-Medi-Cal enrollees in DMHC regulated plans and CDI-regulated policies; (3) Does not include Medi-Cal beneficiaries associated with COHS or FFS, and excludes those dually eligible for Medi-Cal and Medicare; (4) Includes individuals who self-identify as "American-Indian/Alaskan-Native (non-Latino)," "Native Hawaiian/Pacific Islander (non-Latino)," and "Two or More Races (non-Latino)."

Key: DMHC = California Department of Managed Health Care; CDI = California Department of Insurance; COHS = County Operated Health System; FFS = Fee For Service

The trends for children (0-17) are somewhat different from the trends for adults (18-64) and from the combined group (0-64).

Scale is one issue. As is clear in from a comparison of Tables 2 and 3, there are almost 2.5 times more adults than there are children enrolled in health insurance regulated by DMHC or CDI (including both commercial enrollees and Med-Cal beneficiaries). Comparison of Tables 2 and 3 also displays a difference in the representation of racial/ethnic groups. Where a majority of all adults, regardless of racial/ethnic group are commercial enrollees, the majority of Latino children and African American children are Medi-Cal beneficiaries enrolled in DMHC-regulated plans.

In addition, as is clear from a comparison of Figures 2 and 3, among the smaller group of enrollees who are children, a greater proportion of children than of adults or the combined group are Medi-Cal beneficiaries enrolled in DMHC-regulated plans.

## Varied Unequal Impacts

Differences in the sizes of the age-specific populations and in the distribution of racial/ethnic groups, as well as the specifics of the focus of the bill being analyzed (some are more relevant to one age group or the other) may necessitate separate discussions of a health insurance benefit mandate bill's possibly unequal impacts on children (0-17) and adults (18-64) of varied race/ethnicity.