

California  
Health Benefits  
Review Program

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PROVIDING OBJECTIVE  
LEGISLATIVE ANALYSIS

CALIFORNIA HEALTH  
BENEFITS REVIEW PROGRAM

# Impact of Cost-Sharing Caps vs Deductible Prohibition for Insulin on Utilization and Out-of- Pocket Costs

*Findings from CHBRP's 2021 Analyses*

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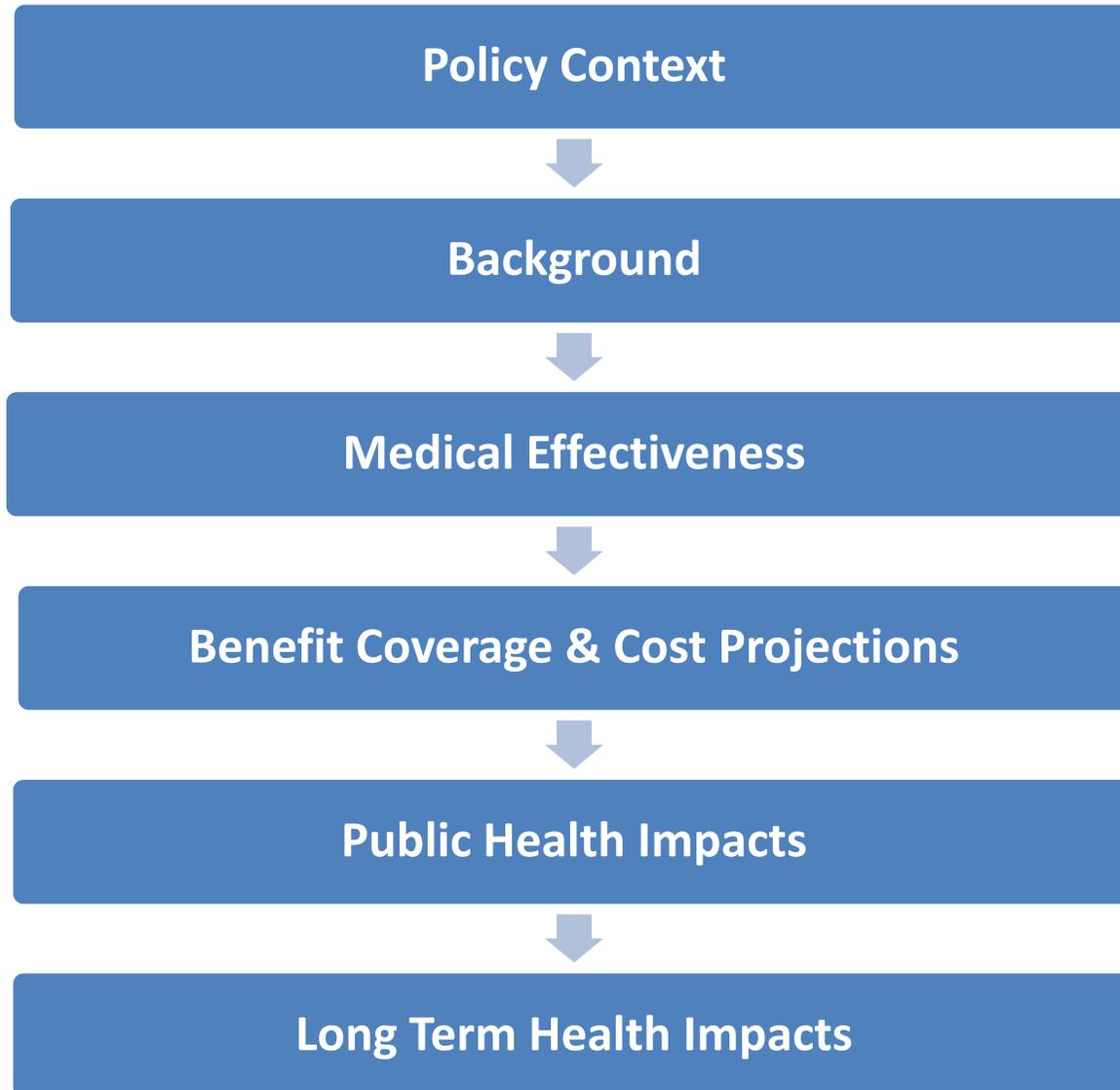
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## CALIFORNIA HEALTH BENEFITS REVIEW PROGRAM (CHBRP)

- Independent analytic resource located in the University of California
- Multi-disciplinary
- Provides rapid, evidence-based information to the Legislature
- Neutral analysis of introduced bills at the **request** of the Legislature
- Analyses are delivered before the first policy committee hearing

# CHBRP'S CHARGE



## REQUESTS FROM THE LEGISLATURE

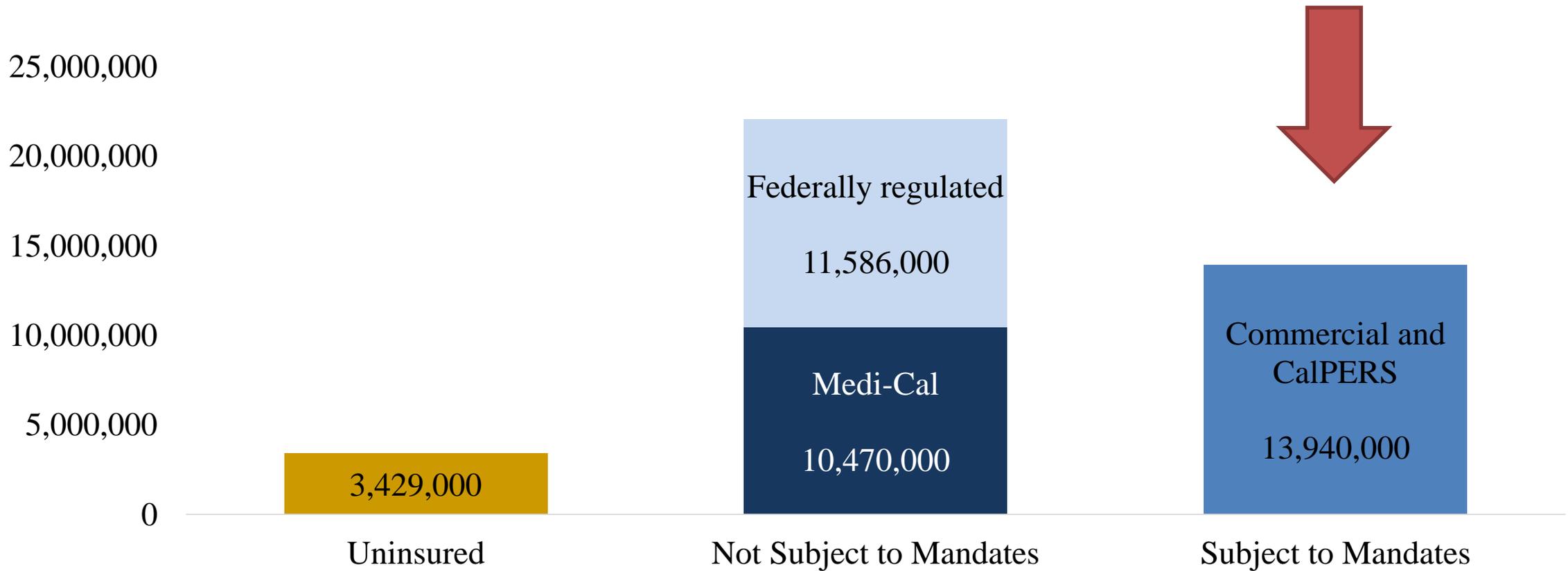
- Senate Bill 473: Caps cost sharing (copayments, coinsurance, deductible) for insulin to \$50/prescription and \$100 max per month
- Assembly Bill 97: Prohibit application of a deductible for insulin products

## STUDY DESIGN AND METHODS

- Used claims data from Milliman's 2019 Consolidated Health Cost Guidelines Sources Database for California
- CHBRP's Cost and Coverage Model
- Impacts on utilization and out-of-pocket costs for insulin
- Price elasticity for insulin: for every 10% reduction in cost sharing, utilization increases by 2.6%

# STUDY POPULATION

**Total 2022 CA Population – 39,425,000**



## NUMBER OF ENROLLEES USING INSULIN

118,014 enrollees use insulin at baseline

- 53,395 (45%) have cost sharing that exceeds the cap of \$50/prescription or \$100/month
- 36,750 (31%) have a deductible

## COST SHARING CAP – IMPACTS ON UTILIZATION AND COST SHARING

	Baseline (2022)	Postmandate Year 1 (2022)	Increase/ Decrease	Change Postmandate
<b>Utilization per insulin user (# of 30-day supply insulin prescriptions per month)</b>	0.85	0.88	0.03	3.20%
Utilization for enrollees whose claims <i>did not exceed</i> the cost sharing cap at baseline	0.83	0.83	0	0.00%
Utilization for enrollees whose claims <i>did exceed</i> the cost sharing cap at baseline	0.87	0.93	0.06	6.92%
<b>Average monthly cost sharing for insulin per insulin user</b>	\$50	\$28	-\$22	-43.45%
Average monthly cost sharing for enrollees whose claims <i>did not exceed</i> the cost-sharing cap at baseline	\$19	\$19	\$0	0.00%
Average monthly cost sharing for enrollees whose claims <i>did exceed</i> the cost-sharing cap at baseline	\$88	\$39	-\$48	-55.06%

# COST SHARING CAP – SPOTLIGHT ON ENROLLEES WITH HIGH COST SHARING

Cost Sharing Expenses	Baseline (Uncapped Annual Cost)	Postmandate (Capped Annual Cost)	Annual Savings
Top 1% of enrollees have cost/savings greater than	\$3,915	\$1,203	\$3,111
Top 5% of enrollees have cost/savings greater than	\$2,316	\$911	\$1,712
Top 10% of enrollees have cost/savings greater than	\$1,743	\$736	\$1,221
Top 20% of enrollees have cost/savings greater than	\$1,199	\$584	\$659
Median enrollee cost/savings	\$560	\$323	\$162

# DEDUCTIBLE PROHIBITION– IMPACTS ON UTILIZATION AND COST SHARING

	Baseline (2022)	Postmandate Year 1 (2022)	Increase/ Decrease	Change Postmandate
<b>Utilization per insulin user (# of 30-day supply insulin prescriptions per month)</b>	0.85	0.85	0.00	0.18%
Utilization for enrollees whose claims <b>are not subject to the deductible</b> at baseline	0.85	0.85	0	0.00%
Utilization for enrollees whose claims <b>are subject to the deductible</b> at baseline	0.85	0.85	0.00	0.26%
<b>Average monthly cost sharing for insulin per insulin user</b>	\$76.95	\$75.17	-\$1.78	-2.32%
Average monthly cost sharing for enrollees whose claims <b>are not subject to the deductible</b> at baseline	\$49.31	\$49.31	0	0.00%
Average monthly cost sharing for enrollees whose claims <b>are subject to the deductible</b> at baseline	\$89.45	\$86.86	-\$2.59	-2.89%

# DEDUCTIBLE PROHIBITION– SPOTLIGHT ON OTHER MEDICAL SPENDING

Percent of Enrollees using Insulin with spending by category	
<b>Annual Non-Insulin Brand Name Prescription Medication Spending (a)</b>	
\$0 - \$250	28%
\$250 - \$500	8%
\$500+	64%
<b>Annual Medical Care and Non-Insulin Brand Name Prescription Medication Spending (b)</b>	
\$0 - \$1,500	23%
\$1,500 - \$2,500	7%
\$2,500+	70%

(a) Among enrollees with a pharmacy deductible

(b) Among enrollees in HSA-qualified HDHPs, and therefore with a combined medical and pharmacy deductible

## CONCLUSIONS

- Most likely to benefit:
  - Significant deductibles
  - High cost sharing
- Deductible prohibitions have limited impact compared to cost sharing caps
- Cost sharing is only one factor influencing utilization

## **ACKNOWLEDGEMENTS**

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- Riti Shimkhada, PhD, of the University of California, Los Angeles

# Questions?

Available at [www.chbrp.org](http://www.chbrp.org):

**Analysis of Assembly Bill 97 Insulin Affordability (April 2021)**

**Analysis of Senate Bill 473 Insulin Cost-Sharing Caps (April 2021)**

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